

*A copy of this preliminary short form prospectus (this “Prospectus”) has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Manitoba, Ontario and Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this Prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for this Prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or any state securities laws of the United States. Accordingly, these securities will not be offered or sold to persons within the United States of America unless an exemption from the registration requirements of the 1933 Act and applicable state securities laws is available. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.*

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained upon request without charge from the Chief Financial Officer of Lamêlée Iron Ore Ltd. at 1155 University Street, Suite 812, Montreal, Québec H3B 3A7 or by telephone at (514) 393-3777 or electronically on [www.sedar.com](http://www.sedar.com).

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

June 26, 2014



### LAMÊLÉE IRON ORE LTD.

Minimum Offering \$2,000,000  
Maximum Offering \$6,000,000

Up to ● Units  
(\$● per Unit)

Up to ● Flow-Through Common Shares  
(\$● per Flow-Through Common Share)

This offering (the “Offering”) consists of a maximum of ● units (the “Units”) of Lamêlée Iron Ore Ltd. (the “Corporation” or “Lamêlée”) at a price of \$● per Unit and a maximum of ● flow-through common shares (“FT Shares”) at a price of \$● per FT Share for total maximum gross proceeds of up to \$6,000,000 (the “Maximum Offering”). Closing of the Offering is conditional upon the Corporation receiving minimum gross proceeds of \$2,000,000 from the sale of any combination of Units and FT Shares (the “Minimum Offering”). This Prospectus qualifies the distribution of the Units and the FT Shares.

Each Unit consists of one common share in the capital of the Corporation (“Common Share”) and one-half of a Common Share purchase warrant (each whole Common Share purchase warrant, a “Warrant”) of the Corporation. Each whole Warrant entitles its holder to purchase one additional non-flow through Common Share of the Corporation (a “Warrant Share”) at an exercise price of \$● for a period of 18 months from the date of closing of the Offering. The Units will separate into Common Shares and Warrants immediately upon the closing of the Offering. See “Description of Securities Being Distributed” and “Plan of Distribution”.

Each FT Share consists of one Common Share of the Corporation to be issued as a “flow-through share” within the meaning assigned by subsection 66(15) of the *Income Tax Act* (Canada) (the “**Tax Act**”). Furthermore, the Units and the FT Shares are offered separately from each other and will be sold pursuant to an agency agreement (the “**Agency Agreement**”) dated ●, 2014 between the Corporation and Secutor Capital Management Corporation (the “**Agent**”), as exclusive lead agent and sole bookrunner. The price of the Units and the FT Shares offered hereunder was determined by negotiation between the Corporation and the Agent. See “*Plan of Distribution*”.

The Corporation’s Common Shares are listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol “LIR”. On ●, 2014, the closing price of the Common Shares on the TSXV was \$●.

	<b>Price to the Public</b>	<b>Agent’s Fee<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)</sup></b>
Per Unit	\$●	\$●	\$●
Per FT Share	\$●	\$●	\$●
Minimum Offering <sup>(3)</sup>	\$2,000,000	\$120,000	\$1,880,000
Maximum Offering <sup>(4)(5)</sup>	\$6,000,000	\$360,000	\$5,640,000

- (1) In connection with the Offering, the Corporation has agreed to pay the Agent a cash commission equal to 6% of the gross proceeds from the sale of the Units and FT Shares. As additional compensation, the Corporation will grant options (the “**Compensation Options**”) to the Agent, entitling the Agent to acquire a number of Common Shares (the “**Compensation Shares**”) equal to 6% of the total number of Units and FT Shares issued and sold pursuant to the Offering, including pursuant to the exercise, if any, of the Over-Allotment Option (as defined below). The Compensation Options may be exercised at any time during a period of 18 months following the date of their grant at a price equal to \$● per Compensation Share. This Prospectus qualifies the distribution of the Compensation Shares. See “*Plan of Distribution*”.
- (2) Before deducting expenses of the Offering estimated to be \$120,000, which will be paid by the Corporation from the proceeds of the Offering.
- (3) The Offering will not close unless the Minimum Offering of \$2,000,000 is raised. The proceeds from subscriptions will be held by the Agent until the Minimum Offering is achieved.
- (4) Subscription proceeds will be received by the Agent, or by any other investment dealers authorized by the Agent, and will be held by the Agent in trust until the closing of the Offering. With respect thereto, the Agent will maintain a register containing the subscription date, name and account number or address of each subscriber as well as the number of Units and FT Shares subscribed for by each subscriber. If a closing for the Offering has not occurred by the date that is 90 days after the date of a receipt for the final short form prospectus in respect of the Offering, the distribution will not continue and all subscription funds will be returned to subscribers, without interest or deduction, as soon as possible after such date.
- (5) The Corporation will grant an over-allotment option (the “**Over-Allotment Option**”) to the Agent, pursuant to which the Agent may purchase, for a period of 30 days following the closing of the Offering, additional Units (the “**Over-Allotment Units**”) and FT Shares (the “**Over-Allotment FT Shares**”), on the same terms as set out above, in a maximum number equal to 15% of the number of Units and FT Shares sold pursuant to the Offering, solely to cover the Agent’s over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total “*Price to the public*”, “*Agent’s commission*” and “*Net proceeds to the Corporation*” will be \$●, \$● and \$●, respectively. This Prospectus qualifies the distribution of the Over-Allotment Option, the Over-Allotment Units and the Over-Allotment FT Shares. Unless the context otherwise requires, references to Units and FT Shares include the Over-Allotment Units, the Common Shares and Warrants underlying such Over-Allotment Units and the Over-Allotment FT Shares, as applicable. A purchaser who acquires Over-Allotment Units or Over-Allotment FT Shares forming part of the Agent’s over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

The following table sets out the number of options and other compensation securities that have been issued or may be issued by the Corporation to the Agent:

<b>Agent’s Position</b>	<b>Maximum Number of Securities Available</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	● Over-Allotment Units ● Over-Allotment FT Shares	30 days following closing of the Offering	\$● per Over-Allotment Unit \$● per Over-Allotment FT Share
Compensation Options	● Compensation Shares <sup>(1)</sup>	18 months following	\$● per Compensation

Agent's Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Total Securities under Option Issuable to Agent	<ul style="list-style-type: none"> <li>● Over-Allotment Units</li> <li>● Over-Allotment FT Shares</li> <li>● Compensation Shares<sup>(1)</sup></li> </ul>	closing of the Offering	Share

(1) Assuming that the Over-Allotment Option is exercised in full.

The Corporation has applied to list the Common Shares and the Warrant Shares issuable under the Units, the FT Shares, the Compensation Shares, the Common Shares and the Warrant Shares issuable under the Over-Allotment Units and the Over-Allotment FT Shares distributed under this Prospectus on the TSXV. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSXV. The Corporation will not apply to list the Warrants on the TSXV. As a result, there is no market through which the Warrants may be sold and purchasers of the Units may not be able to resell the Warrants. This may affect the pricing, if any, of the Warrants in the secondary market, the transparency and availability of trading prices, if any, for the Warrants, the liquidity of the Warrants and the extent of issuer regulation. See “*Risk Factors*”.

The securities offered pursuant to this Prospectus are speculative in nature. There are numerous risk factors associated with an investment in the Units and the FT Shares which potential investors should carefully consider. See “*Risk Factors*”. The Offering is not underwritten or guaranteed by any person. The Agent conditionally offers the Units and the FT Shares on a best-efforts agency basis, subject to prior sale, if, as and when issued and delivered by the Corporation and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*”, and subject to the approval of certain legal matters on behalf of the Corporation by Dentons Canada LLP and on behalf of the Agent by Lavery, de Billy, L.L.P.

In connection with the Offering, subject to applicable laws, the Agent may effect transactions that stabilize or maintain the market price of the Common Shares of the Corporation at levels other than those which might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

The Corporation will incur (or will be deemed to have incurred) in the period following the closing of the Offering until December 31, 2015 (the “**Expenditure Period**”) and renounce to each subscriber of FT Shares, effective on or before December 31, 2014, “Canadian Exploration Expenses” as such term is defined in the Tax Act (“**CEE**”) in an amount equal to the aggregate purchase price for FT Shares paid by such subscriber. The Corporation has advised that the CEE, once renounced to a subscriber, will qualify as “flow-through mining expenditures” of the subscriber for the purpose of the 15% federal investment tax credit and will be included (i) in the subscriber’s “exploration base relating to certain Québec exploration expenses”, as such term is defined in section 726.4.10 of the *Taxation Act* (Québec) (“**Québec Tax Act**”), and (ii) in the subscriber’s “exploration base relating to certain Québec surface mining exploration expenses or oil and gas exploration expenses”, as such term is defined in section 726.4.17.2 of the Québec Tax Act for the purpose of the two additional Québec super flow-through deductions totalizing 20%, as per the last Québec provincial budget tabled by the Minister of Finance, Carlos Leitão on June 4<sup>th</sup> 2014, but not yet adopted.

Subscriptions for the Units and FT Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about ●, 2014, but in any event no later than ●, 2014. The Offering will be conducted under the book-based system. A subscriber who purchases Units or FT Shares will receive a customer confirmation from the registered dealer through which Units or FT Shares are purchased and who is a CDS Clearing and Depository Services Inc. (“**CDS**”) depository-service participant. CDS will record the CDS participants who hold Common Share included in the Units or FT Shares on behalf of owners who have purchased them in accordance with the book-based system. Exception for the Warrants which will be issued by the Corporation, no share certificates will be issued unless specifically requested.

The Corporation’s registered and head office is at 1155 University Street, Suite 812, Montreal, Québec H3B 3A7.

All dollar amounts referred to in this Prospectus are expressed in Canadian dollars, unless otherwise specified. See “Glossary of Terms” (Schedule A) for certain of the defined terms used in this Prospectus.

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## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained upon request without charge from the Chief Financial Officer of the Corporation at 1155 University Street, Suite 812, Montreal, Québec H3B 3A7 or by telephone at (514) 393-3777 or electronically on [www.sedar.com](http://www.sedar.com).

The following documents, filed by the Corporation with the securities commissions or similar authorities in British Columbia, Alberta, Manitoba, Ontario and Québec, are specifically incorporated by reference and form an integral part of this Prospectus:

- (i) the audited comparative financial statements of the Corporation, the notes thereto and the auditors' report thereon for the fiscal years ended September 30, 2013 and 2012;
- (ii) the management's discussion and analysis for the fiscal year ended September 30, 2013;
- (iii) the amended annual information form of the Corporation dated June 26, 2014 for the fiscal year ended September 30, 2013, including the documents incorporated therein by reference (the "AIF");
- (iv) the management proxy circular of the Corporation dated November 19, 2013 prepared in connection with the annual and special meeting of shareholders of the Corporation held on December 20, 2013;
- (v) the condensed interim financial statements of the Corporation and the notes thereto for the three-month period ended March 31, 2014;
- (vi) the management's discussion and analysis for the three-month period ended March 31, 2014;
- (vii) the material change report dated December 23, 2013 with respect to the closing of the reverse take-over announced on September 16, 2013;
- (viii) the material change report dated December 31, 2013 with respect to the closing a non-brokered private placement of flow through shares for total proceeds of \$620,020; and
- (ix) a term sheet dated June 26, 2014 and filed on SEDAR in connection with the Offering.

Any document of the type referred to in the preceding paragraph and any interim financial statements or material change reports (excluding confidential reports) filed by the Corporation with a securities commission or any similar authority in Canada after the date of this Prospectus and prior to the termination of the Offering will be deemed to be incorporated by reference in this Prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently-filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Prospectus.**

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

Certain of the information contained in this Prospectus and the documents incorporated herein by reference may contain “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information and statements may include, among others, statements regarding the Corporation’s future plans, costs, objectives or performance, or the assumptions underlying any of the foregoing. Discussions containing forward-looking information and statements may be found, among other places, under “*Business of the Corporation*”, “*Recent Development*”, “*Use of Proceeds*” and “*Risk Factors*” below. In this Prospectus and the documents incorporated herein by reference, words such as “may”, “would”, “could”, “will”, “likely”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate” and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking statements and information are based on information available at the time and/or management’s good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties, assumptions and other unpredictable factors, many of which are beyond the Corporation’s control. Factors that could cause the Corporation’s actual results, performance, achievements, developments or events to differ materially from those expressed or implied by forward-looking statements include, among others, the factors described or referred to under “*Risk Factors*” herein, such as loss of entire investment, nature of mineral exploration and mining, potential land claims – first nations groups, financing risks, infrastructure, no significant revenues, current global financial condition, changes in the market price of iron ore, reduction in Chinese demand may negatively impact Lamêlée’s operations and financial condition, dilution and future sales of Common Shares, Lamêlée is primarily focussed on the Lamêlée Project (as defined below), going concern, dependence on key personnel, no assurance of titles, permits and licenses, fluctuating prices, estimates of mineral resources, foreign exchange, dependence on outside parties, reduced global demand for steel or interruptions in steel production, availability of reasonably priced raw materials and mining equipment, volatility of stock price, Lamêlée’s activities are subject to extensive governmental regulation, environmental regulations, conflicts of interest, competition, tax treatment of the FT Shares, and those risk factors discussed or referred to in the AIF and Management’s Discussion and Analysis filed with the securities regulatory authorities in all provinces of Canada, and available at [www.sedar.com](http://www.sedar.com)

Most of the foregoing factors are beyond the Corporation’s ability to control or predict. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. The forward-looking statements contained or incorporated by reference in this Prospectus are qualified in their entirety by this cautionary statement. Readers should not place undue reliance on the forward-looking statements, which reflect management’s plans, estimates, projections and views only as of the date hereof. The forward-looking statements contained or incorporated by reference herein are presented for the purpose of assisting investors in understanding the Corporation’s expected financial and operating performance and the Corporation’s plans and objectives in making an investment decision and may not be appropriate for other purposes.

The Corporation does not intend, nor does the Corporation undertake any obligation, to update or revise any forward-looking information or statements contained or incorporated by reference in this Prospectus to reflect subsequent information, events or circumstances or otherwise, except if required by applicable laws.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Dentons Canada LLP, counsel to the Corporation, and Lavery, de Billy, L.L.P., counsel to the Agent, based on the provisions of the Tax Act and the regulations thereunder (the “**Regulations**”) in force on the date hereof and all proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and subject to the assumptions and qualifications discussed in the section below entitled “*Certain Canadian Federal and Québec Provincial Income Tax Considerations*”, the FT Shares, Common Shares, Warrant Shares and Warrants, if issued on the date hereof, will be “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans (an “**RRSP**”), registered retirement income

funds (an “RRIF”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (a “TFSA”) (each, a “Deferred Plan”) provided that (i) the FT Shares, Common Shares and Warrant Shares are listed on a “designated stock exchange” (as defined in the Tax Act) (which currently includes Tiers 1 and 2 the TSXV), and (ii) in the case of the Warrants, the Corporation is not a “connected person” under the Deferred Plan. A “connected person” is defined in subsection 4901(2) of the Regulations, in relation to a Deferred Plan, as a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Deferred Plan as well as any other person who does not deal at arm’s length with that person.

Notwithstanding the foregoing, the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax if the FT Shares, Common Shares, Warrants and Warrant Shares issuable under the Units, (the “Securities”) are a “prohibited investment” (as defined in the Tax Act) for such TFSA, RRSP or RRIF. The Securities generally will not be a prohibited investment, unless the holder of such TFSA or the annuitant of such RRSP or RRIF (i) does not deal at “arm’s length” with the Corporation for purposes of the Tax Act, or (ii) has a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. In addition, the Securities generally will not be a prohibited investment if the Securities are “excluded property” (as defined in the Tax Act) for trusts governed by a TFSA, RRSP or RRIF. **Holders of a TFSA and annuitants of an RRSP or RRIF should consult their own tax advisors in regards to the application of these rules in their particular circumstances, including whether the Securities would be “excluded property” as defined in the Tax Act.**

**If a Deferred Plan subscribes for FT Shares, the CEE renounced by the Corporation, as described under the heading “Certain Canadian Federal and Québec Provincial Income Tax Considerations”, will not be available for deduction against the income of the holder, annuitant or beneficiary of such Deferred Plan. Investors who acquire FT Shares should consult their own tax advisors for advice with respect to the potential application of these rules to them having regard to their own particular circumstances.**

## THE CORPORATION

The Corporation was incorporated under the *Canada Business Corporation Act* on September 6, 2011 under the name “Gimus Resources Inc.” (“Gimus”).

Gimus was created as a wholly-owned subsidiary of Jourdan Resources Inc. (“Jourdan”), a junior mining issuer listed on the TSXV under the symbol “JOR”, which transferred, with an effective date of September 7, 2011, a 100% interest in Baie Johan Beetz uranium property located east of Havre St-Pierre, on the Québec north shore, in exchange for 3,000,000 Common Shares. Jourdan subsequently distributed such Common Shares to its shareholders of record on January 25, 2012. Given the moratorium on uranium development in Quebec, the claims from the Baie Johan Beetz uranium property were not renewed in 2013. The Corporation wrote off the project associated with the Baie Johan Beetz uranium property in its annual financial statements dated September 30, 2013.

During the quarter ended December 31, 2012, Gimus staked 64 mining claims on the Bouchard property located near the town of Chibougamau in Québec (the “Bouchard Property”).

On December 20, 2013, Gimus acquired the Lac Lamêlée south iron property (the “Lamêlée South Property”) which is located in northeastern Québec near the border with Labrador, from Fancamp Exploration Ltd. (“Fancamp”), subject to a 1.5% net smelter return (the “Sheridan NSR Royalty”) in favour of the Sheridan Platinum Group Ltd. (“Sheridan”), located in the Fermont mining district of northeastern Quebec (the “Acquisition”) and completed a reverse takeover pursuant to the policies of the TSXV.

Under the Acquisition, the Corporation issued 43,000,000 Common Shares to Fancamp at a deemed price of \$0.10 per Common Share and granted an additional 1.5% net smelter return in favor of Fancamp on the Lamêlée South Property (the “Fancamp NSR Royalty”). Furthermore, 2,000,000 Common Shares were issued to Champion Iron Mines Limited (“Champion”) at a deemed price of \$0.10 per Common Share and 4,000,000 common shares in the capital of Fancamp were issued to Champion at a deemed price of \$0.05 per share in compensation for the waiver and extinguishment of Champion’s right of first refusal with respect to the transfer of the Lamêlée South Property. As additional consideration for the Acquisition, Fancamp assigned and transferred to the Corporation all of its rights,



interests, duties and obligations under the Sheridan NSR Royalty, subject to the payment by Fancamp, to the exoneration of the Corporation, of yearly advance royalty payments for an aggregate amount of \$500,000 on their due date in accordance with the terms and conditions of the Sheridan NSR Royalty.

Gimus' articles of incorporation were amended on December 20, 2013 to change its name from "Gimus Resources Inc." to "Lamêlée Iron Ore Ltd."

The Corporation's head office, registered office and mailing address is 1155 University, Suite 812, Montreal (Québec) H3B 3A7.

The Common Shares are listed for trading on the TSXV under the symbol "LIR". The Corporation is a reporting issuer in Quebec, Ontario, Alberta and British Columbia.

The Corporation has no subsidiaries.

## **BUSINESS OF THE CORPORATION**

The Corporation is a Canadian mineral corporation which is focused on the acquisition, exploration and development of metal deposits, particularly iron ore deposits, in North-Eastern Québec.

### **Properties**

The Corporation holds claims in two mineral properties located in Québec and referred to herein as follows:

- (i) the "Lamêlée South Property"; and
- (ii) the "Bouchard Property".

The projet on the Lamêlée South Property (the "**Lamêlée Project**") is currently the only mineral project of the Corporation which is material.

### ***Lamêlée South Property***

The Lamêlée South Property is currently comprised of 29 « CDC » mineral claims, each of an area of approximately 52.5 ha, totaling 1524 hectares located in northeastern Quebec near the border with Newfoundland and Labrador, approximately 50 kilometres south of the city of Fermont, in the Province of Québec (the "**Initial Bloc**"). The Corporation is also in the process of acquiring 30 additional "CDC" claims south of the Lamêlée South Property (the "**Additional Bloc**"). The Initial Bloc and the Additional Bloc total 3102 hectares.

The Initial Bloc was transferred pursuant to an Agreement to purchase claims amongst Fancamp, the Corporation (previously Gimus) and Champion on September 16, 2013. Such transaction closed on December 20, 2013. The transfer is still being recorded on the GESTIM site from the Quebec Government. The Additional Bloc is in the process of being transferred from Fancamp to the Corporation for no additional consideration. The Additional Bloc will be used exclusively for mining infrastructure and not for exploration.

The Lamêlée South Property is located in northeastern Quebec near the border with Labrador, approximately 50 km southwest of the city of Fermont and approximately 500 km north of the city of Baie-Comeau. It lies on the east side of NTS sheet 23B/05 and west side of NTS sheet 23B/06. Its center is located at Mercator coordinates: 52°24'50" N and 67°29'15" W, i.e. approximately 11 km NW of the Fire Lake Arcelor Mittal iron mine.

Drilling campaigns on the Initial Bloc confirmed the presence of an important iron oxide bearing horizon (Banded Iron Formation (BIF) of magnetite and hematite) and QuartzPyroxene-magnetite ("**QPyrxM**") formation, which occurs continuously across the Lamêlée South Property.

The Initial Bloc is described in detail in a technical report dated October 1, 2013, entitled “NI 43-101 Technical Report - The Lac Lamêlée South iron deposit, Labrador Through, Northeastern Québec, Canada, Disclosure of Mineral Resources on behalf of Gimus Resources Inc.” (the “**Technical Report**”) authored by Pierre-Jean Lafleur, P. Eng., and Ali Ben Ayad, P. Geo., which has been completed in accordance with NI 43-101 standards and regulations, and is available on SEDAR (<http://www.sedar.com>).

Certain extracts from the Technical Report can be found under the section entitled “*Description of the Lamêlée South Property*” on page 12 of the AIF.

### **Bouchard Property**

The Bouchard Property consists of 60 claims totaling 3,367.81 hectares located 50 km southeast of the Chibougamau-Chapais Airport near the town of Chibougamau (Quebec). In 2012, analysis on eight drill holes and bulk sampling, which was done by ALS Laboratory in Vancouver, British Columbia, revealed massive sulphide occurrences and the surface outcrop grab samples yielded up to 0.83% Zinc, 0.19% Copper, 0.22% Lead, 1.6 g/t Silver and 0.46 g/t Gold. Jean Lafleur, P. Geo., is the “Qualified Person”, as defined by National Instrument 43-101, who has approved such technical and scientific information. Given the result of such analysis and the current scope of the Corporation, it is anticipated that the Corporation will not renew these claims upon renewal time.

### **Business Plan**

At this time, the Corporation is focusing the bulk of its resources on the Lamêlée Project. Exploration work is continuous on the Lamêlée South Property and the Corporation is in the process of completing the following steps:

In 2014: The Corporation intends to do metallurgical test work and to complete the preliminary economic assessment in the fall of 2014 as well as initiate the environmental base line study and permitting and update the NI 43-101 mineral resources through drilling in the fall of 2014.

In 2015: The Corporation intends to continue the environmental base line study and permitting, the hydrogeological and geotechnical studies, the detailed metallurgical test work and finalize the feasibility study.

In 2016: The Corporation intends to begin construction and mine pre-production.

As for the Bouchard Property, exploration work is performed but only to maintain the Corporation’s claims.

The Corporation is not in commercial production on any of its mineral resource properties and, accordingly, the Corporation has no revenues. The Corporation finances its operations by raising capital in the equity markets.

## **RECENT DEVELOPMENTS**

On December 20, 2013, the Corporation (when known as Gimus) acquired Fancamp’s Lamêlée South Property, subject to the Sheridan NSR Royalty, which constituted a reverse takeover pursuant to TSX-V policies. Under the Acquisition, the Corporation issued 43,000,000 Common Shares to Fancamp at a deemed price of \$0.10 per Common Share and granted the Fancamp NSR Royalty on the Lamêlée South Property. Furthermore, 2,000,000 Common Shares were issued to Champion at a deemed price of \$0.10 per Common Share and 4,000,000 common shares in the capital of Fancamp were issued to Champion at a deemed price of \$0.05 per share in compensation for the waiver and extinguishment of Champion’s right of first refusal with respect to the transfer of the Lamêlée South Property. As additional consideration for the Acquisition, Fancamp assigned and transferred to the Corporation all of its rights, interests, duties and obligations under the Sheridan NSR Royalty, subject to the payment by Fancamp, to the exoneration of the Corporation, of yearly advance royalty payments for an aggregate amount of \$500,000 on their due date in accordance with the terms and conditions of the Sheridan NSR Royalty.

On May 5, 2014, the Corporation entered into a Rights Agreement governing certain investor rights and obligations with Fancamp. Under the agreement, Fancamp shall be restricted from selling and transferring securities of Lamêlée for a period of five years, without obtaining the prior written consent of Lamêlée, after which time transfers will be permitted subject to certain restrictions. Subject to termination events such as a change of control or a change in the majority of the Lamêlée directors in favour of directors not supported by the incumbent Lamêlée board, Fancamp will be limited from voting in certain circumstances, including not voting against (i) the election of directors proposed by the then incumbent Lamêlée Board of directors; (ii) any approval, modification, amendment or replacement of a stock option plan of Lamêlée or (iii) the adoption or renewal of a shareholder rights plan, subject to certain exceptions. Fancamp shall be entitled to nominate one person to the Board of directors of Lamêlée as long as Fancamp holds at least 10% of the issued and outstanding Common Shares. Subject to termination events, including those indicated above, Fancamp shall be restricted from committing to tender or act in concert with an offeror in a take-over bid of any securities of Lamêlée, assisting in a change of control of Lamêlée and soliciting proxies from shareholders of Lamêlée or attempting to influence the voting of such shareholders.

### CONSOLIDATED CAPITALIZATION

There have been no material changes in the Corporation's consolidated share or loan capital since March 31, 2014, the end of the Corporation's most recent quarter in respect of which the Corporation has filed financial statements. Since March 31, 2014, the Corporation has issued no common shares.

The following table represents the Corporation's share capital both before and after the issuance of the Securities under the Offering:

	As at March 31, 2014 <sup>(1)</sup>	As at March 31, 2014, after giving effect to the Minimum Offering <sup>(2)</sup>	As at March 31, 2014, after giving effect to the Maximum Offering <sup>(2)</sup>	As at March 31, 2014, after giving effect to the Maximum Offering plus the Over-Allotment Option <sup>(3)</sup>
Common Shares (including the FT Shares)	77,221,971 Common Shares	• Common Shares	• Common Shares	• Common Shares

(1) As at March 31, 2014, the Corporation had stock options outstanding that could result in the issuance of up to 6,150,000 additional Common Shares.

(2) Assuming the full exercise of the Warrants under the Units and the Compensation Options but does not include the Over-Allotment Option.

(3) Assuming the full exercise of the Warrants under the Units, the Compensation Options and the Warrants under the Over-Allotment Units.

### USE OF PROCEEDS

	<u>Minimum Offering</u>	<u>Maximum Offering</u>
Estimated net proceeds <sup>(1)</sup>	\$1,760,000	\$5,520,000
Existing working capital (at March 31, 2014)	\$1,391,662	\$1,391,662
Total	\$3,151,662	\$6,911,662

- (1) The estimated net proceeds of the Offering to the Corporation are calculated after deducting the Agent's commission and estimated expenses of \$120,000 for the Offering. Estimated expenses of the Offering will be paid from the proceeds of the Offering.

The Corporation currently intends to use the net proceeds from the Offering as set out in the table below:

<u>Use of Net Proceeds</u>	<u>Minimum Offering (\$)</u>	<u>Maximum Offering (\$)</u>
Metallurgical Test Work / Bulk Sampling	\$200,000	\$200,000
Scoping Study (PEA)	\$600,000	\$600,000
Environmental Base Line Study and Permitting	\$400,000	\$750,000
Hydrogeological and Geotechnical Studies	\$0	\$1,500,000
Drilling / Updated NI 43-101 Mineral Resources	\$0	\$1,200,000
Detail Metallurgical Test-Work	\$200,000	\$400,000
Bankable Feasibility	\$0	\$500,000
Working Capital	\$360,000	\$370,000
Total	\$1,760,000	\$5,520,000

While the Corporation currently anticipate that it will use the net proceeds from the Offering as outlined above and based on annual budgets approved by its Board of Directors, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Corporation spends in connection with each of the intended uses of proceeds may vary significantly from the description set forth in this Prospectus and will depend on a number of factors. Until the Corporation uses the net proceeds, it expects to invest them in short-term, interest-bearing securities.

## DESCRIPTION OF SECURITIES BEING DISTRIBUTED

### Offering

The Offering consists of Units and FT Shares. Each of Unit is comprised of one Common Share and one-half of a Warrant. The Units will separate into Common Shares and Warrants immediately upon the closing of the Offering. The Units are offered at \$● per Unit and the FT Shares are offered at \$● per FT Share.

### Common Shares

The Common Shares and Warrant Shares are common shares in the share capital of the Corporation. Reference is made to the section entitled "Share Capital Description" at page 45 of the AIF for a description of the Corporation's Common Shares. As at the date hereof, 77,221,971 Common Shares of the Corporation are issued and outstanding.

### Warrants

Each whole Warrant entitles its holder, upon the payment of the exercise price of \$●, to purchase one Warrant Share for a period of 18 months from the date of closing of the Offering.

## FT Shares

Each FT Share will be a Common Share in the capital of the Corporation that qualifies as a “flow-through share” within the meaning assigned by subsection 66(15) of the Tax Act. The Corporation will incur (or will be deemed to have incurred) on or before December 31, 2015, and renounce to each subscriber of FT Shares, effective on or before December 31, 2014, CEE in an amount equal to the aggregate purchase price paid by such subscriber for the FT Shares. See “*Certain Canadian Federal and Québec Provincial Income Tax Considerations*”.

Subscriptions for FT Shares will be made pursuant to one or more subscription agreements for the FT Shares (“**FT Subscription Agreements**”) to be entered into between the Corporation and the Agent, as agent for, on behalf of and in the name of, all subscribers of FT Shares. **A subscriber who purchases FT Shares will be deemed to have appointed and authorized the Agent to execute and deliver, on the subscriber’s behalf, a FT Subscription Agreement.**

Pursuant to the FT Subscription Agreements, the Corporation will covenant and agree: (a) to incur or to be deemed to have incurred on or before December 31, 2015, and renounce, effective on or before December 31, 2014, to each subscriber of FT Shares, CEE in an amount equal to the purchase price paid by each subscriber of FT Shares; (b) that the CEE renounced will be “flow through mining expenditures” for the purposes of subsection 127(9) of the Tax Act for individuals (other than trusts) and, with respect to eligible subscribers in the Province of Québec, will be (i) included in the subscriber’s “exploration base relating to certain Québec surface mining exploration expenses or oil and gas exploration expenses”, as such term is defined in section 726.4.17.2 of the Québec Tax Act and (ii) included in the subscriber’s “exploration base relating to certain Québec exploration expenses”, as such term is defined in section 726.4.10 of the Québec Tax Act; and (c) that if the Corporation does not renounce to such subscriber, effective on or before December 31, 2014, CEE equal to such amount, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the Corporation will indemnify such subscriber for an amount equal to the amount of any tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by such subscriber as a consequence of such failure or reduction. For greater certainty, the foregoing indemnity will have no force or effect and the subscriber will not have any recourse to the extent that such indemnity or recourse would otherwise cause the FT Shares to be “prescribed shares” within the meaning of section 6202.1 of the Regulations. The FT Subscription Agreement will contain additional representations, warranties, covenants and agreements by the Corporation in favour of the subscribers of FT Shares which are consistent with and supplement the Corporation’s obligations as described in this Prospectus.

**The FT Subscription Agreements will also provide representations, warranties and agreements of the subscriber, and by its purchase of FT Shares each subscriber of FT Shares offered under this Prospectus will be deemed to have represented, warranted and agreed, for the benefit of the Corporation and the Agent or its sub-agents, if any, that is signatory thereto that, *inter alia*:** (a) neither the subscriber nor any beneficial purchaser for whom it is acting is a non-resident of Canada for the purposes of the Tax Act; (b) the subscriber, and any beneficial purchaser for whom it is acting deals, and until January 1, 2016 will continue to deal, at arm’s length with the Corporation for the purposes of the Tax Act; (c) the subscriber, if an individual, is of the full age of majority and otherwise is legally competent to enter into the FT Subscription Agreement; (d) other than as provided herein and in the FT Subscription Agreement, the subscriber waives any right that it may have to any potential incentive grants, credits and similar or like payments or benefits which accrue as a result of the operations relating to CEE and acknowledges that all such grants, credits, payments or benefits accrue to the benefit of the Corporation; (e) the subscriber has not entered into any arrangement or agreement with any person or partnership (other than the Corporation or a specified person in relation to the Corporation as defined in subsection 6202.1(5) of the Regulations) which will cause the FT Shares to be “prescribed shares” within the meaning of section 6202.1 of the Regulations; and (f) the subscriber has received and reviewed a copy of this Prospectus.

Notwithstanding the foregoing, the Corporation may enter into one or more subscription and renunciation agreements for FT Shares on such other terms as may be agreed to by the Corporation and the applicable subscriber.

## PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agent will distribute, on a best-efforts agency basis, subject to issuance by the Corporation, in accordance with the terms and conditions of the Agency Agreement, Units at a price of \$● per Unit and FT Shares at a price of \$● per FT Share for maximum gross proceeds to the Corporation of \$6,000,000. The price for the Units and the FT Shares was determined by negotiation between the Corporation and the Agent.

The Agency Agreement will provide, among other things, that the Corporation will pay the Agent a commission of \$● per Unit issued and sold pursuant to the Offering, representing 6% of the offering price for the Units and \$● per FT Share issued and sold pursuant to the Offering, representing 6% of the offering price for the FT Shares.

The distribution of Units is being made in the provinces British Columbia, Alberta, Manitoba, Ontario and Québec pursuant to the Offering contemplated by this Prospectus and in the United States pursuant to an exemption from the registration requirements of the 1933 Act and applicable United States state securities laws. The Agent will distribute the Units on a “best-efforts” agency basis but is not required to subscribe for any Units or FT Shares. The obligations of the Agent pursuant to the Agency Agreement may be terminated based on its assessment of the state of the financial markets or upon the occurrence of certain stated events, including any material adverse change in the business, affairs or financial condition of the Corporation.

The Corporation will grant the Over-Allotment Option to the Agent, pursuant to which the Agent may purchase, on the same terms as the Units and the FT Shares set forth herein, for a period of 30 days following the final closing of the Offering, Over-Allotment Units and Over-Allotment FT Shares, in a maximum number equal to 15% of the number of Units and FT Shares sold pursuant to the Offering, solely to cover the Agent’s over-allocation position, if any, and for market stabilization purposes. This Prospectus qualifies the distribution of the Over-Allotment Option, Over-Allotment Units and Over-Allotment FT Shares. A purchaser who acquires Over-Allotment Units or Over-Allotment FT Shares forming part of the Agent’s over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

As additional compensation, the Corporation will grant the Compensation Options to the Agent, entitling the holder thereof to acquire Compensation Shares in a number that is equal to 6% of the total number of Units and FT Shares issued and sold under the Offering, including pursuant to the exercise, if any, of the Over-Allotment Option. The Compensation Options may be exercised at any time during a period of 18 months following the date of their grant at a price equal to \$● per share. This Prospectus qualifies the distribution of the Compensation Options and the Compensation Shares.

Subscription proceeds will be received by the Agent or by any other investment dealers authorized by the Agent and will be held by the Agent in trust until the closing of the Offering. With respect thereto, the Agent will maintain a register containing the subscription date, name and account number or address of each subscriber as well as the number of Units and FT Shares subscribed for by each subscriber. The Offering will not close unless the Minimum Offering is raised. The Offering will be discontinued if the Minimum Offering has not been achieved on or prior to the 90th day after the date on which the Corporation receives a receipt for the final short form prospectus in respect of the Offering, unless an amendment to the final prospectus is filed and a receipt obtained therefor by the Corporation in accordance with applicable securities laws, provided that the total period of distribution under the Offering will not exceed 180 days from the date of the receipt for the final prospectus. If the Minimum Offering has not been achieved on or prior to the 90th day after the date on which the Corporation receives a receipt for the final prospectus, the Agent will return the subscription proceeds to the subscribers, without interest or deduction, as soon as possible after such date.

The Corporation’s Common Shares are listed on the TSXV under the symbol “LIR”. The Corporation has applied to list the Common Shares and the Warrant Shares distributed under this Prospectus on the TSXV. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSXV. The Warrants will not be listed on the TSXV and the Corporation does not expect that there will be any organized market through which Warrants may be sold. See “*Risk Factors*”.

Pursuant to the Agency Agreement, unless it has received the prior written consent of the Agent, such consent not to be unreasonably withheld, the Corporation will not directly or indirectly sell or issue, or negotiate or enter into any agreement to sell or issue, or otherwise dispose of any Common Shares of the Corporation or securities convertible or exchangeable into Common Shares of the Corporation for a period of 90 days following the closing of the Offering, other than (i) pursuant to presently outstanding rights or agreements, including options, warrants and other convertible securities, (ii) pursuant to the grant or exercise of options under the Corporation's stock option plan, or (iii), in connection with the direct or indirect acquisition by the Corporation of the securities or assets of any other entity.

Pursuant to policy statements of certain Canadian provincial securities regulators, the Agent may not, throughout the period of distribution, bid for or purchase Common Shares of the Corporation for its own account or for accounts over which it exercises control or direction. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares of the Corporation. Such exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and stock exchanges, including the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws, pursuant to the first-mentioned exception, in connection with the Offering, the Agent may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares of the Corporation at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Units (including the Common Shares and Warrants included therein), FT Shares and Warrant Shares have not been and will not be registered under the 1933 Act or any state securities laws of the United States and, subject to certain exceptions, may not be offered or sold in the United States. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units or FT Shares to, or for the account or benefit of, persons within the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units or FT Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made other than pursuant to an exemption from registration under the 1933 Act.

Subscriptions for Units and FT Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about ●, 2014, but in any event no later than ●, 2014. The Offering will be conducted under the book-based system. A subscriber who purchases Units or FT Shares will receive a customer confirmation from the registered dealer through which Units or FT Shares are purchased and who is a CDS depository-service participant. CDS will record the CDS participants who hold Common Shares included in the Units or FT Shares on behalf of owners who have purchased them in accordance with the book-based system. Except for the Warrants which will be issued by the Corporation, no share certificates will be issued unless specifically requested.

The Agency Agreement will also provide that the Corporation will indemnify the Agent, its affiliates and its respective directors, officers, employees and agents against certain liabilities and expenses or will contribute to payments that the Agent may be required to make in respect thereof.

## PRIOR SALES

The following table sets out all Common Shares issued by the Corporation during the twelve-month period prior to the date of this Prospectus:

Date	Price Per Share/ Unit	Number of Shares
October 29, 2013	\$0.10	3,075,000 <sup>(1)</sup>
December 20, 2013	\$0.10	43,000,000 <sup>(2)</sup>
December 20, 2013	\$0.10	12,500,000 <sup>(3)</sup>
December 30, 2013	\$0.175	3,542,971 <sup>(4)</sup>

- (1) Issued by way of private placement of units. Each Common Share was accompanied by one-half Common Share purchase warrant.
- (2) Pursuant to the Acquisition.
- (3) Issued by way of private placement of units. Each Common Share was accompanied by one-half Common Share purchase warrant.
- (4) Flow-through Common Shares issued by way of private placement.

The following tables set out all securities issued by the Corporation during the twelve-month period prior to the date of this Prospectus that are convertible into or exchangeable for Common Shares of the Corporation:

### Warrants

As at the date of this Prospectus, the following warrants to purchase Common Shares were outstanding:

Date of Grant	Exercise Price (\$)	Number of Underlying Common Shares	Expiry Date
October 29, 2013	0.15	1,537,500	October 26, 2016
December 20, 2013	0.15	6,250,000	December 20, 2015
December 31, 2013	0.175	205,714	June 30, 2015

### Stock Options

Date of Grant	Exercise Price (\$)	Number of Underlying Common Shares	Expiry Date
January 7, 2014	0.145	4,000,000	January 7, 2024
January 15, 2014	0.19	750,000	January 15, 2024
February 18, 2014	0.14	250,000	February 18, 2024
April 3, 2014	0.16	400,000	April 3, 2024
May 12, 2014	0.14	1,150,000	May 12, 2024



## TRADING PRICE AND VOLUME

The Corporation's Common Shares are listed and posted for trading on the TSXV under the trading symbol "LIR". The following table sets out the price range and trading volume of the Common Shares of the Corporation as reported by the TSXV, for the periods indicated.

<b>2013</b>			
<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
	<b>\$</b>	<b>\$</b>	<b>No. of Common Shares</b>
June 2013	\$0.095	\$0.06	270,417
July 2013	\$0.085	\$0.05	168,214
August 2013	\$0.095	\$0.05	123,220
September 2013	\$0.085	\$0.055	53,733
October 2013	-	-	0
November 2013	-	-	0
December 2013	\$0.19	\$0.10	2,610,943
<b>2014</b>			
<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
	<b>\$</b>	<b>\$</b>	<b>No. of Common Shares</b>
January 2014	\$0.20	\$0.13	1,806,661
February 2014	\$0.18	\$0.125	2,269,152
March 2014	\$0.185	\$0.165	731,497
April 2014	\$0.195	\$0.15	1,093,664
May 2014	\$0.165	\$0.11	1,133,906
June 1-25, 2014	\$0.12	\$0.09	1,281,630

On June 25, 2014, the closing price of the Common Shares on the TSXV was \$0.10.

## CERTAIN CANADIAN FEDERAL AND QUÉBEC PROVINCIAL INCOME TAX CONSIDERATIONS

In the opinion of Dentons Canada LLP, counsel to the Corporation, and Lavery, de Billy, L.L.P., counsel to the Agent, the following is a summary of the principal Canadian federal and Québec provincial income tax considerations under the Tax Act and the Québec Tax Act, as of the date hereof, generally applicable to purchasers who, for the purposes of the Tax Act, (i) are or are deemed to be resident in Canada at all relevant times for purposes of the Tax Act, (ii) acquire the Units or FT Shares pursuant to the Offering, (iii) hold such securities as "capital property", (iv) deal at "arm's length" and are not "affiliated" with the Corporation or the Agent at all relevant times for the purposes of the Tax Act, and (v) are not exempt from tax under Part I of the Tax Act (a "**Holder**"). Common Shares, FT Shares and Warrants will generally be considered to be "capital property" to a Holder unless the Holder either holds such securities in the course of carrying on a business of buying and selling securities or has acquired such securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Common Shares or Warrant Shares might not otherwise be "capital property" may, in certain circumstances, be entitled to have such Common Shares and all other "Canadian Securities", as defined in the Tax Act, treated as

capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to FT Shares or Warrants. Holders should consult their own tax advisors regarding this election.

This summary is not applicable to a Holder: (i) that is a “financial institution” as defined in the Tax Act for purposes of the mark-to-market rules; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) that is a “principal-business corporation” within the meaning of the Tax Act; (iv) whose business includes trading or dealing in rights, licenses or privileges to explore for, drill or take minerals, oil, natural gas or other related hydrocarbons, all within the meaning of the Tax Act; (v) that at any time has an “at-risk adjustment”, as defined in the Tax Act; (vi) that is a partnership or trust; (vii) that has made a functional currency reporting election for purposes of the Tax Act; (viii) an investment in which would constitute a “tax shelter investment” within the meaning of the Tax Act, (ix) that enters into a “derivative forward agreement” or a “synthetic disposition arrangement”, within the meaning of the Tax Act, in respect of the Common Shares, FT Shares or Warrants, or (x) that is a corporation that is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares, FT Shares, Warrants or Warrant Shares, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. This summary does not address the deductibility of interest by a Holder who borrows money to acquire Units or FT Shares. Such Holders should consult their own tax advisors.

This summary is based upon (i) the current provisions of the Tax Act and the Regulations (ii) the Québec Tax Act and the regulations thereunder (iii) counsels’ understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency (the “CRA”) and Revenu Québec (iv) the proposed amendments to the Tax Act and the Québec Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) and the Minister of Finance (Québec), respectively, prior to the date hereof (the “Proposed Amendments”). This summary assumes that the Proposed Amendments will be enacted as proposed but does not take into account or anticipate any other changes in law or in the administrative policies or assessing practices of the CRA and Revenu Québec, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign tax considerations (except the Québec income tax considerations discussed below), which may be materially different from those discussed herein. No assurances can be given that the Proposed Amendments will be enacted as proposed, if at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

**The Canadian federal and Québec provincial income tax consequences to a particular Holder will vary depending on a number of factors, including the province in which a particular Holder resides, carries on business or has a permanent establishment, the legal characterization of the Holder as an individual or corporation or other legal entity or relationship, the amount that would be the Holder’s taxable income but for the subscription for FT Shares the sources of the Holder’s income and the amount of deductions claimed by the Holder.**

**The following discussion of the income tax consequences is, therefore, of a general nature only and is not exhaustive of all the income tax consequences and is not intended to constitute income tax advice to any particular Holder. Accordingly, Holders should consult their own income tax advisors.**

This summary assumes that the Corporation will make all tax filings in respect of the issuance of the FT Shares and the renunciation of CEE in the manner and within the time required by the Tax Act, the Regulations and the Québec Tax Act (where applicable) and that all renunciations will be validly made. While the Corporation has agreed to furnish each Holder of FT Shares with information relevant to the Holder’s Canadian federal income tax returns and Québec provincial income tax returns (where applicable), the preparation and filing of those returns will remain the responsibility of each Holder. This summary further assumes that the Corporation will incur (or will be deemed to have incurred) sufficient CEE to enable it to renounce to Holders of FT Shares all of the expenses that the Corporation has agreed to renounce to Holders effective on the dates set out in the FT Subscription Agreements and that all expenses which comprise CEE will be reasonable in amount. This summary is based on the representation and assumes that the Corporation will be a “principal-business corporation” for the purposes of the Tax Act and a “development corporation” for the purposes of the Québec Tax Act at all material times. This summary also assumes that the FT Shares, when issued, will be “flow-through shares” and will not be “prescribed shares” within the meaning of the relevant provisions of the Tax Act and the Québec Tax Act. No opinion is expressed regarding any of the assumptions made in this discussion of income tax considerations. If any of the above assumptions are incorrect, the

Corporation may be unable to renounce some or all of the CEE which it has agreed to renounce in the FT Subscription Agreements. The above assumptions are based on a certificate of an officer of the Corporation.

## **Canadian Federal Income Tax Considerations**

### *Allocation of Cost for Units*

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Common Share and one-half Warrant comprised therein to determine the cost to the Holder of each for purposes of the Tax Act. For this purpose, the Corporation intends to allocate an amount of \$● as consideration for the issue of each Common Share and \$● as consideration for the issue of each one-half Warrant comprising the Units. Although the Corporation believes that its allocation is reasonable, it is not binding on CRA or the Holder. The Holder's adjusted cost base of the Common Share comprising a part of each Unit will be determined by averaging the cost allocated to the Common Share with the adjusted cost base to the Holder of all other Common Shares of the Corporation owned by the Holder as capital property immediately prior to acquiring such Unit.

### *Exercise of Warrants*

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares (including the FT Shares and Warrant Shares) of the Corporation owned by the Holder as capital property immediately prior to such acquisition.

### *Expiry of Warrants*

In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under "*Capital Gains and Capital Losses*".

### *Dividends*

Dividends received or deemed to be received on the Common Shares (including the FT Shares and Warrant Shares) of the Corporation will be included in computing the Holder's income. In the case of an individual Holder (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received from "taxable Canadian corporations" (as defined in the Tax Act). A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient is notified in writing by the Corporation, at or before the time the dividend is paid, designating the dividend as an "eligible dividend". There may be limitations on the ability of the Corporation to designate dividends as "eligible dividends". Dividends received or deemed to be received on the Common Shares (including the FT Shares and Warrant Shares) of the Corporation by a corporation must be included in computing its income but generally will be deductible in computing its taxable income.

"Private corporations" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing taxable income for the year. This refundable tax generally will be refunded to a corporate Holder at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

### *Dispositions of Common Shares, FT Shares, Warrant Shares and Warrants*

Upon a disposition or deemed disposition by a Holder of a Common Share, FT Share, Warrant Share or Warrant (other than on the exercise of a Warrant), as the case may be, a Holder will realize a capital gain (or capital loss)

equal to the amount by which the proceeds of disposition for such Common Share, FT Share, Warrant Share or Warrant, as applicable, are greater (or less) than the aggregate of any reasonable costs of disposition and the Holder's adjusted cost base of such Common Shares, FT Shares, Warrant Shares or Warrant, as applicable. The tax treatment of capital gains and capital losses is discussed in greater detail below under "Capital Gains and Capital Losses".

A Holder who disposes of FT Shares will retain the entitlement to be renounced CEE by the Corporation as described above, as well as the ability to deduct any CEE previously deemed to have been incurred by the Holder, and a subsequent purchaser of such Flow-Through Shares will not be entitled to any renunciation of CEE in respect thereof.

### *Capital Gains and Capital Losses*

One-half of any capital gain will be included in the Holder's income as a taxable capital gain realized in that year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss as an allowable capital loss realized in a taxation year from taxable capital gains realized in that year by such Holder. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares, FT Shares or Warrant Shares, as the case may be, by a Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a Holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares, directly or indirectly, through a partnership or trust.

A Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" (as defined in the Tax Act) for the year which includes taxable capital gains from a disposition or deemed disposition. This refundable tax generally will be refunded to a corporate Holder at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

Individuals (other than certain trusts) may be subject to alternative minimum tax in respect of realized capital gains and dividends received by the Holder. Holders should consult with their own tax advisors with respect to the possible application of minimum tax. See the subheading "Alternative Minimum Tax" below.

### *Canadian Exploration Expense*

The Corporation will be entitled to renounce CEE described in paragraph (f) of the definition of "Canadian exploration expense" in subsection 66.1(6) of the Tax Act, excluding (i) amounts which are prescribed to be "Canadian exploration and development overhead expense" under the Tax Act (ii) the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act (iii) any CEE that has previously been renounced (iv) amounts each of which is a cost of acquiring or obtaining the use of seismic data described in paragraph 66(12.6)(b.1) of the Tax Act and (v) any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of "expense" in paragraph 66(15) of the Tax Act, in an amount equal to the purchase price paid by a Holder for the FT Shares. The CEE will be incurred (or deemed to have been incurred by the Corporation) in the period following the closing of the Offering until December 31, 2015, which CEE will be renounced by the Corporation to Holders of FT Shares effective December 31, 2014. The Corporation may not renounce to Holders who subscribe for FT Shares an amount in excess of the amount paid by the subscribers for the FT Shares. Further, the Corporation will not be entitled to renounce CEE to the extent that the amount so renounced exceeds the Corporation's own cumulative Canadian exploration expense (as defined in the Tax Act) ("**CCEE**").

Subject to certain limitations and restrictions contained in the Tax Act, a "principal-business corporation" (as defined in the Tax Act) that incurs CEE pursuant to an agreement for the issue of "flow-through shares" will be entitled to

renounce such CEE to the initial holder of the flow-through shares and the CEE so renounced will be deemed to have been incurred by such holder as CEE on the effective date of the renunciation.

The Tax Act contains a one-year “look-back” rule which, if certain conditions are satisfied, will permit the Corporation to renounce CEE incurred by it (or deemed to have been incurred by it) in calendar year 2015 to Holders of FT Shares effective on December 31, 2014. In other words, Holders of FT Shares would be deemed to have incurred the CEE on December 31, 2014 even though the Corporation would not have incurred the expenditures until calendar year 2015. For this rule to apply in respect of CEE incurred in calendar year 2015, (i) the Holder must deal at arm’s length with the Corporation throughout calendar year 2015, (ii) the Holder must have paid the consideration in money for the FT Share in 2014, (iii) a FT Subscription Agreement must have been entered into during calendar year 2014, (iv) the CEE incurred must consist of expenses described in paragraph (f) of the definition of “Canadian exploration expenses” in subsection 66.1(6(6) of the Act and (v) the Corporation must renounce the CEE during the first three months of calendar year 2015.

The Corporation has advised counsel that it will incur (or will be deemed to have incurred) and renounce to Holders of FT Shares, CEE in accordance with these rules. In the event that the Corporation does not incur CEE during calendar year 2015 at least equal to the amounts renounced under the one-year “look-back” rule, the Corporation will be required to reduce the amount of CEE renounced to the Holders and the Holders’ income tax returns for the years in which the CEE was claimed will be reassessed accordingly. A Holder will not be subject to any penalties for any such reassessment and will not be subject to any interest charges for any additional taxes payable if such taxes are paid by the Holder on or prior to April 30, 2016.

CEE deemed to have been incurred by a Holder will be added to the CCEE account of such Holder. A Holder may deduct in computing income from all sources for a taxation year such amount as may be claimed not exceeding 100% of the balance in the Holder’s CCEE account at the end of that taxation year. Deductions claimed by a Holder reduce the Holder’s CCEE by the amount claimed. To the extent that a Holder does not deduct the full balance of the Holder’s CCEE account at the end of a taxation year, the balance will be carried forward and may be deducted by the Holder in subsequent taxation years in accordance with the provisions of the Tax Act. If the balance of the Holder’s CCEE account is “negative” at the end of a taxation year, which may occur if the Holder receives or becomes entitled to receive assistance payments which relate to CEE incurred in a prior year or if there are other adjustments to that cumulative CEE account, the “negative” amount must be included in the Holder’s income for that taxation year, and the balance of the Holder’s CCEE account then becomes nil. The disposition of FT Shares will not reduce the balance of a Holder’s CCEE account. The right to deduct CEE accrues to the initial purchaser of FT Shares and is not transferable. A Holder’s CCEE account will be reduced by the amount of any assistance, including grants and investment tax credits that the Holder has received or is entitled to receive in respect of CEE.

In addition, a Holder who is an individual (other than a trust) may claim a 15% non-refundable investment tax credit (“**Federal ITC**”) reducing the individual’s federal tax otherwise payable in such taxation year where CEE that qualifies as a “flow-through mining expenditure” (as defined in the Tax Act) is renounced to the Holder. Such expenses must be incurred, or deemed to have been incurred, before January 1, 2016 pursuant to an agreement entered into by the Corporation and the Holder prior to April 1, 2015. The Holder will be required to deduct the amount of any tax credit claimed in a taxation year from such Holder’s CCEE account in the following taxation year, which may result in an income inclusion in that year for federal income tax purposes.

Certain restrictions apply in respect of the deduction of CEE following an acquisition of control and on certain reorganizations of a corporate Holder. Corporate Holders should consult their own tax advisors for advice with respect to the potential application of these rules to them having regard to their own particular circumstances.

If a Deferred Plan (defined above under the heading “Eligibility for Investment”) subscribes for FT Shares, the tax benefits of the renunciation of the CEE will not be available for deduction against income of the holder, annuitant or beneficiary of the Deferred Plan.

#### *Adjusted Cost Base*

The FT Shares acquired hereunder will be deemed to have an initial cost for tax purposes of nil, and a Holder’s adjusted cost base thereof will be equal to the average cost of all Common Shares (including FT Shares and

Warrant Shares) of the Corporation held by the Holder. Any tax consequences arising from a disposition of Common Shares of the Corporation will be measured by reference to such average adjusted cost base. See the summary above under the heading “*Dispositions of Common Shares, FT Shares, Warrant Shares and Warrants*” for a discussion of the tax treatment of the disposition of the FT Shares.

#### *Paid-Up Capital*

Under the Tax Act, the Corporation will be required for tax purposes to reduce the paid-up capital of its class of Common Shares by an amount equal to 50% of the CEE renounced in respect of the FT Shares. The reduction may impact on the income tax treatment of subsequent dealings with the Common Shares (including FT Shares and Warrant Shares).

#### *Cumulative Net Investment Loss*

One-half of the CEE renounced to and deducted by a Holder will be added to the Holder’s cumulative net investment loss (“**CNIL**”) account (as defined in the Tax Act). A Holder’s CNIL account will impair the Holder’s ability to claim some or all of the lifetime capital gains deduction available on the disposition of certain qualifying small business corporation shares, farm property and fishing property.

#### *Alternative Minimum Tax*

Under Part I of the Tax Act, taxes payable by an individual (other than certain trusts) will be the greater of the taxes otherwise determined and an alternative minimum tax computed by reference to such individual’s “adjusted taxable income” for the taxation year in excess of a \$40,000 exemption. In calculating adjusted taxable income for the purpose of computing the minimum tax, certain deductions and credits otherwise available are disallowed and certain amounts not otherwise included in income are included. Also included in adjusted taxable income are 80% of capital gains (rather than 50%).

The disallowed items include deductions claimed by the individual in respect of CEE in a particular taxation year to the extent such deductions exceed the individual’s resource income before deduction of such amounts in that year. Whether and to what extent the tax liability of a particular Holder will be increased by the alternative minimum tax will depend on the amount of such Holder’s income, the sources from which it is derived, and the nature and amounts of any deductions such Holder claims.

Any additional tax payable for the taxation year resulting from the application of the alternative minimum tax provisions is recoverable to the extent the tax otherwise determined exceeds the alternative minimum tax for any of the following seven taxation years. **Holders of FT Shares are urged to consult their tax advisors to determine the impact of alternative minimum tax.**

#### **Québec Provincial Income Tax Considerations**

This section only applies to a Holder who is an individual (including a personal trust) resident in the Province of Québec under the Québec Tax Act (a “**Québec Holder**”).

The Québec Tax Act provides that where a Québec Holder incurs in a given taxation year “investment expenses” to earn “investment income” in excess of the investment income earned for that year, such excess shall be included in the Québec Holder’s income, resulting in an offset of the deduction for such portion of those investment expenses. For these purposes, investment expenses include certain deductible interest and losses of the Québec Holder and 50% of CEE (other than CEE incurred in the Province of Québec) renounced to, allocated to and deducted for Québec income tax purposes by such Québec Holder, and investment income includes taxable capital gains not eligible for the capital gains exemption. Investment expenses which have been included in the Québec Holder’s income in a given taxation year may be deducted against net investment income earned in any of the three previous taxation years and any subsequent taxation year.

Subject to the limitations described herein, in computing income for Québec income tax purposes for a taxation year, a Québec Holder of FT Shares generally may deduct up to 100% of the balance in its “cumulative Canadian exploration expense” account (as defined under the Québec Tax Act) at the end of the year.

In computing income for Québec tax purposes for a taxation year, a Québec Holder of FT Shares may be entitled to an additional deduction of 10% in respect of its share of certain CEE incurred in the Province of Québec by a “qualified corporation” (as defined in the Québec Tax Act). Also, such a Québec Holder may be entitled to another additional deduction of 10% in respect of his or her share of certain surface CEE incurred in the Province of Québec by such a qualified corporation. Accordingly, provided applicable conditions under the Québec Tax Act are satisfied, a Québec Holder may be entitled to deduct for Québec income tax purposes up to 120% of its share of certain CEE incurred in the Province of Québec and renounced to the Québec Holder by a qualified corporation.

The Québec Tax Act deems the cost to the Québec Holder of any FT Share which it acquires to be nil and, therefore, the amount of the capital gain realized by the Québec Holder on a disposition of FT Shares will generally equal the proceeds of disposition of the FT Shares, net of any reasonable costs of disposition. Provided that certain conditions are met, the Québec Tax Act provides for a mechanism to exempt part of the taxable capital gain realized by or attributable to the Québec Holder (other than a trust) on the disposition of a “resource property” as defined in the Québec Tax Act. For these purposes, a “resource property” includes a FT Share. This exemption is based on an historical expenditure account (“**Expenditure Account**”) comprising one-half of the CEE incurred in the Province of Québec that gives rise to the first additional 10% deduction for individuals described above.

Accordingly, upon the sale of FT Shares, a Québec Holder of FT Shares may claim a deduction in computing its Québec income in respect of a portion of the taxable capital gain realized which is attributable to the excess of the price paid to acquire the FT Shares over their cost (which is deemed to be nil). In general, the amount of the deduction may not exceed the lesser of (i) such portion of the taxable capital gain realized, and (ii) the amount of the Expenditure Account at the time, subject to certain other limits provided under the Québec Tax Act. Any amount so claimed will reduce the balance of the Expenditure Account of the Québec Holder, while any new deduction in respect of CEE incurred in the Province of Québec claimed by the person will increase it. The portion of the taxable capital gain represented by the increase in value of the FT Shares over the price paid to acquire such FT Shares will continue to be taxable and the amount accrued in the Expenditure Account may not reduce this gain. To the extent that the Québec Holder of FT Shares has an amount sufficient in its Expenditure Account at the time, gains realized by such Québec Holder on the disposition of any “flow-through shares” (as defined in the Québec Tax Act) acquired may qualify for such capital gains exemption.

A Québec Holder’s “cumulative Canadian exploration expenses” does not need to be reduced by the amount of the Federal ITC claimed with respect to a preceding year for Québec income tax purposes.

## **RISK FACTORS**

The securities offered pursuant to this Prospectus, and the results of the Corporation’s operations, are speculative in nature, due to the risks inherent in mineral exploration and development, among other factors. There are numerous risk factors associated with an investment in the Units and FT Shares which potential investors should carefully consider. In addition to the information set out below and elsewhere in this Prospectus and the documents incorporated by reference herein, investors should carefully consider the risk factors set out in the section of the AIF entitled “Risk Factors” and in the other documents incorporated by reference in this Prospectus.

### ***Loss of Entire Investment***

An investment in the Units or FT Shares is speculative and may result in the loss of an investor’s entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Corporation.

### ***Nature of Mineral Exploration and Mining***

At the present time, Lamêlée does not hold any interest in a mining property in production. Lamêlée’s viability and potential for success lie in its ability to develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing

facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which Lamêlée has an interest will result in a profitable commercial mining operation.

The operations of Lamêlée are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of Lamêlée may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which Lamêlée has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While Lamêlée may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which Lamêlée cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of Lamêlée and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in Lamêlée not receiving an adequate return on invested capital.

### ***Potential Land Claims – First Nations Groups***

The Corporation conducts its operations in north-eastern Québec, which areas are subject to conflicting First Nations land claims. Aboriginal claims to lands, and the conflicting claims to traditional rights between aboriginal groups, may have an impact on Lamêlée's ability to develop its properties. The boundaries of the traditional territorial claims by these groups, if established, may impact the areas which constitute the Corporation's properties. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Pursuant to section 35 of *The Constitution Act of 1982*, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the project and, in some circumstances, accommodate them.

The development and the operation of the Corporation's properties may require the conclusion of impact and benefit agreements ("**IBAs**") and/or other agreements with the affected First Nations. As a result of the IBAs or of other agreements, the Corporation may incur significant financial or other obligations to affected First Nations. The negotiation of such IBAs may also significantly delay the advancement of the properties. The affected First Nations with respect to the development and the operation of the Lamêlée Project include the Innu Takuaikan Uashat mak Mani Utenam ("**ITUM**"). There can be no assurance that the Corporation will be successful in reaching an IBA or other agreement with ITUM or other First Nations groups who may assert Aboriginal rights or may have a claim which affects the Lamêlée Project or any of the Corporation's other projects.

### ***Financing Risks***

Lamêlée has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although Lamêlée has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that Lamêlée will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of Lamêlée with the possible dilution or loss of such interests.



## ***Infrastructure***

The Corporation's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, Lamêlée will need to negotiate and conclude various agreements for various infrastructure requirements, including for rail transportation, power and port access with various industry participants, including external service and utility providers. These are important determinants affecting capital and operating costs. The Corporation has not yet concluded agreements with the relevant rail companies or operators necessary for the transportation and handling of the Corporation's planned production of iron ore and there can be no assurance that agreements on acceptable terms will be concluded. The inability to conclude any such agreements – for transportation and power – could have a material adverse effect on the Corporation's results of operations and financial condition and on its ability to produce or market any products from the projects.

The Corporation's Lamêlée Project will require access to a sea port for which discussions are currently ongoing.

In addition, there is no certainty that the Corporation will be able to access sources of power on economically feasible terms and this could have a material adverse effect on the Corporation's results of operations and financial condition.

## ***No Significant Revenues***

To date, Lamêlée has not recorded any revenues, other than interest and investment income and management fees and it has no dividend record. Lamêlée has not commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that Lamêlée will be profitable in the future. Lamêlée's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment costs associated with advancing exploration, development and commercial production of Lamêlée's properties increase. Lamêlée expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of Lamêlée's properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that Lamêlée will generate any revenues or achieve profitability.

## ***Current Global Financial Condition***

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008 and 2009. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010, 2011, 2012 and into 2013, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012, debt crises in certain European countries and other factors adversely affected the recovery. These conditions have resulted and may continue to result in a reduction in demand for various resources and raw materials. As a result, access to public financing has been negatively impacted. These factors may impact the ability of Lamêlée to obtain equity or debt financing in the future on favourable terms. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, Lamêlée's operations could be adversely impacted and the trading price of its Common Shares may be adversely affected.

## ***Changes in the Market Price of Iron Ore***

Lamêlée's revenues in the future, if any, are expected to be derived in large part from the sale of iron ore. The price of this commodity has fluctuated widely in recent years and is affected by factors beyond the control of Lamêlée, including, but not limited to international economic and political trends, changes in the industrial demand, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities, the availability and

cost of substitutes and changes in the supply of this commodity due to new mine developments and mine closures. All of these factors, which are impossible to predict with certainty, will impact the viability of the properties.

### ***Reduction in Chinese demand may negatively impact Lamêlée's operations and financial condition***

China has been a significant driver of global demand for minerals and metals, especially iron ore. China's demand for iron ore has been driving global materials demand over the past decade. A slowing in China's economic growth could result in lower prices and demand for iron ore. China is increasingly seeking strategic self-sufficiency in key commodities, including investments in existing businesses or new development in other countries. These investments may adversely impact future iron ore demand and supply balances and prices. Any declines in the price of iron ore demand for iron ore may have a material adverse effect on the Company's financial condition and results of operations.

### ***Dilution and Future Sales of Common Shares***

Lamêlée may issue additional Common Shares in the future, which would dilute a shareholder's holdings in Lamêlée. Lamêlée's articles permit, among other things, the issuance of an unlimited number of Common Shares.

### ***Lamêlée is Primarily Focussed on the Lamêlée Project***

The Corporation is focusing much of its resources on developing its Lamêlée Project. Any adverse development affecting the Lamêlée Project could have a material adverse effect on the Corporation's business, prospects, financial performance and results of operations.

### ***Going Concern***

Values attributed to Lamêlée's assets may not be realizable. Lamêlée has a limited history and its ability to continue as a going concern depends upon a number of significant variables. The amounts attributed to Lamêlée's exploration properties in its financial statements represent acquisition and exploration costs and should not be taken to represent realizable value. Further, Lamêlée has no proven history of performance, revenues, earnings or success. As such, Lamêlée's ability to continue as a going concern is dependent upon the existence of economically recoverable resources, the ability of Lamêlée to obtain the necessary financing to complete the development of its interests and future profitable production or, alternatively, upon Lamêlée's ability to dispose of its interests on a profitable basis.

### ***Dependence on Key Personnel***

Lamêlée is dependent on a relatively small number of key employees or consultants, the loss of any of whom could have an adverse effect on its operations. Lamêlée currently does not have key person insurance on these individuals.

### ***No Assurance of Titles***

The acquisition of title to mineral projects is a very detailed and time consuming process. Although Lamêlée has taken precautions to ensure that legal title to its property interests is properly recorded in the name of Lamêlée, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of Lamêlée in any of its properties may not be challenged or impugned.

### ***Permits and Licenses***

The operations of Lamêlée require licenses and permits from various governmental authorities. Lamêlée believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and Lamêlée believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that Lamêlée will be able to obtain

all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

### ***Fluctuating Prices***

Factors beyond the control of Lamêlée may affect the marketability of any iron ore or any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond Lamêlée's control. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Lamêlée not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of Lamêlée may result.

### ***Estimates of Mineral Resources***

Although the mineral resource estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of useful iron minerals or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) mineral deposit which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of mineral recovery (accessible) and sales will be realized (delivered). Estimates of mineral resources can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of mineral resources ultimately useful may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to mineral resources, such as the need for orderly development of the mineral deposit shape and size at new or different grades, may also have an adverse effect on its potential future utility. Material changes in mineral resources tonnages and grades may affect the economic viability of projects. Mineral resources are reported as general indicators of potential future mineral reserves or mine ore and life. The Lamêlée Project has no mineral reserves yet. Mineral resources should not be interpreted as assurances of potential mineral reserves, mine ore or life or of the profitability of current exploration work. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and corresponding grades. Until the mineral resources is converted in part to Mineral Reserves through mine planning and metallurgical testing compliant with industry best practices, mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on future mineral prices driven by foreign exchanges, technology and wars. Any material change in resources or mineral resources, or grades or location (depth) will affect the economic viability of Lamêlée's interest in projects.

### ***Foreign Exchange***

Iron ore is sold in U.S. dollars thus the Corporation is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. To the extent that the Corporation generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the U.S. dollar would result in a decrease in the real value of the Corporation's revenues and adversely impact the Corporation's financial performance.

### ***Dependence on Outside Parties***

The Corporation has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish Mineral Reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Corporation.

### ***Reduced Global Demand for Steel or Interruptions in Steel Production***

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Corporation's ability to obtain financing, to achieve production and on its financial performance.

### ***Availability of Reasonably Priced Raw Materials and Mining Equipment***

The Corporation will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Corporation's production and financial performance could be adversely affected.

### ***Volatility of Stock Price***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings and that the value of the Common Shares will be affected by such volatility.

### ***Lamêlée's Activities are Subject to Extensive Governmental Regulation***

Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters.

### ***Environmental Regulations***

The operations of Lamêlée are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Lamêlée's operation is subject to environmental regulation primarily by the Ministère du Développement durable, de l'Environnement et de la lutte contre les changements climatiques (Québec). In addition, the Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) have an enforcement role in the event of environmental incidents.

### ***Conflicts of Interest***

The directors and officers of Lamêlée may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests

of Lamêlée. In the event that such a conflict of interest arises at a meeting of the directors of Lamêlée, a director is required by the *Canada Business Corporations Act* to disclose the conflict of interest and to abstain from voting on the matter.

### **Competition**

The mineral exploration and mining business is competitive in all of its phases. Lamêlée competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Lamêlée, in the search for and acquisition of attractive mineral properties. The ability of Lamêlée to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that Lamêlée will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

### **Tax Treatment of the FT Shares**

The tax treatment of mineral exploration activities and FT Shares constitutes a major consideration of an investment in the FT Shares. There is no guarantee that the current tax laws and administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding FT Shares will not be altered in a materially unfavourable way and there is no guarantee that there will be no material differences of opinion with the federal and provincial tax authorities with respect to the tax treatment of the FT Shares, the status of such FT Shares and the activities contemplated by the Corporation's exploration programs. There is no guarantee that the CEE incurred (or deemed to be incurred) by the Corporation, or the expected tax deductions claimed by investors will be accepted by the CRA (and any other corresponding provincial authority). See "Certain Canadian Federal and Québec Provincial Income Tax Considerations".

Notwithstanding its agreement to do so (see "Description of Securities Being Distributed — FT Shares") there is no guarantee that the Corporation will expend an amount equal to the purchase price for FT Shares on or prior to December 31, 2015 to incur qualifying CEE. If the Corporation does not incur qualifying CEE in such an amount prior to December 31, 2015, it will be required to reduce the amount of CEE that it has renounced in favour of the subscribers and the subscribers will be reassessed accordingly.

Generally, subscribers will not be subject to penalties for any such reassessment but interest will be payable on such additional tax if such tax is not paid by April 30, 2016. The Corporation has agreed to indemnify each subscriber for an amount equal to the amount of any tax payable under the Tax Act (and under corresponding provincial legislation) by the subscriber as a consequence of such reduction; however there can be no certainty that the Corporation will have the necessary financial resources to fulfill its obligations under such indemnity.

## **EXPERTS**

Certain legal matters in respect of the Units and FT Shares, including the matters referred to under "Eligibility for Investment", will be passed upon behalf of the Corporation by Dentons Canada LLP and on behalf of the Agent by Lavery, de Billy, L.L.P. As of the date hereof, partners and associates of Dentons Canada LLP, as a group, and partners and associates of Lavery, de Billy, L.L.P., as a group, owned, directly or indirectly, less than one percent of the outstanding Common Shares of the Corporation, respectively.

The Technical Report was prepared by M. Pierre-Jean Lafleur, P.Eng. and M. Ali Ben Ayad, P. Geo. of P.J. Lafleur Géo-Conseil Inc. Messrs. Lafleur and Ayad are the qualified persons for the Technical Report and are independent of the Corporation. As of the date hereof, and to the knowledge of the Corporation, the qualified persons referred to above, as a group, owned, directly or indirectly, less than one percent of the outstanding Common Shares of the Corporation. They are not currently expected to be elected, appointed or employed as directors, officers or employees of the Corporation or of any associate or affiliate of the Corporation.

## **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The independent auditors of the Corporation are Raymond Chabot Grant Thornton LLP, 600 De La Gauchetière street West, Montreal, Québec, H3B 4L8. Raymond Chabot Grant Thornton LLP have advised the Corporation that they are independent with respect to the Corporation within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

The transfer agents and registrars for the Common Shares of the Corporation are Computershare Investor Services Inc. at its principal offices in Montreal and Toronto.

## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of common share purchase warrants, such as the Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the common share purchase warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

## CERTIFICATE OF THE CORPORATION

June 26, 2014

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, Ontario and Québec.

(s) *Hubert Vallée*

Hubert Vallée  
President and Chief Executive Officer

(s) *Marc Duchesne*

Marc Duchesne  
Chief Financial Officer

On behalf of the Board of Directors

(s) *Pierre Lortie*

Pierre Lortie  
Director

(s) *André La Flèche*

André La Flèche  
Director

## **CERTIFICATE OF THE AGENT**

June 26, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Manitoba, Ontario and Québec.

### **SECUTOR CAPITAL MANAGEMENT CORPORATION**

per: (s) *George Aprile*

Chief Financial Officer



## SCHEDULE A GLOSSARY OF TERMS

The following is a glossary of certain of the defined terms used in this Prospectus.

“**Agency Agreement**” means the agency agreement dated ●, 2014 between the Corporation and the Agent.

“**Agent**” means, Secutor Capital Management Corporation.

“**AIF**” means the amended annual information form of the Corporation dated June 26, 2014 for the fiscal year ended September 30, 2013, including the documents incorporated therein by reference.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CEE**” means Canadian Exploration Expenses as such term is defined in the Tax Act.

“**Common Share**” means the Common Share of the Corporation included in each Unit.

“**Compensation Options**” means the options that the Corporation will grant to the Agent in connection with the Offering, entitling the Agent to acquire that number of Compensation Shares that is equal to 6% of the total number of Units and FT Shares issued and sold pursuant to the Offering; the Compensation Options may be exercised at any time during a period of 18 months following the date of their grant at a price equal to \$●.

“**Compensation Shares**” means the additional Common Shares issuable upon the exercise of the Compensation Options.

“**Corporation**” means Lamêlée Iron Ore Ltd.

“**CRA**” means the Canada Revenue Agency.

“**FT Shares**” means the “flow-through” Common Shares of the Corporation offered pursuant to this Prospectus.

“**NI 43-101**” means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

“**Offering**” means the offering of Units and FT Shares pursuant to this short form prospectus.

“**Over-Allotment FT Shares**” means the additional FT Shares issuable upon the exercise of the Over-Allotment Option.

“**Over-Allotment Option**” means the option that the Corporation will grant to the Agent in connection with the Offering, pursuant to which the Agent may purchase, for a period of 30 days following the closing of the Offering, Over-Allotment Units and Over-Allotment FT Shares in a maximum number equal to 15% of the number of Units and FT Shares sold pursuant to the Offering, solely to cover the Agent’s over-allocation position, if any, and for market stabilization purposes.

“**Over-Allotment Units**” means the additional Units issuable upon the exercise of the Over-Allotment Option.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**TSXV**” means the TSX Venture Exchange.

“**Units**” means the units offered pursuant to this Prospectus, each comprised of one Common Share and one-half of a Warrant.

“**Warrant**” means a Common Share purchase warrant of the Corporation, of which one-half is included in each Unit; each full Warrant entitles the holder thereof to purchase one Warrant Share at an exercise price of \$● for a period of 18 months from the date of closing of the Offering.

“**Warrant Share**” means a Common Share of the Corporation issuable upon the exercise of a Warrant. ^

“**1933 Act**” means the United States *Securities Act of 1933*.