

## LAMÊLÉE IRON ORE LTD. Offering of Units and Flow-Through Shares

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### Terms and Conditions

June 26, July 16, 2014

A preliminary short form prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in British Columbia, Alberta, Manitoba, Ontario and Québec. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities.

The preliminary prospectus is still subject to completion. Copies of the preliminary prospectus may be obtained from Secutor Capital Management Corporation, Peter Graham, at 1167 Caledonia Road, Toronto, Ontario, M6A 2X1, (416) 545-1015. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

**Issuer:** Lamêlée Iron Ore Ltd. (“Lamêlée” or the “Corporation”). The business of the Corporation consists of acquiring, exploring and developing mining properties.

**Offering:** A maximum of 46,153,846 units (the “Units”) of the Corporation and/or a maximum of 40,000,000 flow-through shares of the Corporation (the “FT Shares”), or a combination of both, to be issued from treasury pursuant to the short form prospectus provisions and requirements under National Instrument 44-101 (collectively, the “Offering”).

Each Unit consists of one common share of the Corporation (a “~~Common~~Unit Share”) and one-half of a Common Share purchase warrant of the Corporation (each whole Common Share purchase warrant, a “Warrant”). Each whole Warrant will be exercisable to purchase one non-flow through Common Share of the Corporation (a “Warrant Share”) at a price of \$0.19 per Warrant Share for a period of 18 months after the closing of the Offering. Each FT Share consists of one Common Share of the Corporation to be issued as a “flow-through share” within the meaning of the *Income Tax Act* (Canada).

**Issue Price:** \$0.13 per Unit.  
\$0.15 per FT Share.

**Offering Amount:** A maximum of \$6,000,000 ~~comprised of \$ principal amount of Units and \$ principal amount of FT Shares~~ (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”).

**Over-Allotment Option:** The Agent (as defined below) shall have the option (the “Over-Allotment



Option”), exercisable in whole or in part for a period of 30 days after the closing of the Offering, to purchase up to an additional 15% of the Units (the “Over-Allotment Units”) and FT Shares (the “Over-Allotment FT Shares”), on the same terms and conditions as set forth herein to cover over-allocation positions, if any, and for market stabilization purposes.

Issue Type: The Offering will be conducted on a “best effort” agency basis to be completed by way of a short form prospectus.

Eligibility for Investment: The FT Shares, ~~Common~~Unit Shares, Warrant Shares and Warrants will be eligible under the usual Canadian statutes and for Canadian RRSPs, RRIFFs, DPSPs and TFSAs (the “Deferred Plans”).

If a Deferred Plan subscribes for FT Shares, the Canadian exploration expenses (“CEE”) renounced by the Corporation will not be available for deduction against the income of the holder, annuitant or beneficiary of such Deferred Plan.

Tax Considerations on 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 *Income Tax Act* (Canada). 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 each subscriber for the FT Shares.

Closing Date: The closing of the Offering is expected to occur on or about July 24, 2014 or such other date as the Agent and the Corporation may determine but in any event no later than the 90<sup>th</sup> day on which the Corporation receives a receipt for its final short form prospectus.

Use of Proceeds: The Corporation intends to use proceeds from the Unit offering for working capital and for exploration expenses on the project of the Lac Lamêlée south iron property in the Province of Quebec (the “Exploration Expenses”). Proceeds from the FT Share offering will be solely used by the Corporation for Exploration Expenses.

Agent and Bookrunner: Secutor Capital Management Corporation (the “Agent”).

Commission: The Corporation will pay the Agent a cash commission equal to 6% of the gross proceeds of the Offering. The Corporation will also grant to the Agent such number of options (the “Compensation Options”) to the Agent, entitling the Agent to acquire that number of Common Shares of the Corporation (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. 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 \$0.15 per Compensation Share.

Listing: The Corporation has applied to list the ~~Common~~Unit 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 to be issued under the Offering on the TSX Venture Exchange (“TSX-V”). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX-V. The Corporation will not apply to list the Warrants on the TSX-V. The Corporation’s Common Shares trade under the symbol “LIR”.



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