LAMÊLÉE IRON ORE LTD.

Financial Statements
September 30, 2015

Content

Independent Auditor's Report	2-3
Statements of Financial Position	4
Statements of Comprehensive Loss	5
Statements of Changes in Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	8-35

Raymond Chabot Grant Thornton S.E.N.C.R.L.
Tour de la banque Nationale
600, rue de la Gauchetière Ouest
Bureau 1900
Montréal QC H3B 4L8
Téléphone : (514) 878-2691
Télécopieur : (514) 878-2127
www.rcgt.com

Independent Auditor's Report
To the Shareholders of
Lamêlée Iron Ore Ltd.

We have audited the accompanying financial statements of Lamêlée Iron Ore Ltd. which comprise the statements of financial position as at September 30, 2015 and 2014 and the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years ended at these dates and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lamêlée Iron Ore Ltd, as at September 30, 2015 and 2014 and its financial performance and its cash flows for the years ended at these dates in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 2 in the financial statements which indicates the existence of a material uncertainty that may cast a significant doubt regarding the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP [1]

Montreal
January 28, 2016

---

[1] CPA auditor, CA public accountancy permit no. A126822

LAMÊLÉE IRON ORE LTD.
STATEMENTS OF FINANCIAL POSITION
As at September 30 (in Canadian dollars)

	Notes	2015	2014
		$	$
ASSETS			
Current			
Cash	19	51,548	1,122,964
Term deposits, 1.15%, expiring in 2016 and 2015		155,316	756,399
Taxes receivable		13,141	140,796
Other receivable		-	11,210
Deposits on contract		-	51,608
Tax credits and credit on duties receivable		5,518	10,891
Prepaid expenses		11,150	27,994
		236,673	2,121,862
Non-current			
Exploration and evaluation assets	7	7,628,464	6,475,467
Property and equipment	8	1,843	2,386
		7,630,307	6,477,853
Total assets		7,866,980	8,599,715
LIABILITIES			
Current			
Trade and other payables		32,074	332,492
Other liabilities		40,666	358,382
Total liabilities		72,740	690,874
EQUITY			
Share Capital	9	10,103,357	10,103,357
Warrants	10	163,800	163,800
Contributed surplus	11	989,949	708,109
Deficit		(3,462,866)	(3,066,425)
Total equity		7,794,240	7,908,841
Total liabilities and equity		7,866,980	8,599,715

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

These financial statements were approved and authorized for publication by the Board of Directors on January 28, 2016.

On the behalf of the Board,

(s) Hubert Vallée
President and Chief Executive Officer

(s) Marc Duchesne
Chief Financial Officer

LAMÊLÉE IRON ORE LTD.
STATEMENTS OF COMPREHENSIVE LOSS
Year ended September 30 (in Canadian dollars)

	Notes	2015	2014
		$	$
EXPENSES			
Share-based payments	11	245,021	586,577
Professional fees		201,476	179,503
Management fees		116,000	201,500
Shareholders relations		39,478	65,817
Investors' relations	11	34,267	98,096
Rental expenses		28,036	31,296
Insurance		13,073	7,841
Travel expenses		12,251	50,391
Office expenses		9,079	11,059
Taxes and permits		7,800	5,024
Trustees and registration fees		5,350	9,246
Consulting fees	11	2,552	11,446
Part XII.6 income taxes		1,972	107
Bank charges		785	888
Depreciation of non-financial assets		275	152
Impairment of exploration and evaluation assets	7	-	458,365
Exploration and evaluation expenses		-	297,308
OPERATING LOSS		(717,415)	(2,014,616)
Interest income		3,258	10,150
LOSS BEFORE INCOME TAXES		(714,157)	(2,004,466)
Deferred income taxes	14	317,716	264,132
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(396,441)	(1,740,334)
LOSS PER SHARE			
Basic and diluted loss per share	13	(0.004)	(0.026)

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

LAMÊLÉE IRON ORE LTD.
STATEMENTS OF CHANGES IN EQUITY
Year ended September 30, 2015 and 2014 (in Canadian dollars)

	Notes	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total equity
			$	$	$	$	$
Balance at September 30, 2013		13,104,000	1,310,400	-	77,232	(746,381)	641,251
Units issued by private placements	9	15,575,000	1,434,500	123,000	-	-	1,557,500
Shares issued by flow-through private placements	9	3,542,971	460,586	-	-	-	460,586
Units issued by public placements	9	2,040,004	224,401	40,800	-	-	265,201
Shares issued by flow-through public placements	9	11,577,002	1,273,470	-	-	-	1,273,470
Shares issued for acquisition of mining rights	9	45,000,000	5,400,000	-	-	-	5,400,000
Share-based payments	11	-	-	-	616,477	-	616,477
Issuance cost of shares		-	-	-	14,400	(579,710)	(565,310)
Transactions with owners		77,734,977	8,792,957	163,800	630,877	(579,710)	9,007,924
Net loss and total comprehensive loss for the year		-	-	-	-	(1,740,334)	(1,740,334)
Balance at September 30, 2014		90,838,977	10,103,357	163,800	708,109	(3,066,425)	7,908,841
Share-based payments		-	-	-	281,840	-	281,840
Transactions with owners		90,838,977	10,103,357	163,800	989,949	(3,066,425)	8,190,681
Net loss and total comprehensive loss for the year		-	-	-	-	(396,441)	(396,441)
Balance at September 30, 2015		90,838,977	10,103,357	163,800	989,949	(3,462,866)	7,794,240

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

LAMÊLÉE IRON ORE LTD.

STATEMENTS OF CASH FLOWS
Year ended September 30 (in Canadian dollars)

	Notes	2015	2014
		$	$
OPERATING ACTIVITIES			
Loss before income taxes		(714,157)	(2,004,466)
Adjustments for:			
Share-based payments – directors		245,021	586,577
Share-based payments – consultants		2,552	11,446
Share-based payments – investors' relations		34,267	18,454
Impairment of exploration and evaluation assets		-	458,365
Depreciation of non-financial assets		275	276
Changes in working capital items			
Taxes receivable		127,655	(11,268)
Other receivable		11,210	(11,210)
Deposits on contract		51,608	(51,608)
Tax credits receivable in reduction of evaluation and exploration expenses		-	(10,332)
Prepaid expenses		16,844	(21,715)
Trade and other payables		(26,437)	(76,105)
Cash flows used by operating activities		(251,162)	(1,111,586)
INVESTING ACTIVITIES			
Term deposits		601,083	(756,399)
Additions to property and equipment		-	(1,524)
Additions to exploration and evaluation assets		(1,426,710)	(789,115)
Tax credits received		5,373	11,523
Cash flows used by investing activities		(820,254)	(1,535,515)
FINANCING ACTIVITIES			
Issuance of units by private placements		-	1,557,500
Issuance of shares by a flow-through private placement		-	620,020
Issuance of units by a public placement		-	265,201
Issuance of shares by a flow-through public placement		-	1,736,550
Issuance cost of shares		-	(565,310)
Cash flows from financing activities		-	3,613,961
Net change in cash		(1,071,416)	966,860
Cash, beginning of year		1,122,964	156,104
Cash, end of year		51,548	1,122,964
Additional information on cash flows	15		

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

1. *INCORPORATION, NATURE OF OPERATIONS AND IMPORTANT AGREEMENT*

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

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

a) Issuance of 43,000,000 common shares to Fancamp Exploration Ltd. at a price of $0.12 per share for a total value of $5,160,000;

b) Issuance of 2,000,000 common shares to Champion Iron Mines Ltd. at a price of $0.12 per share for a total value of $240,000;

c) assignment and transfer of a covenant from Fancamp Exploration Ltd. of a 1.5% net smelter royalty payable to a third party, of which 0.5% may be repurchased for an amount of $1,500,000;

d) granting of a 1.5% net smelter royalty payable to Fancamp Exploration Ltd. of which 0.5% may be repurchased for an amount of $1,500,000.

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

The Company's financial year ends on September 30.

2. *GOING CONCERN ASSUMPTION*

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has neither yet generated income nor cash flows from its operations. As at September 30, 2015, the Company has a deficit of $3,462,866 ($3,066,425 as at September 30, 2014). This material uncertainty may cast a significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. *GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRSs*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Company is incorporated under the Canada Business Corporations Act. Its head office is located at 1801 Avenue McGill College, Suite 950, Montréal, Québec, Canada. The Company's shares are listed on the TSX Venture Exchange.

4. *SUMMARY OF ACCOUNTING POLICIES*

4.1 Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

4.2 Basis of evaluation

These financial statements were prepared using the historical cost method.

The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

4.3 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured subsequently as described below.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income, if applicable.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.3 Financial instruments (Continued)

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, term deposits, other receivable and deposits on contract fall into this category of financial instruments.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Financial liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within Finance costs, if applicable.

4.4 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options, warrants and brokers options. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.5 Tax credits and credit on duties receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4.6 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, the costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.8); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4.8) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.7 Property and equipment

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Upon the transfer of exploration and evaluation assets to property and equipment under Mining assets under construction, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mining assets under construction. When development stage is completed, all assets included in the mining assets under construction category are then transferred to Mining assets.

Depreciation is recognized on a declining basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The rates are as follows:

	Rate
Equipment	20 %
Rolling stock	30 %

The depreciation expense for each period is recognized in profit or loss except for certain items of property and equipment related to exploration and evaluation activities where the depreciation expense is included in the carrying amount of an exploration and evaluation asset when it relates to a specific exploration and evaluation project.

The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

4.8 Impairment of exploration and evaluation assets and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

4. *SUMMARY OF ACCOUNTING POLICIES* (Continued)

4.8 Impairment of exploration and evaluation assets and equipment (Continued)

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluations assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

4.9 Provisions and contingent liabilities

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

4. *SUMMARY OF ACCOUNTING POLICIES* (Continued)

4.9 Provisions and contingent liabilities (Continued)

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. No provisions are recorded in these reporting periods.

4.10 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.10 Income taxes (Continued)

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.11 Equity

Share capital represents the amount received on the issue of shares. If shares are issued when options are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day immediately preceding the conclusion of the agreement.

Issuance of units

The proceeds from the issuance of units are distributed between the shares and the warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds are allocated to warrants.

Flow-through placements

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds are allocated to the liability. The liability component recorded initially on the issuance of shares is reversed when the Company has the firm intention to renounce the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.11 Equity (Continued)

Other elements of equity

Contributed surplus includes charges related to share options. When share options are exercised, the related compensation cost is transferred to share capital.

Warrants include charges relating to warrants. When these warrants are exercised, the relating charges are transferred to share capital. When these warrants are expired, the relating charges are transferred to contributed surplus.

Deficit includes all current and prior year retained profits or losses and issue costs net of tax benefits related to these issue costs from current and prior years.

4.12 Equity-settled share-based payments

The Company operates an equity-settled share-based payment plan for its eligible directors, officers, employees, consultants and individuals providing investors relations' services. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except options to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing, are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.13 Standards, amendments and interpretations to existing standards

4.13.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. These standards will be adopted at the effective date.

Management anticipates that all of the pronouncements not yet effective will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement
IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

Amendments to IAS 1 Presentation of Financial Statements
The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements, provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2018. The Company is in the process of evaluating the impact of these amendments.

5. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS*

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

5.1 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

5. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)*

5.1 Significant management judgment (Continued)

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax asset in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 4.10).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

5.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 4.8).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future production or sale of the properties when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financing necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Refer to Note 7 for the exploration and evaluation assets impairment analysis.

The total impairment loss of the exploration and evaluation assets recognized in profit or loss amounts to $nil for the year ended September 30, 2015 ($458,365 for the year ended September 30, 2014). No reversal of impairment losses has been recognized for the reporting periods.

5. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)*

5.2 Estimation uncertainty (Continued)

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and finding the required inputs for the chosen model. The Company estimated the probable life of share options granted and the time of exercise of those share options and estimated volatility based on its own shares. The model used by the Company is the Black-Scholes valuation model (see Note11).

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable credit on duties, exploration and evaluation assets, and income tax expense in future periods. Refer to Note 4.5 for more information.

6. *SEGMENT REPORTING*

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

September 30, 2015 and 2014 (in Canadian dollars)

7. *EXPLORATION AND EVALUATION ASSETS*

The carrying amounts are as follows:

	Balance as at October 1st, 2014	Additions	Balance as at September 30, 2015
Summary			
Quebec			
Lamêlée Lake Property			
Mining rights	5,456,393	10,320	5,466,713
Exploration and evaluation	1,019,074	1,142,677	2,161,751
	6,475,467	1,152,997	7,628,464

	Balance as at October 1st, 2013	Additions	Impairment	Balance as at September 30, 2014
	$	$	$	$
Quebec				
Bouchard Property				
Mining rights	3,180	-	(3,180)	-
Exploration and evaluation	455,185	-	(455,185)	-
	458,365	-	(458,365)	-
Lamêlée Lake Property				
Mining rights	-	5,456,393	-	5,456,393
Exploration and evaluation	-	1,019,074	-	1,019,074
	-	6,475,467	-	6,475,467
Summary				
Mining rights	3,180	5,456,393	(3,180)	5,456,393
Exploration and evaluation	455,185	1,019,074	(455,185)	1,019,074
	458,365	6,475,467	(458,365)	6,475,467

All impairment charges (or reversals, if any) are included within Impairment of exploration and evaluation assets in the statement of comprehensive loss for the year.

September 30, 2015 and 2014 (in Canadian dollars)

7. *EXPLORATION AND EVALUATION ASSETS (Continued)*

Bouchard Property

The property consists of 64 mining claims and is located 50 km south-east of the Chibougamau-Chapais airport near the town of Chibougamau, Quebec. During the previous year, the property was impaired because no further exploration and evaluation expenditures in the area were planned or budgeted. Furthermore, the claims were not renewed subsequent to the previous year end.

Lamêlée Lake Property

The property consists of 59 mining claims located in the Quebec Labrador Trough. The property is subject to two NSR royalties of 1.5%, of which 0.5% for each may be repurchased for an amount of $1,500,000. (see Note 1)

8. *PROPERTY AND EQUIPMENT*

	Corporate	Exploration		
	Equipment	Equipment	Rolling stock	Total
	$	$	$	$
Gross carrying amount				
Balance at September 30, 2014 and 2015	1,524	500	1,100	3,124
Accumulated depreciation				
Balance at September 30, 2014	152	140	446	738
Depreciation	275	72	196	543
Balance at September 30, 2015	427	212	642	1,281
Carrying amount at September 30, 2015	1,097	288	458	1,843

	Corporate	Exploration		
	Equipment	Equipment	Rolling stock	Total
	$	$	$	$
Gross carrying amount				
Balance at September 30, 2013	-	500	1,100	1,600
Additions	1,524	-	-	1,524
Balance at September 30, 2014	1,524	500	1,100	3,124
Accumulated depreciation				
Balance at September 30, 2013	-	50	165	215
Depreciation	152	90	281	523
Balance at September 30, 2014	152	140	446	738
Carrying amount at September 30, 2014	1,372	360	654	2,386

8. *PROPERTY AND EQUIPMENT* (Continued)

The depreciation charges are included in the depreciation of non-financial assets account for $275 ($152 in 2014) and exploration and evaluation expenses for $nil ($124 in 2014) in the statement of comprehensive loss, except for the depreciation expenses relating to the equipment used for the exploration and evaluation of certain specific projects which are capitalized to exploration and evaluation assets. An amount of $268 ($247 in 2014) was capitalised to exploration and evaluation assets during the year.

9. *EQUITY*

Share capital

The share capital of the Company consists only of fully paid ordinary shares and an unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

Year ended September 30, 2015.

No financing was completed during the year.

Year ended September 30, 2014

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

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

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

d) On December 30, 2013, the Company issued 3,542,971 flow-through shares at a price of $0.175 per share for total proceeds of $620,020. A fee equivalent to 8% of the gross proceeds raised in the private placement was paid and 205,714 share purchase options were granted to the brokers. Each option to purchase shares allows its holder to subscribe for one share at a price of $0.175 per share until June 30, 2015. An amount of $14,400 representing the fair value was recorded as an increase to contributed surplus. An amount of $159,434 related to the liability component was recorded within other liabilities in the statement of financial position.

September 30, 2015 and 2014 (in Canadian dollars)

9. *EQUITY (Continued)*

e) On July 30, 2014, the Company closed a public placement by issuing 2,040,004 units at a price of $0.13 per unit for gross proceeds of $265,201. Each unit is comprised of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to subscribe to one common share at a price of $0.19 per share until January 2016. An amount of $40,800 was recorded to the warrants.

f) On July 30, 2014, the Company issued 11,577,002 flow-through shares at a price of $0.15 per share for total proceeds of $1,736,550. An amount of $463,080 related to the liability component was recorded within other liabilities in the statement of financial position.

10. *WARRANTS*

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

	2015		2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance at beginning	8,807,502	0.15	-	-
Granted	-	-	8,807,502	0.15
Balance at end	8,807,502	0.15	8,807,502	0.15

Outstanding warrants are as follows:

		2015	2014
Expiry date	Exercise price	Number	Number
	$		
December 19, 2015	0.15	6,250,000	6,250,000
January 29, 2016	0.19	1,020,002	1,020,002
October 29, 2016	0.15	1,537,500	1,537,500
		8,807,502	8,807,502

11. *SHARE-BASED PAYMENTS*

The Company has adopted a share-based payments plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants or individuals providing services to the Company. The maximum number of shares issuable under the plan represents 10 % of the issued and outstanding capital stock of the Company. The option exercise price is equal to the share price of the Company at the date of grant. The options are exercisable over a period of 18 months: 10% at the date of grant, 15% after 3 months, 6 months, 9 months, 12 months, 15 months and 18 months respectively of the date of grant, valid for a maximum of 10 years. On January 15, 2014, the share-based payments plan was modified. The options are exercisable over a period of three years: 33 % after 12 months, 24 months and 36 months respectively of the date of grant, valid for a maximum period of 10 years. Amongst the outstanding options, none are subject to an escrow agreement.

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

On January 22, 2015, the Company granted 650,000 stock options in the favor of directors at a price of $0.05 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to $13,000 for an estimated fair value of $0.02 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 1.42% and an expected life of options of 10 years.

On December 4, 2014, the Company granted 500,000 stock options in the favor of directors at a price of $0.05 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to $20,000 for an estimated fair value of $0.04 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 1.91% and an expected life of options of 10 years.

On August 20, 2014, the Company granted 200,000 stock options in the favor of a member of the advisory committee and 150,000 stock options in the favor of a investors' relations consultant at a price of $0.10 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. These options were granted at an exercise price equal to the closing market value of the shares on the date of the grant. The fair value of these stock options amount to $35,000 for an estimated fair value of $0.10 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 2.1% and an expected life of options of 10 years.

On May 12, 2014, the Company granted 1,150,000 stock options in the favor of directors at a price of $0.14 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. These options were granted at an exercise price equal to the closing market value of the shares on the date of the grant. The fair value of these stock options amount to $161,000 for an estimated fair value of $0.14 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 2.4% and an expected life of options of 10 years.

11. *SHARE-BASED PAYMENTS (CONTINUED)*

On April 3, 2014, the Company granted 400,000 stock options in the favor of investors' relations consultants at a price of $0.16 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. These options were granted at an exercise price equal to the closing market value of the shares on the date of the grant. These options were granted at an exercise price equal to the closing market value of the shares on the date of the grant. The fair value of these stock options amount to $64,000 for an estimated fair value of $0.16 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 2.54% and an expected life of options of 10 years.

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

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

On January 7, 2014, the Company granted 2,600,000 stock options in the favor of directors and 1,800,000 stock options in the favor of consultants at a price of $0.145 per share, exercisable for a period of 10 years and which vest at a rate of 10 % at the date of grant and 15 % every three months thereafter. These options were granted at an exercise price equal to the closing market value of the shares on the date of the grant. The fair value of these stock options amount to $616,000 for an estimated fair value of $0.14 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 2.75% and an expected life of options of 10 years.

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

An amount of $245,021 ($586,577 in 2014), of $2,552 ($11,446 in 2014) and of $34,267 ($18,454 in 2014) of the share-based payments was recorded respectively in earnings as share-based payments, consulting fees and investors' relation and credited to contributed surplus.

September 30, 2015 and 2014 (in Canadian dollars)

11. *SHARE-BASED PAYMENTS (CONTINUED)*

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

Administration	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	7,550,000	0.143	750,000	0.10
Granted	1,150,000	0.05	7,300,000	0.147
Expired	(500,000)	0.11	(500,000)	0.14
Outstanding, end of period	8,200,000	0.132	7,550,000	0.143
Exercisable, end of period	5,483,334	0.144	2,510,000	0.132

Brokers	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	205,714	0.175	226,320	0.15
Granted	-	-	205,714	0.175
Expired	(205,714)	0.175	(226,320)	0.15
Outstanding, end of period	-	-	205,714	0.175

September 30, 2015 and 2014 (in Canadian dollars)

11. *SHARE-BASED PAYMENTS (Continued)*

The table below summarizes the information related to share options as at September 30, 2015 :

	Outstanding options			Exercisable options	
	Number of options	Exercise price	Remaining life (years)	Number of options	Exercise price
		$			$
Administration	1,150,000	0.05	9.25	-	-
	650,000	0.10	4.90	416,667	0.10
	900,000	0.14	8.55	300,000	0.14
	4,400,000	0.145	5.80	4,400,000	0.145
	350,000	0.16	8.51	116,667	0.16
	750,000	0.19	8.29	250,000	0.19
	8,200,000			5,483,334	

Administration

The weighted fair value of the granted options of \$0.03 (\$0.14 in 2014) was determined using the Black-Scholes option pricing model and is based on the following weighted-average assumptions:

	2015	2014
Average price of share at date of grant	\$0.03	\$0.14
Expected dividend yield	-	-
Expected weighted volatility	136.9%	136.9%
Risk-free average interest rate	1.63%	2.62%
Expected average life	10 years	10 years
Average exercise price at date of grant	\$0.05	\$0.15

The underlying expected volatility was determined by reference to historical data of the Company's shares. No special features inherent to the options granted were incorporated into measurement of fair value.

September 30, 2015 and 2014 (in Canadian dollars)

11. *SHARE-BASED PAYMENTS (Continued)*

Brokers

The weighted fair value of the granted options of $nil ($0.07 in 2014) was determined using the Black-Scholes option pricing model and is based on the following weighted-average assumptions:

	2015	2014
Average price of share at date of grant	-	$0.13
Expected dividend yield	-	-
Expected weighted volatility	-	136.9%
Risk-free average interest rate	-	1.13%
Expected average life	-	18 months
Average exercise price at date of grant	-	$0.175

The underlying expected volatility was determined by reference to historical data of the Company's shares. No special features inherent to the options granted were incorporated into measurement of fair value.

12. *FINANCIAL ASSETS AND LIABILITIES*

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows :

	September 30, 2015		September 30, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash	51,548	51,548	1,122,964	1,122,964
Term deposits	155,316	155,316	756,399	756,399
Other receivable	-	-	11,210	11,210
Deposits on contract	-	-	51,608	51,608
Total loans and receivables	206,864	206,864	1,942,181	1,942,181
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	32,074	32,074	332,492	332,492

The carrying value of cash and trade and other payables are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 4.3 for a description of the accounting policies for each category of financial instruments. The Company's financial instruments risks are detailed in Note 18.

September 30, 2015 and 2014 (in Canadian dollars)

13. *LOSS PER SHARE*

In calculating the diluted loss per share, dilutive potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 9, 10 and 11.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2015 and 2014.

	September 30, 2015	September 30, 2014
Net loss and total comprehensive loss	(396,441)	(1,740,334)
Weighted average number of common shares	90,838,977	65,860,064
Basic and diluted loss per common share	(0.004)	(0.026)

There have been no other transactions involving common shares between the reporting date and the date of authorization of these financial statements.

14. *INCOME TAXES*

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	2015	2014
	$	$
Loss before income taxes	(714,157)	(2,004,466)
Tax expense at combined statutory rates of 26.9% in 2015 and 26.9% in 2014	(192,108)	(539,201)
Increase (decrease) in taxes resulting from :		
Temporary differences not recorded	(188,696)	31,625
Tax impact of flow-through shares	304,911	340,601
Reversal of other liabilities of flow-through shares	(317,716)	(264,132)
Stock-based payments	75,815	165,832
Other and non-deductible elements	78	1,143
	(317,716)	(264,132)

September 30, 2015 and 2014 (in Canadian dollars)

14. *INCOME TAXES (Continued)*

	2015	2014
	$	$
Composition of deferred income taxes in the comprehensive loss		
Inception and reversal of temporary differences	(116,215)	(372,226)
Tax impact of flow-through shares	304,911	340,601
Reversal of other liabilities of flow-through shares	(317,716)	(264,132)
Temporary differences not recorded	(188,696)	31,625
	(317,716)	(264,132)

Deferred tax assets and liabilities and variation of recognized amounts during the year

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2014	Recognized in profit or loss	Balance as at September 30, 2015
	$	$	$
Exploration and evaluation assets	(165,981)	(305,623)	(471,604)
Tax credits and credit on duties receivable	(1,091)	1,091	-
Issuance cost of shares	-	31,941	31,941
Non-capital losses	167,072	272,591	439,663
	-	-	-
Reversal of other liabilities of flow-through shares	-	317,716	-
Variation of deferred income taxes according to the statement of comprehensive loss	-	317,716	-

September 30, 2015 and 2014 (in Canadian dollars)

14. *INCOME TAXES (Continued)*

Deferred tax assets and liabilities and variation of recognized amounts during the year (Continued)

As at September 30, 2015, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
	$	$
Deductible timing differences		
Intangible assets	2,138	2,138
Property and equipment	4,456	4,456
Issuance cost of shares	271,093	271,093
	277,687	277,687

The Company has investment tax credits of $3,457 ($3,457 in 2014) that have not been recorded. These credits are available to reduce federal income taxes and expire as of 2032.

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2013	Recognized in profit or loss	Balance as at September 30, 2014
	$	$	$
Exploration and evaluation assets	(28,151)	(137,830)	(165,981)
Tax credits and credit on duties receivable	(1,278)	187	(1,091)
Non-capital losses	29,429	137,643	167,072
	-	-	-
Reversal of other liabilities of flow-through shares	-	264,132	-
Variation of deferred income taxes according to the statement of comprehensive loss	-	264,132	-

September 30, 2015 and 2014 (in Canadian dollars)

14. *INCOME TAXES (Continued)*

Deferred tax assets and liabilities and variation of recognized amounts during the year (Continued)

As at September 30, 2014, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
	$	$
Deductible timing differences		
Intangible assets	2,138	2,138
Property and equipment	3,913	3,913
Issuance cost of shares	529,088	529,088
Non-capital losses	441,805	446,876
	976,944	982,015

15. *ADDITIONAL INFORMATION – CASH FLOWS*

	2015	2014
	$	$
Non-cash investing and financing activities:		
Trade and other payables related to exploration and evaluation assets	12,124	286,105
Value of options granted to brokers accounted for in the deficit and contributed surplus	-	14,400
Issuance of shares for acquisition of exploration and evaluation assets	-	5,400,000
Depreciation of property and equipment included in evaluation and exploration assets	268	247
Fair value of warrants	-	163,800

16. *RELATED PARTY TRANSACTIONS*

The Company's related parties include its key officers and the companies of the key officers such as described below.

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

September 30, 2015 and 2014 (in Canadian dollars)

16. *RELATED PARTY TRANSACTIONS (Continued)*

16.1 Transactions with key officers

The Company's key officers are the members of the Board of Directors and the Chief Financial Officer. Key officers remuneration includes the following expenses:

	2015	2014
	$	$
Share-based payments (Net loss)	173,635	460,006
Consulting fees	116,000	111,500
Professional fees	29,722	-
Exploration and evaluation assets	28,000	-

The Company incurred $116,000 ($111,500 in 2014) as management fees to companies controlled by directors or an officer of the Company.

The Company incurred $29,722 ($nil in 2014) as professional fees and disbursements to a law firm of which a director of the Company is a partner. As at September 30, 2015, an amount owing to this firm of $10,464 ($nil in 2014) was included in trade and other payables.

The Company incurred $28,000 ($nil in 2014) as exploration and evaluation assets to a company controlled by a director.

16.2 Transactions with a company controlled by the past president

At September 30, 2014, the Company incurred $179,497 as exploration and evaluation expenses and $58,300 as exploration and evaluation assets with a company controlled by the past president.

17. *CAPITAL MANAGEMENT POLICIES AND PROCEDURES*

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the business, and to provide an adequate return to owners of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

September 30, 2015 and 2014 (in Canadian dollars)

17. *CAPITAL MANAGEMENT POLICIES AND PROCEDURES (CONTINUED)*

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all the details in Notes 9 and 19.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

18. *FINANCIAL INSTRUMENT RISKS*

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 12. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The most significant financial risks to which the Company is exposed are described below.

18.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at September 30, 2015 and 2014, the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	September 30	
	2015	2014
	$	$
Cash	51,548	1,122,964
Term deposits	155,316	756,399
Other receivable	-	11,210
Deposits on contract	-	51,608
Total	206,864	1,942,181

The Company has no trade accounts. The exposure to credit risk for the Company's receivables is considered immaterial. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. There are no past due assets not impaired in the periods presented.

The credit risk for cash is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

September 30, 2015 and 2014 (in Canadian dollars)

18. *FINANCIAL INSTRUMENT RISKS (Continued)*

18.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements through private and flow-through financings.

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	2015	2014
Within three months	$	$
Trade and other payables	32,074	332,492
Total	32,074	332,492

19. *CONTINGENCIES AND COMMITMENTS*

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

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

– Two years following the flow-through placements;

– One year after the Company has renounced the tax deductions relating to the exploration work.

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

The Company has renounced tax deductions of $1,736,550 as at December 31, 2014 to the investors and management is required to fulfil its commitments within the stipulated deadline of one year from this date.

As at September 30, 2015, the Company must spend $152,500 in qualifying exploration expenses before December 31, 2015.