

LAMÉLÉE IRON ORE LTD.

**UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
As at December 31, 2015**

Condensed Interim Financial Statements

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These condensed interim financial statements for the three-month period ended December 31, 2015 have not been reviewed by the auditor of the Company.

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

	Notes	December 31, 2015 \$	September 30, 2015 \$
ASSETS			
Current			
Cash		6,326	51,548
Term deposits, 1.15%, expiring in 2016		39,474	155,316
Taxes receivable		26,845	13,141
Tax credits and credit on duties receivable		5,518	5,518
Prepaid expenses		458	11,150
		<u>78,621</u>	<u>236,673</u>
Non-current			
Exploration and evaluation assets	5	7,793,576	7,628,464
Property and equipment	6	1,740	1,843
		<u>7,795,316</u>	<u>7,630,307</u>
Total assets		<u><u>7,873,937</u></u>	<u><u>7,866,980</u></u>
LIABILITIES			
Current			
Trade and other payables		77,592	32,074
Other liabilities		-	40,666
		<u>77,592</u>	<u>72,740</u>
Total liabilities		<u>77,592</u>	<u>72,740</u>
EQUITY			
Share Capital		10,103,357	10,103,357
Warrants		163,800	163,800
Contributed surplus	7	1,019,197	989,949
Deficit		(3,490,009)	(3,462,866)
Total equity		<u>7,796,345</u>	<u>7,794,240</u>
Total liabilities and equity		<u><u>7,873,937</u></u>	<u><u>7,866,980</u></u>

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

On the behalf of the Board,

(s) Hubert Vallée
 President and Chief Executive Officer

(s) Marc Duchesne
 Chief Financial Officer

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

		Three-months ended December, 31	
	Notes	2015	2014
		\$	\$
EXPENSES			
Share-based payments	7	24,267	103,350
Professional fees		15,207	136,115
Management fees		12,000	51,000
Investors' relations		4,981	11,696
Insurance		3,864	3,443
Rent		3,000	9,013
Shareholders relations		2,208	9,431
Trustees and registration fees		1,300	1,450
Travel expenses		885	5,053
Bank charges		225	222
Office expenses		127	3,268
Depreciation of non-financial assets		55	69
Exploration and evaluation expenses		-	16,352
Taxes and permits		-	2,132
Consulting fees		-	1,388
OPERATING LOSS		(68,119)	(353,982)
Interest income		310	1,690
LOSS BEFORE INCOME TAXES		(67,809)	(352,292)
Deferred income taxes		40,666	257,319
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(27,143)	(94,973)
LOSS PER SHARE			
Basic and diluted loss per share		(0,0003)	(0,001)
Weighted average number of common shares outstanding		90,838,977	90,838,977

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

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2015 and 2014

	Notes	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at October 1st, 2015		90,838,977	10,103,357	163,800	989,949	(3,462,866)	7,794,240
Share-based payments	7	-	-	-	29,248	-	29,248
Transactions with owners		<u>90,838,977</u>	<u>10,103,357</u>	<u>163,800</u>	<u>1,019,197</u>	<u>(3,462,866)</u>	<u>7,823,488</u>
Net loss and total comprehensive loss for the period		-	-	-	-	(27,143)	(27,143)
Balance at December 31, 2015		<u>90,838,977</u>	<u>10,103,357</u>	<u>163,800</u>	<u>1,019,197</u>	<u>(3,490,009)</u>	<u>7,796,345</u>
	Notes	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at October 1st, 2014		90,838,977	10,103,357	163,800	708,109	(3,066,425)	7,908,841
Share-based payments	7	-	-	-	116,434	-	116,434
Transactions with owners		<u>90,838,977</u>	<u>10,103,357</u>	<u>163,800</u>	<u>824,543</u>	<u>(3,066,425)</u>	<u>8,025,275</u>
Net loss and total comprehensive loss for the period		-	-	-	-	(94,973)	(94,973)
Balance at December 31, 2014		<u>90,838,977</u>	<u>10,103,357</u>	<u>163,800</u>	<u>824,543</u>	<u>(3,161,398)</u>	<u>7,930,302</u>

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

LAMÉLÉE IRON ORE LTD.
CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited, in Canadian dollars)
For the three-month period ended December 31, 2015 and 2014

	Notes	2015	2014
		\$	\$
OPERATING ACTIVITIES			
Loss before income taxes		(67,809)	(352,292)
Adjustments for:			
Share-based payments – directors	7	24,267	103,350
Share-based payments – consultants	7	-	1,388
Share-based payments – investors' relations	7	4,981	11,696
Depreciation of non-financial assets	6	55	69
Changes in working capital items			
Taxes receivable		(13,704)	(54,218)
Other receivable		-	11,210
Deposits on contract		-	51,608
Prepaid expenses		10,692	12,081
Trade and other payables		15,797	107,019
Cash flows used by operating activities		(25,721)	(108,089)
INVESTING ACTIVITIES			
Term deposits		115,842	402,451
Additions to exploration and evaluation assets		(135,343)	(1,152,472)
Cash flows used by investing activities		(19,501)	(750,021)
FINANCING ACTIVITIES			
Issuance of units by private placements		-	-
Issuance cost of shares		-	-
Cash flows from financing activities		-	-
Net change in cash		(45,222)	(858,110)
Cash, beginning of period		51,548	1,122,964
Cash, end of period		6,326	264,854
Additional information on cash flows			
Non-cash investing activities:		\$	\$
Trade and other payables related to exploration and evaluation assets		41,845	98,577
Depreciation of property and equipment included in evaluation and exploration assets		48	67

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

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2015

1. **INCORPORATION AND NATURE OF OPERATIONS**

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

The Company's principal property is the 100% interest in the Lac Lamêlée South Property, Labrador Trough, in Northeastern Quebec, Canada. The Company has no income from production since all its properties are at the exploration stage.

The Company's financial year ends on September 30.

2. **GOING CONCERN**

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

The 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, it has neither yet generated income nor cash flows from its operations. As at December 31, 2015, the Company has a deficit of \$3,490,009 (\$3,161,398 as at December 31, 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.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2015

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

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

The condensed interim financial statements must be read in conjunction with the most recent annual financial statements and the accompanying notes as at September 30, 2015 and for the period then ended.

The condensed interim financial statements for the reporting period ended December 31, 2015 (including comparatives) were approved and authorized for issue by the Board of Directors on February 26, 2016.

4. **SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements for the year ended September 30, 2015, as they follow the same accounting policies and methods of application.

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

For the three-month period ended December 31, 2015

5. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows :

	Balance as at October 1 st , 2015	Additions	Tax credits	Balance as at December 31 2015
Quebec	\$	\$	\$	\$
Lake Lamêlée Property				
Mining rights	5,466,713	-	-	5,466,713
Exploration and evaluation	2,161,751	165,112	-	2,326,863
	<u>7,628,464</u>	<u>165,112</u>	<u>-</u>	<u>7,793,576</u>
Summary				
Mining rights	5,466,713	-	-	5,466,713
Exploration and evaluation	2,161,751	165,112	-	2,326,863
	<u>7,628,464</u>	<u>165,112</u>	<u>-</u>	<u>7,793,576</u>

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

6. PROPERTY AND EQUIPMENT

	Corporate	Exploration		
	Equipment	Equipment	Rolling stock	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at September 30, 2015	1,524	500	1,100	3,124
Additions	-	-	-	-
Balance at December 31, 2015	<u>1,524</u>	<u>500</u>	<u>1,100</u>	<u>3,124</u>
Accumulated depreciation				
Balance at September 30, 2015	427	212	642	1,281
Depreciation	55	14	34	103
Balance at December 31, 2015	<u>482</u>	<u>226</u>	<u>676</u>	<u>1,384</u>
Carrying amount at December 31, 2015	<u>1,042</u>	<u>274</u>	<u>424</u>	<u>1,740</u>

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2015

7. SHARE-BASED PAYMENTS

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

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

An amount of \$24,267 (\$103,350 in 2014), of \$nil (\$1,388 in 2014) and of \$4,981 (\$11,696 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.

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

<i>Administration</i>	<u>December 31, 2015</u>		<u>September 30, 2015</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
		\$		\$
Outstanding, beginning of period	8,200,000	0.132	7,550,000	0.143
Granted	-	-	1,150,000	0.05
Expired	<u>(1,650,000)</u>	0.137	<u>(500,000)</u>	0.11
Outstanding, end of period	<u>6,550,000</u>	0.131	<u>8,200,000</u>	0.132
Exercisable, end of period	<u>3,966,667</u>	0.150	<u>5,483,334</u>	0.144

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

For the three-month period ended December 31, 2015

7. SHARE-BASED PAYMENTS (Continued)

The table below summarizes the information related to share options as at December 31, 2015 :

	Outstanding options			Exercisable options	
	Number of options	Exercise price \$	Remaining life (years)	Number of options	Exercise price \$
<i>Administration</i>	1,150,000	0.05	9.00	133,333	0.05
	350,000	0.10	8.64	116,667	0.10
	900,000	0.14	8.30	300,000	0.14
	3,050,000	0.145	8.02	3,050,000	0.145
	350,000	0.16	8.25	283,334	0.16
	750,000	0.19	8.04	83,333	0.19
	<u>6,550,000</u>			<u>3,966,667</u>	

8. 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.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2015

8. RELATED PARTY TRANSACTIONS (Continued)

8.1 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:

	<u>2015</u>	<u>2014</u>
	\$	\$
Share-based payments (Net loss)	21,687	58,177
Consulting fees	<u>12,000</u>	<u>36,000</u>
	<u>33,687</u>	<u>94,177</u>

As at December 31, 2015, trade and other payables include an amount payable to the officers of \$nil (\$nil in 2014).

8.2 Transactions with a company controlled with key officers

The Company incurred \$12,000 (\$36,000 in 2014) as management fees to companies controlled by directors or an officer of the Company.

The Company incurred \$nil (\$nil in 2014) as professional fees and disbursements to a law firm of which a director of the Company is a partner. As at December 31, 2015, an amount owing to this firm of \$10,464 (\$nil in 2014) was included in trade and other payables.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2015

9. 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 December 31, 2015, the Company must spend \$nil in qualifying exploration expenses before December 2015.

10. POST-REPORTING DATE EVENTS

There are no post-reporting date events.