

LAMÉLÉE IRON ORE LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS As at March 31, 2016

Condensed Interim Financial Statements

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These condensed interim financial statements for the six-month period ended March 31, 2016 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	March 31, 2016 \$	September 30, 2015 \$
ASSETS			
Current			
Cash		11,916	51,548
Term deposits		-	155,316
Taxes receivable		7,946	13,141
Mining tax credits receivable		4,959	5,518
Prepaid expenses		3,900	11,150
		<u>28,721</u>	<u>236,673</u>
Non-current			
Exploration and evaluation assets	5	7,797,219	7,628,464
Property and equipment	6	1,636	1,843
		<u>7,798,855</u>	<u>7,630,307</u>
Total assets		<u>7,827,576</u>	<u>7,866,980</u>
LIABILITIES			
Current			
Trade and other payables		80,594	32,074
Other liabilities		-	40,666
		<u>80,594</u>	<u>72,740</u>
Total liabilities		<u>80,594</u>	<u>72,740</u>
EQUITY			
Share Capital		10,103,357	10,103,357
Warrants	8	123,000	163,800
Contributed surplus	7	1,081,365	989,949
Deficit		(3,560,740)	(3,462,866)
Total equity		<u>7,746,982</u>	<u>7,794,240</u>
Total liabilities and equity		<u>7,827,576</u>	<u>7,866,980</u>

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

On the behalf of the Board,

(s) Hubert Vallée
 President and Chief Executive Officer

(s) Marc Duchesne
 Chief Financial Officer

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

	Notes	Three-months ended March, 31		Six-months ended March, 31	
		2016 \$	2015 \$	2016 \$	2015 \$
EXPENSES					
Share-based payments	7	16,496	69,105	40,763	172,455
Professional fees		11,198	30,212	26,405	166,327
Transaction fees		21,225	-	21,225	-
Shareholders relations		11,417	21,471	13,625	30,902
Management fees		-	51,000	12,000	102,000
Investors' relations		4,872	10,650	9,853	22,346
Rent		2,000	9,014	5,000	18,027
Insurance		458	3,434	4,322	6,877
Trustees and registration fees		1,300	1,450	2,600	2,900
Part XII.6 income taxes		1,446	1,972	1,446	1,972
Travel expenses		-	4,094	885	9,147
Bank charges		150	202	375	424
Office expenses		128	2,263	255	5,531
Depreciation of non-financial assets		55	68	110	137
Exploration and evaluation expenses		-	14,121	-	30,473
Taxes and permits		-	2,132	-	4,264
Consulting fees		-	760	-	2,148
OPERATING LOSS		(70,745)	(221,948)	(138,864)	(575,930)
Interest income		14	672	324	2,362
LOSS BEFORE INCOME TAXES		(70,731)	(221,276)	(138,540)	(573,568)
Deferred income taxes		-	5,447	40,666	262,766
NET LOSS AND COMPREHENSIVE LOSS		(70,731)	(215,829)	(97,874)	(310,802)
LOSS PER SHARE					
Basic and diluted loss per share		<u>(0.0008)</u>	<u>(0.002)</u>	<u>(0.001)</u>	<u>(0.003)</u>
Weighted average number of common shares outstanding		<u>90,838,977</u>	<u>90,838,977</u>	<u>90,838,977</u>	<u>90,838,977</u>

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 six-month period ended March 31, 2016 and 2015

	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	-	-	-	50,616	-	50,616
Expiry of warrants	8	-	-	(40,800)	40,800	-	-
Transactions with owners		<u>90,838,977</u>	<u>10,103,357</u>	<u>123,000</u>	<u>1,081,365</u>	<u>(3,462,866)</u>	<u>7,844,856</u>
Net loss and total comprehensive loss for the period		-	-	-	-	(97,874)	(97,874)
Balance at March 31, 2016		<u>90,838,977</u>	<u>10,103,357</u>	<u>123,000</u>	<u>1,081,365</u>	<u>(3,560,740)</u>	<u>7,746,982</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	-	-	-	196,949	-	196,949
Transactions with owners		<u>90,838,977</u>	<u>10,103,357</u>	<u>163,800</u>	<u>905,058</u>	<u>(3,066,425)</u>	<u>8,105,790</u>
Net loss and total comprehensive loss for the year		-	-	-	-	(310,802)	(310,802)
Balance at March 31, 2015		<u>90,838,977</u>	<u>10,103,357</u>	<u>163,800</u>	<u>905,058</u>	<u>(3,377,227)</u>	<u>7,794,988</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 six-month period ended March 31, 2016 and 2015

	Notes	Three-months ended		Six-months ended	
		March, 31		March, 31	
		2016	2015	2016	2015
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Loss before income taxes		(70,731)	(221,276)	(138,540)	(573,568)
Adjustments for:					
Share-based payments – directors	7	16,496	69,105	40,763	172,455
Share-based payments – consultants	7	-	760	-	2,148
Share-based payments – investors' relations	7	4,872	10,650	9,853	22,346
Depreciation of non-financial assets	6	55	68	110	137
Changes in working capital items					
Taxes receivable		18,899	149,512	5,195	95,294
Other receivable		-	-	-	11,210
Deposits on contract		-	-	-	51,608
Mining tax credits receivable		559	-	559	-
Prepaid expenses		(3,442)	(6,042)	7,250	6,039
Trade and other payables		21,866	(127,910)	37,663	(20,891)
Cash flows used by operating activities		(11,426)	(125,133)	(37,147)	(233,222)
INVESTING ACTIVITIES					
Term deposits		39,474	199,521	155,316	601,972
Additions to exploration and evaluation assets	5	(22,458)	(125,893)	(157,801)	(1,278,365)
Cash flows from (used by) investing activities		17,016	73,628	(2,485)	(676,393)
FINANCING ACTIVITIES					
Issuance of units by private placements		-	-	-	-
Issuance cost of shares		-	-	-	-
Cash flows from financing activities		-	-	-	-
Net change in cash		5,590	(51,505)	(39,632)	(909,615)
Cash, beginning of period		6,326	264,854	51,548	1,122,964
Cash, end of period		11,916	213,349	11,916	213,349
Additional information on cash flows					
Non-cash investing and financing activities :					
Trade and other payables related to exploration and evaluation assets		22,981	1,284	22,981	1,284
Depreciation of property, plant and equipment accounted for in exploration and evaluation assets		49	67	97	134

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 six-month period ended March 31, 2016

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 March 31, 2016, the Company has a deficit of \$3,560,740 (\$3,377,226 as at March 31, 2015). 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 six-month period ended March 31, 2016

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 March 31, 2016 (including comparatives) were approved and authorized for issue by the Board of Directors on May 30, 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 six-month period ended March 31, 2016

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 March 31 2016
Quebec	\$	\$	\$	\$
Lake Lamêlée Property				
Mining rights	5,466,713	3,594	-	5,470,307
Exploration and evaluation	2,161,751	165,161	-	2,326,912
	<u>7,628,464</u>	<u>168,755</u>	<u>-</u>	<u>7,797,219</u>
Summary				
Mining rights	5,466,713	3,594	-	5,470,307
Exploration and evaluation	2,161,751	165,161	-	2,326,912
	<u>7,628,464</u>	<u>168,755</u>	<u>-</u>	<u>7,797,219</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		Total
	Equipment	Equipment	Rolling stock	
	\$	\$	\$	\$
Gross carrying amount				
Balance at September 30, 2015	1,524	500	1,100	3,124
Additions	-	-	-	-
Balance at March 31, 2016	<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	110	29	68	207
Balance at March 31, 2016	<u>537</u>	<u>241</u>	<u>710</u>	<u>1,488</u>
Carrying amount at March 31, 2016	<u>987</u>	<u>259</u>	<u>390</u>	<u>1,636</u>

LAMÉLÉE IRON ORE LTD.

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

For the six-month period ended March 31, 2016

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 \$40,763 (\$172,455 in 2015), of \$nil (\$2,148 in 2015) and of \$9,853 (\$22,346 in 2015) 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>March 31, 2016</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>4,516,666</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 six-month period ended March 31, 2016

7. SHARE-BASED PAYMENTS (Continued)

The table below summarizes the information related to share options as at March 31, 2016 :

	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	8.75	349,999	0.05
	350,000	0.10	8.39	116,667	0.10
	900,000	0.14	8.05	383,333	0.14
	3,050,000	0.145	7.77	3,050,000	0.145
	350,000	0.16	8.01	450,001	0.16
	<u>750,000</u>	0.19	7.79	<u>166,666</u>	0.19
	<u>6,550,000</u>			<u>4,516,666</u>	

8. WARRANTS

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

	March 31, 2016		September 30, 2015	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance at beginning	8,807,502	0.15	8,807,502	0.15
Exercised	<u>(7,270,002)</u>	0.16	<u>-</u>	-
Balance at end	<u>1,537,500</u>	0.15	<u>8,807,502</u>	0.15

LAMÉLÉE IRON ORE LTD.**Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)**For the six-month period ended March 31, 2016

8. WARRANTS (Continued)

Outstanding warrants are as follows:

<u>Expiry date</u>	<u>Exercise price</u> \$	<u>March 31,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
		<u>Number</u>	<u>Number</u>
December 19, 2015	0.15	-	6,250,000
January 29, 2016	0.19	-	1,020,002
October 29, 2016	0.15	1,537,500	1,537,500
		<u>1,537,500</u>	<u>8,807,502</u>

9. 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.

9.1 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>2016</u>	<u>2015</u>
	\$	\$
Share-based payments (Net loss)	<u>48,172</u>	<u>189,433</u>

As at March 31, 2016, trade and other payables include an amount payable to the officers of \$nil (\$nil in 2015).

LAMÉLÉE IRON ORE LTD.

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

For the six-month period ended March 31, 2016

9. *RELATED PARTY TRANSACTIONS (Continued)*

9.2 Transactions with a company controlled with key officers

The Company incurred \$12,000 (\$72,000 in 2015) as management fees to companies controlled by directors or an officer of the Company.

The Company incurred \$27,573 (\$12,500 in 2015) as professional fees and disbursements to a law firm of which a director of the Company is a partner. As at March 31, 2016, an amount owing to this firm of \$38,037 (\$14,353 in 2015) was included in trade and other payables.

10. *POST REPORTING DATE EVENT*

On May 18, 2016, the Company entered into an agreement with 9248-7792 Québec Inc. to purchase the rights, titles and interests in 36 mining claims of the Meston Lake West Property located 50 km SSW of the town of Chibougamau. In counterpart, the Company will issue 9,000,000 common shares at the date of the acquisition and pay a royalty of \$50,000 one year from the date of acquisition. The acquisition is conditional on the claims being transferred to the Company.