

LAMÉLÉE IRON ORE LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS As at June 30, 2016

Condensed Interim Financial Statements

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These condensed interim financial statements for the nine-month period ended June 30, 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	June 30, 2016 \$	September 30, 2015 \$
ASSETS			
Current			
Cash		4,419	51,548
Term deposits		-	155,316
Taxes receivable		8,515	13,141
Mining tax credits receivable		456	5,518
Prepaid expenses		2,600	11,150
		<u>15,990</u>	<u>236,673</u>
Non-current			
Exploration and evaluation assets	5	90,000	7,628,464
Property and equipment	6	-	1,843
		<u>90,000</u>	<u>7,630,307</u>
Total assets		<u>105,990</u>	<u>7,866,980</u>
LIABILITIES			
Current			
Trade and other payables		26,710	32,074
Due to an individual		10,000	-
Other liabilities		-	40,666
		<u>36,710</u>	<u>72,740</u>
Total liabilities		<u>36,710</u>	<u>72,740</u>
EQUITY			
Share Capital	9	9,919,041	10,103,357
Shares to be cancelled	9	(258,000)	-
Warrants	8	123,000	163,800
Contributed surplus	7	1,097,767	989,949
Deficit		(10,812,528)	(3,462,866)
Total equity		<u>69,280</u>	<u>7,794,240</u>
Total liabilities and equity		<u>105,990</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 June, 30		Nine-months ended June, 30	
		2016	2015	2016	2015
		\$	\$	\$	\$
EXPENSES					
Share-based payments	7	12,741	45,735	53,504	218,190
Professional fees		14,676	16,770	41,081	183,097
Shareholders relations		12,803	2,047	26,428	32,949
Transaction fees		1,750	-	22,975	-
Investors' relations		3,661	6,262	13,514	28,608
Management fees		-	51,000	12,000	153,000
Rent		-	7,009	5,000	25,036
Insurance		-	3,274	4,322	10,151
Trustees and registration fees		1,446	1,450	4,046	4,350
Part XII.6 Income Taxes		-	-	1,446	1,972
Travel expenses		-	1,233	885	10,380
Bank charges		428	186	803	610
Office expenses		-	2,404	255	7,935
Depreciation of non-financial assets		-	69	110	206
Taxes and permits		85	3,536	85	7,800
Consulting fees		-	378	-	2,526
Exploration and evaluation expenses		-	-	-	30,473
Impairment of exploration and evaluation assets	5	7,242,155	-	7,242,155	-
Loss on disposal of non-financial assets	6	1,636	-	1,636	-
Gain on settlement of trade payables		(40,026)	-	(40,026)	-
OPERATING LOSS		(7,251,355)	(141,353)	(7,390,219)	(717,283)
Interest income		-	447	324	2,809
LOSS BEFORE INCOME TAXES		(7,251,355)	(140,906)	(7,389,895)	(714,474)
Deferred income taxes		-	-	(40,666)	262,766
NET LOSS AND COMPREHENSIVE LOSS		(7,251,355)	(140,906)	(7,349,229)	(451,708)
LOSS PER SHARE					
Basic and diluted income (loss) per share		<u>(1.57)</u>	<u>(0.03)</u>	<u>(1.61)</u>	<u>(0.10)</u>
Weighted average number of common shares outstanding		<u>4,611,927</u>	<u>4,541,949</u>	<u>4,565,275</u>	<u>4,541,949</u>

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

LAMÉE IRON ORE LTD.

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

For the nine-month period ended June 30, 2016 and 2015

	Notes	Number of shares (1)	Share capital \$	Shares to be cancelled \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at October 1st, 2015		4,541,949	10,103,357	-	163,800	989,949	(3,462,866)	7,794,240
Share-based payments	7	-	-	-	-	67,018	-	67,018
Shares issued for acquisition of exploration and evaluation assets	5	450,000	90,000	-	-	-	-	90,000
Shares issued on settlement of trade payables		66,710	26,684	-	-	-	-	26,684
Share issuance costs		-	-	-	-	-	(433)	(433)
Expiry of warrants	8	-	-	-	(40,800)	40,800	-	-
Shares cancelled for disposal of exploration and evaluation assets	5	(1,505,000)	(301,000)	(258,000)	-	-	-	(559,000)
Transactions with owners		3,553,659	9,919,041	(258,000)	123,000	1,097,767	(3,463,299)	7,418,509
Net loss and total comprehensive loss for the period		-	-	-	-	-	(7,349,229)	(7,349,229)
Balance at June 30, 2016		3,553,659	9,919,041	(258,000)	123,000	1,097,767	(10,812,528)	69,280
	Notes	Number of shares	Share capital \$	Shares to be cancelled \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at October 1st, 2014		4,541,949	10,103,357	-	163,800	708,109	(3,066,425)	7,908,841
Share-based payments	7	-	-	-	-	249,324	-	249,324
Transactions with owners		4,541,949	10,103,357		163,800	957,433	(3,066,425)	8,158,165
Net loss and total comprehensive loss for the year		-	-	-	-	-	(451,708)	(451,708)
Balance at June 30, 2015		4,541,949	10,103,357	-	163,800	957,433	(3,518,133)	7,706,457

(1) Adjusted to reflect the August 2, 2016 20-to-1 share consolidation

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 nine-month period ended June 30, 2016 and 2015

	Notes	Three-months ended		Nine-months ended	
		June, 30		June, 30	
		2016	2015	2016	2015
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Loss before income taxes		(7,251,355)	(140,906)	(7,389,895)	(714,474)
Adjustments for:					
Share-based payments – directors	7	12,741	45,735	53,504	218,190
Share-based payments – consultants	7	-	378	-	2,526
Share-based payments – investors' relations	7	3,661	6,262	13,514	28,608
Depreciation of non-financial assets	6	-	69	110	206
Impairment of exploration and evaluation assets	5	7,242,155	-	7,242,155	-
Loss on disposal of non-financial assets	6	1,636	-	1,636	-
Gain on settlement of trade payables		(40,026)	-	(40,026)	-
Changes in working capital items					
Taxes receivable		(569)	29,941	4,626	125,235
Other receivable		-	-	-	11,210
Deposits on contract		-	-	-	51,608
Prepaid expenses		1,300	7,031	8,550	13,070
Trade and other payables		31,282	(8,387)	68,945	(29,278)
Cash flows from (used by) operating activities		825	(59,877)	(36,881)	(293,099)
INVESTING ACTIVITIES					
Term deposits		-	(442)	155,316	601,530
Additions to exploration and evaluation assets	5	(22,392)	(21,881)	(180,193)	(1,300,246)
Tax credits received		4,503	5,373	5,062	5,373
Cash flows used by investing activities		(17,889)	(16,950)	(19,815)	(693,343)
FINANCING ACTIVITIES					
Due to an individual		10,000	-	10,000	-
Share issuance costs		(433)	-	(433)	-
Cash flows from financing activities		9,567	-	9,567	-
Net change in cash		(7,497)	(76,827)	(47,129)	(986,442)
Cash, beginning of period		11,916	213,349	51,548	1,122,964
Cash, end of period		4,419	136,522	4,419	136,522

Additional information on cash flows

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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 nine-month period ended June 30, 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 an interest in the Meston Lake West Property located near Chibougamau, 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 June 30, 2016, the Company has a deficit of \$10,812,528 (\$3,518,133 as at June 30, 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.

3. **BASIS OF PREPARATION AND ADOPTIONS OF 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 June 30, 2016 (including comparatives) were approved and authorized for issue by the Board of Directors on August 29, 2016.

LAMÉLÉE IRON ORE LTD.

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

For the nine-month period ended June 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.

Share consolidation

On August 2, 2016, the Company completed a consolidation of its issued and outstanding common shares on a 20-to-1 basis ("Share Consolidation"). The Share Consolidation affected all shareholders, optionholders and warrant holders uniformly and thus did not materially affect any securityholder's percentage of ownership interest. All references in these interim financial statements to common shares, options and share purchase warrants have been retroactively adjusted to reflect the Share Consolidation.

5. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows :

	Balance as at October 1 st 2015	Additions	Disposal	Impairment	Balance as at June 30 2016
	\$	\$	\$	\$	\$
Quebec					
Lake Lamêlée Property					
Mining rights	5,466,713	3,594	(559,000)	(4,911,307)	-
Exploration and evaluation	2,161,751	169,097	-	(2,330,848)	-
	<u>7,628,464</u>	<u>172,691</u>	<u>(559,000)</u>	<u>(7,242,155)</u>	<u>-</u>
Meston Lake West Property					
Mining rights	-	90,000	-	-	90,000
Exploration and evaluation	-	-	-	-	-
	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
Summary					
Mining rights	5,466,713	93,594	(559,000)	(4,911,307)	90,000
Exploration and evaluation	2,161,751	169,097	-	(2,330,848)	-
	<u>7,628,464</u>	<u>262,691</u>	<u>(559,000)</u>	<u>(7,242,155)</u>	<u>90,000</u>

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

Lake Lamêlée 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. During the period, the Company disposed of the property by cancellation of 1,505,000 common shares at a price of \$0.20 per share and, on July, 2016, 645,000 common shares at a price of \$0.40 per share were cancelled. Following this disposal, the property was wholly impaired.

LAMÉLÉE IRON ORE LTD.

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

For the nine-month period ended June 30, 2016

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Meston Lake West Property

On May 18, 2016, the Company acquired the rights, titles and interests in 36 mining claims of the property located 50 km SSW of the town of Chibougamau. In counterpart, the Company issued 450,000 common shares at the price of \$0.20 per share for a total amount of \$90,000 and will have to pay a royalty of \$50,000 one year from the date of acquisition.

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
Disposal	(1,524)	(500)	(1,100)	(3,124)
Balance at June 30, 2016	-	-	-	-
Accumulated depreciation				
Balance at September 30, 2015	427	212	642	1,281
Depreciation	110	29	68	207
Disposal	(537)	(241)	(710)	(1,488)
Balance at June 30, 2016	-	-	-	-
Carrying amount at June 30, 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 \$53,504 (\$218,190 in 2015), of \$nil (\$2,526 in 2015) and of \$13,514 (\$28,608 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.

LAMÉLÉE IRON ORE LTD.

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

For the nine-month period ended June 30, 2016

7. SHARE-BASED PAYMENTS (Continued)

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

<i>Administration</i>	June 30, 2016		September 30, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	410,000	2.64	377,500	2.86
Granted	-	-	57,500	1.00
Expired	<u>(82,500)</u>	2.74	<u>(25,000)</u>	2.20
Outstanding, end of period	<u>327,500</u>	2.62	<u>410,000</u>	2.64
Exercisable, end of period	<u>242,500</u>	2.80	<u>274,167</u>	2.88

The table below summarizes the information related to share options as at June 30, 2016 :

	Outstanding options			Exercisable options	
	Number of options	Exercise price	Remaining life (years)	Number of options	Exercise price
<i>Administration</i>	57,500	1.00	8.50	17,500	1.00
	17,500	2.00	8.14	5,833	2.00
	45,000	2.80	7.80	30,000	2.80
	152,500	2.90	7.52	152,500	2.90
	17,500	3.20	7.76	28,334	3.20
	<u>37,500</u>	3.80	7.54	<u>8,333</u>	3.80
	<u>327,500</u>			<u>242,500</u>	

LAMÉLÉE IRON ORE LTD.

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

For the nine-month period ended June 30, 2016

8. WARRANTS

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

	June 30, 2016		September 30, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance at beginning	440,375	3.00	440,375	3.00
Exercised	(363,500)	3.20	-	-
Balance at end	<u>76,875</u>	3.00	<u>440,375</u>	3.00

Outstanding warrants are as follows:

		June 30, 2016	September 30, 2015
Expiry date	Exercise price	Number	Number
	\$		
December 19, 2015	3.00	-	312,500
January 29, 2016	3.80	-	51,000
October 29, 2016	3.00	76,875	76,875
		<u>76,875</u>	<u>440,375</u>

9. SHARE-CAPITAL

On May 18, 2016, the Company issued 450,000 common shares to 9278-7792 Quebec Inc. at the price of \$0.20 per share for a total value of \$90,000 in counterpart of exploration and evaluation assets.

On May 31, 2016, the Company issued 66,710 common shares at a price of \$0.40 per share in counterpart of trade payables.

On June 21, 2016, the Company cancelled 1,505,000 common shares at a price of \$0.20 per share in counterpart of the disposal of exploration and evaluation assets.

On July 28, 2016, the Company cancelled 645,000 common shares at a price of \$0.40 per share in counterpart of the disposal of exploration and evaluation assets.

On August 2, 2016, the Company completed a consolidation of its issued and outstanding common shares on a 20-to-1 basis ("Share Consolidation"). The Share Consolidation affected all shareholders, optionholders and warrant holders uniformly and thus did not materially affect any securityholder's percentage of ownership interest. All references in these interim financial statements to common shares, options and share purchase warrants have been retroactively adjusted to reflect the Share Consolidation.

LAMÉLÉE IRON ORE LTD.

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

For the nine-month period ended June 30, 2016

10. ADDITIONAL INFORMATION ON CASH FLOWS

	Three-months ended June, 30		Nine-months ended June, 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Non-cash investing and financing activities:				
Trade and other payables related to exploration and evaluation assets	4,525	-	4,525	-
Issuance of shares in counterpart of exploration and evaluation assets	90,000	-	90,000	-
Issuance of shares in counterpart of trade payables	26,684	-	26,684	-
Cancellation of shares in counterpart of exploration and evaluation assets	258,000	-	258,000	-
Depreciation of property and equipment included in evaluation and exploration assets	49	67	97	201

11. 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.

11.1 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:

	2016	2015
	\$	\$
Share-based payments (Net loss)	46,900	151,040
Management fees	12,000	108,000
	<u>58,900</u>	<u>259,040</u>

As at June 30, 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 nine-month period ended June 30, 2016

11. RELATED PARTY TRANSACTIONS (Continued)

11.2 Transactions with a company controlled with key officers

The Company incurred \$12,000 (\$108,000 in 2015) as management fees to companies controlled by directors or an officer of the Company.

The Company incurred \$27,573 (\$19,112 in 2015) as professional fees and disbursements to a law firm of which a director of the Company was a partner. As at June 30, 2016, an amount owing to this firm of \$nil (\$7,585 in 2015) was included in trade and other payables.

12. POST REPORTING DATE EVENTS

On July 28, 2016, the Company cancelled 645,000 common shares at a price of \$0.40 per share in counterpart of the disposal of the Lake Lamêlée Property.

On August 2, 2016, the Company completed a share consolidation of its issued and outstanding common shares on a 20-to-1 basis. Therefore, the 58,173,184 common shares issued and outstanding immediately prior to the Share Consolidation were consolidated into 2,908,659 common shares. The Company's outstanding stock options and share purchase warrants were adjusted on the same basis with proportionate adjustments being made to each stock option and share purchase warrant exercise price.

All shares, options and share purchase warrants as well as per share, option and share purchase warrant information has been retroactively adjusted to reflect and give effect to the Share Consolidation as if it occurred at the beginning of the period presented.