

LAMÉLÉE IRON ORE LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS As at December 31, 2016

Condensed Interim Financial Statements

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These condensed interim financial statements for the three-month period ended December 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	December 31, 2016	September 30, 2016
		\$	\$
ASSETS			
Current			
Cash		7,186	12,584
Taxes receivable		5,191	5,093
Tax credits and credit on duties receivable		5,570	5,570
Prepaid expenses		-	1,300
		<u>17,947</u>	<u>24,547</u>
Non-current			
Exploration and evaluation assets	5	<u>90,000</u>	<u>90,000</u>
		<u>90,000</u>	<u>90,000</u>
Total assets		<u>107,947</u>	<u>114,547</u>
LIABILITIES			
Current			
Trade and other payables		87,741	41,999
Due to a director and officer, expiring between May and September 2017		<u>30,000</u>	<u>30,000</u>
Total liabilities		<u>117,741</u>	<u>71,999</u>
EQUITY (DEFICIENCY)			
Share Capital		5,876,382	5,876,382
Warrants	7	-	123,000
Contributed surplus	6	5,144,357	5,019,387
Deficit		<u>(11,030,533)</u>	<u>(10,976,221)</u>
Total equity (deficiency)		<u>(9,794)</u>	<u>42,548</u>
Total liabilities and equity (deficiency)		<u>107,947</u>	<u>114,547</u>

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 March 1, 2017.

On the behalf of the Board,

(s) Stéphane Leblanc,
 President and Chief Executive Officer

(s) Hubert Vallée,
 Chief Financial Officer

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

		Three-months ended December, 31	
	Notes	2016	2015
		\$	\$
EXPENSES			
Professional fees		47,632	15,207
Shareholders relations		3,187	2,208
Share-based payments	6	1,970	24,267
Trustees and registration fees		1,300	1,300
Bank charges		223	225
Management fees		-	12,000
Investors' relations		-	4,981
Insurance		-	3,864
Rent		-	3,000
Travel expenses		-	885
Office expenses		-	127
Depreciation of non-financial assets		-	55
OPERATING LOSS		(54,312)	(68,119)
Interest income		-	310
LOSS BEFORE INCOME TAXES		(54,312)	(67,809)
Deferred income taxes		-	40,666
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(54,312)	(27,143)
LOSS PER SHARE			
Basic and diluted loss per share		(0.019)	(0.006)
Weighted average number of common shares outstanding		2,908,588	4,541,948

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

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2016 and 2015

	Notes	Number of shares (1)	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity (deficiency) \$
Balance at October 1st, 2016		2,908,588	5,876,382	123,000	5,019,387	(10,976,221)	42,548
Share-based payments	6	-	-	-	1,970	-	1,970
Expiry of warrants	6	-	-	(123,000)	123,000	-	-
Transactions with owners		<u>2,908,588</u>	<u>5,876,382</u>	<u>-</u>	<u>5,144,357</u>	<u>(10,976,221)</u>	<u>44,518</u>
Net loss and total comprehensive loss for the period		-	-	-	-	(54,312)	(54,312)
Balance at December 31, 2016		<u>2,908,588</u>	<u>5,876,382</u>	<u>-</u>	<u>5,144,357</u>	<u>(11,030,533)</u>	<u>(9,794)</u>
	Notes	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at October 1st, 2015		4,541,948	10,103,357	163,800	989,949	(3,462,866)	7,794,240
Share-based payments	6	-	-	-	29,248	-	29,248
Transactions with owners		<u>4,541,948</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>4,541,948</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>

(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 three-month period ended December 31, 2016 and 2015

	Notes	2016 \$	2015 \$
OPERATING ACTIVITIES			
Loss before income taxes		(54,312)	(67,809)
Adjustments for:			
Share-based payments – directors	6	1,970	24,267
Share-based payments – investors' relations	6	-	4,981
Depreciation of non-financial assets		-	55
Changes in working capital items			
Taxes receivable		(98)	(13,704)
Prepaid expenses		1,300	10,692
Trade and other payables		45,742	15,797
Cash flows used by operating activities		<u>(5,398)</u>	<u>(25,721)</u>
INVESTING ACTIVITIES			
Term deposits		-	115,842
Additions to exploration and evaluation assets		-	<u>(135,343)</u>
Cash flows used by investing activities		<u>-</u>	<u>(19,501)</u>
Net change in cash		(5,398)	(45,222)
Cash, beginning of period		<u>12,584</u>	<u>51,548</u>
Cash, end of period		<u><u>7,186</u></u>	<u><u>6,326</u></u>
Additional information on cash flows			
Non-cash investing activities:		\$	\$
Trade and other payables related to exploration and evaluation assets		-	41,845
Depreciation of property and equipment included in evaluation and exploration assets		-	48

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, 2016

1. **INCORPORATION AND NATURE OF OPERATIONS**

Lamêlée Iron Ore Ltd. (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 December 31, 2016, the Company has a deficit of \$11,030,533 (\$3,490,009 as at December 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.

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, 2016 and for the period then ended.

The condensed interim financial statements for the reporting period ended December 31, 2016 (including comparatives) were approved and authorized for issue by the Board of Directors on March 1, 2017.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 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, 2016, 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	Balance as at December 31 2016
	\$	\$	\$	\$
Quebec				
Meston Lake West Property				
Mining rights	90,000	-	-	90,000
Exploration and evaluation	-	-	-	-
	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>90,000</u>

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

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.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2016

6. 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 \$1,970 (\$24,267 in 2015) and of \$nil (\$4,981 in 2015) of the share-based payments was recorded respectively in earnings as share-based payments and investors' relation and credited to contributed surplus.

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

<i>Administration</i>	December 31, 2016		September 30, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	125,000	2.51	410,000	2.64
Expired	-	-	(82,500)	2.74
Cancelled	-	-	(202,500)	2.69
Outstanding, end of period	<u>125,000</u>	2.51	<u>125,000</u>	2.51
Exercisable, end of period	<u>109,167</u>	2.66	<u>104,167</u>	2.74

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

For the three-month period ended December 31, 2016

6. SHARE-BASED PAYMENTS (Continued)

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

	Outstanding options			Exercisable options	
	Number of options	Exercise price \$	Remaining life (years)	Number of options	Exercise price \$
<i>Administration</i>	25,000	1.00	7.93	13,334	1.00
	12,500	2.80	7.13	8,333	2.80
	<u>87,500</u>	2.90	7.02	<u>87,500</u>	2.90
	<u>125,000</u>			<u>109,167</u>	

7. WARRANTS

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

	December 31, 2016		September 30, 2016	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance at beginning	76,875	3.00	440,375	3.09
Expired	<u>(76,875)</u>	3.00	<u>(363,500)</u>	3.11
Balance at end	<u>-</u>	-	<u>76,875</u>	3.00

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2016

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.

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:

	2016	2015
	\$	\$
Share-based payments (Net loss)	1,970	21,687
Management fees	-	12,000
	<u>1,970</u>	<u>33,687</u>

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

8.2 Transactions with a company controlled with key officers

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

9. POST REPORTING DATE EVENTS

There are no post-reporting date events.