

LAMÉLÉE IRON ORE LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS As at March 31, 2017

Condensed Interim Financial Statements

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These condensed interim financial statements for the six-month period ended March 31, 2017 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, 2017 \$	September 30, 2016 \$
ASSETS			
Current			
Cash		10,058	12,584
Cash held in trust		5,250	-
Taxes receivable		7,644	5,093
Tax credits and credit on duties receivable		5,570	5,570
Prepaid expenses		5,200	1,300
		<u>33,722</u>	<u>24,547</u>
Non-current			
Exploration and evaluation assets	5	90,000	90,000
		<u>90,000</u>	<u>90,000</u>
Total assets		<u>123,722</u>	<u>114,547</u>
LIABILITIES			
Current			
Trade and other payables		92,668	41,999
Due to a director and officer, expiring between May and September 2017		61,294	30,000
		<u>153,962</u>	<u>71,999</u>
EQUITY (DEFICIENCY)			
Share Capital		5,876,382	5,876,382
Share Capital to be issued		5,250	-
Warrants	7	-	123,000
Contributed surplus	6	5,145,215	5,019,387
Deficit		(11,057,087)	(10,976,221)
Total equity (deficiency)		<u>(30,240)</u>	<u>42,548</u>
Total liabilities and equity (deficiency)		<u>123,722</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 May 30, 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)

	Notes	Three-months ended March, 31		Six-months ended March, 31	
		2017 \$	2016 \$	2017 \$	2016 \$
EXPENSES					
Professional fees		15,196	11,198	62,828	26,405
Shareholders relations		9,721	11,417	12,908	13,625
Share-based payments	6	858	16,496	2,828	40,763
Trustees and registration fees		-	1,300	1,300	2,600
Bank charges		587	150	587	375
Office expenses		192	128	415	255
Transaction fees		-	21,225	-	21,225
Management fees		-	-	-	12,000
Investors' relations		-	4,872	-	9,853
Rent		-	2,000	-	5,000
Insurance		-	458	-	4,322
Part XII.6 income taxes		-	1,446	-	1,446
Travel expenses		-	-	-	885
Depreciation of non-financial assets		-	55	-	110
OPERATING LOSS		(26,554)	(70,745)	(80,866)	(138,864)
Interest income		-	14	-	324
LOSS BEFORE INCOME TAXES		(26,554)	(70,731)	(80,866)	(138,540)
Deferred income taxes		-	-	-	40,666
NET LOSS AND COMPREHENSIVE LOSS		(26,554)	(70,731)	(80,866)	(97,874)
LOSS PER SHARE					
Basic and diluted loss per share		<u>(0.009)</u>	<u>(0.016)</u>	<u>(0.028)</u>	<u>(0.022)</u>
Weighted average number of common shares outstanding		<u>2,908,588</u>	<u>4,541,948</u>	<u>2,908,588</u>	<u>4,541,948</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 (DEFICIENCY) (unaudited, in Canadian dollars)

For the six-month period ended March 31, 2017 and 2016

	Notes	Number of shares	Share capital	Share Capital to be issued	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	-	-	-	-	2,828	-	2,828
Share Capital to be issued		-	-	5,250	-	-	-	5,250
Expiry of warrants	7	-	-	-	(123,000)	123,000	-	-
Transactions with owners		<u>2,908,588</u>	<u>5,876,382</u>	<u>5,250</u>	<u>-</u>	<u>5,145,215</u>	<u>(10,976,221)</u>	<u>50,626</u>
Net loss and total comprehensive loss for the period		-	-	-	-	-	(80,866)	(80,866)
Balance at March 31, 2017		<u>2,908,588</u>	<u>5,876,382</u>	<u>5,250</u>	<u>-</u>	<u>5,145,215</u>	<u>(11,057,087)</u>	<u>(30,240)</u>
		Number of shares (1)	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		-	-		-	50,616	-	50,616
Expiry of warrants		-	-		(40,800)	40,800	-	-
Transactions with owners		<u>4,541,948</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>4,541,948</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>

(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 six-month period ended March 31, 2017 and 2016

	Notes	Three-months ended		Six-months ended	
		March, 31		March, 31	
		2017	2016	2017	2016
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Loss before income taxes		(26,554)	(70,731)	(80,866)	(138,540)
Adjustments for:					
Share-based payments – directors	6	858	16,496	2,828	40,763
Share-based payments – investors' relations		-	4,872	-	9,853
Depreciation of non-financial assets		-	55	-	110
Changes in working capital items					
Cash held in trust		(5,250)	-	(5,250)	-
Taxes receivable		(2,453)	18,899	(2,551)	5,195
Mining tax credits receivable		-	559	-	559
Prepaid expenses		(5,200)	(3,442)	(3,900)	7,250
Trade and other payables		4,927	21,866	50,669	37,663
Cash flows used by operating activities		(33,672)	(11,426)	(39,070)	(37,147)
INVESTING ACTIVITIES					
Term deposits		-	39,474	-	155,316
Additions to exploration and evaluation assets	5	-	(22,458)	-	(157,801)
Cash flows from (used by) investing activities		-	17,016	-	(2,485)
FINANCING ACTIVITIES					
Due to a director and officer		31,294	-	31,294	-
Shares to be issued		5,250	-	5,250	-
Cash flows from financing activities		36,544	-	36,544	-
Net change in cash		2,872	5,590	(2,526)	(39,632)
Cash, beginning of period		7,186	6,326	12,584	51,548
Cash, end of period		10,058	11,916	10,058	11,916
Additional information on cash flows					
		\$	\$	\$	\$
Non-cash investing and financing activities :					
Trade and other payables related to exploration and evaluation assets		-	22,981	-	22,981
Depreciation of property, plant and equipment accounted for in exploration and evaluation assets		-	49	-	97

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, 2017

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 March 31, 2017, the Company has a deficit of \$11,057,087 (\$3,560,740 as at March 31, 2016). 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 March 31, 2017 (including comparatives) were approved and authorized for issue by the Board of Directors on May 30, 2017.

LAMÉLÉE IRON ORE LTD.

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

For the six-month period ended March 31, 2017

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 2016	Additions	Disposal	Balance as at March 31 2017
	\$	\$	\$	\$
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 six-month period ended March 31, 2017

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 \$2,828 (\$40,763 in 2016), of \$nil (\$nil in 2016) and \$nil (\$9,853 in 2016) 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>	March 31, 2017		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	<u>(32,500)</u>	2.46	<u>(202,500)</u>	2.69
Outstanding, end of period	<u>92,500</u>	2.53	<u>125,000</u>	2.51
Exercisable, end of period	<u>90,833</u>	2.64	<u>104,167</u>	2.74

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

For the six-month period ended March 31, 2017

6. SHARE-BASED PAYMENTS (Continued)

The table below summarizes the information related to share options as at March 31, 2017:

	Outstanding options			Exercisable options	
	Number of options	Exercise price	Remaining life (years)	Number of options	Exercise price
		\$			\$
<i>Administration</i>	17,500	1.00	7.73	11,667	1.00
	12,500	2.80	6.88	16,666	2.80
	<u>62,500</u>	2.90	6.77	<u>62,500</u>	2.90
	<u>92,500</u>			<u>90,833</u>	

7. WARRANTS

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

	March 31, 2017		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 six-month period ended March 31, 2017

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:

	2017	2016
	\$	\$
Share-based payments (Net loss)	2,828	48,172
	<u>2,828</u>	<u>48,172</u>

As at March 31, 2017, trade and other payables include an amount payable to the officers of \$nil (\$nil in 2016).

8.2 Transactions with a company controlled with key officers

The Company incurred \$nil (\$12,000 in 2016) as management fees to companies controlled by directors or an officer of the Company.

9. POST REPORTING DATE EVENT

On April 21, 2017, the Company closed a private placement by issuing 1,052,996 units at a price of \$0.15 per unit for total proceeds of \$157,950. Each unit is composed of one common share and one share purchase warrant. Each warrant entitles its holder to subscribe for one common share at a price of \$0.20 per share for 36 months.