LAMÊLÉE IRON ORE LTD.

Financial Statements
Years ended September 30, 2017 and 2016

Content

Independent Auditor's Report

To the Shareholders of Lamêlée Iron Ore Ltd.

We have audited the accompanying financial statements of Lamêlée Iron Ore Ltd., which comprise the statement of financial position as at September 30, 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

7100, rue Jean-Talon Est
Bureau 1200
Montréal (Anjou), Québec H1M 3S3

Brunet Roy Dubé, CPA S.E.N.C.R.L.
Société de comptables professionnels agréés

Téléphone : 514 255-1001
Télécopieur : 514 255-1002
www.brd-cpa.com

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lamêlée Iron Ore Ltd., as at September 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates the existence of a material uncertainty that may cast a significant doubt regarding the Company's ability to continue as a going concern.

Other

The financial statement of Lamêlée Iron Ore Ltd for the year ended September 30, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 30, 2017.

Brunet Roy Dubé, CPA S.E.N.C.R.L.[1]

Montreal,
January 23, 2018

---

1 CPA auditor, CA, public accountancy permit no A115197

BRD

LAMÊLÉE IRON ORE LTD.
STATEMENTS OF FINANCIAL POSITION
As at September 30 (in Canadian dollars)

	Notes	2017	2016
		$	$
ASSETS			
Current			
Cash and cash equivalents		1,068	12,584
Sales taxes receivable		2,608	5,093
Tax credits and refundable rights		-	5,570
Other receivable		5,133	-
Prepaid expenses		1,300	1,300
		10,109	24,547
Non-current			
Exploration and evaluation assets	6	90,000	90,000
		90,000	90,000
Total assets		100,109	114,547
LIABILITIES			
Current			
Trade and other payables		20,864	41,999
Dues to an officer, without interest and repayment schedule		282	30,000
Total liabilities		21,146	71,999
EQUITY			
Share capital	7	6,034,332	5,876,382
Warrants	8	-	123,000
Contributed surplus		5,145,840	5,019,387
Deficit		(11,101,209)	(10,976,221)
Total equity		78,963	42,548
Total liabilities and equity		100,109	114,547

The accompanying notes are an integral part of the financial statements.

These financial statements were approved and authorized for publication by the Board of Directors on January 23, 2018.

On the behalf of the Board,

(s) Stéphane Leblanc,
President and Chief Executive Officer

(s) Hubert Vallée,
Chief Financial Officer

LAMÊLÉE IRON ORE LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Year ended September 30 (in Canadian dollars)

	Notes	2017	2016
		$	$
EXPENSES			
Professional fees		82,133	49,554
Shareholders' information		19,160	47,475
Trustees and registration fees		5,200	5,346
Travel expenses		4,121	885
Share-based payments	9	3,453	59,451
Bank charges		686	998
Taxes and permits		86	85
Transaction fees		-	22,975
Investors' relations	9	-	15,528
Management fees		-	12,000
Rental expenses		-	5,000
Insurance		-	4,322
Part XII.6 income taxes		-	1,446
Office expenses		-	255
Depreciation of fixed assets		-	110
Loss on disposal of exploration and evaluation assets	6	-	7,366,416
Exploration and evaluation expenses		-	456
Loss on disposal of fixed assets		-	1,636
Gain on settlement of trade payables		-	(40,026)
OPERATING LOSS		(114,839)	(7,553,912)
Interest income		-	324
LOSS BEFORE INCOME TAXES		(114,839)	(7,553,588)
Deferred income taxes	12	-	40,666
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(114,839)	(7,512,922)
LOSS PER SHARE			
Basic and diluted loss per share	11	(0.03)	(1.79)

The accompanying notes are an integral part of the financial statements.

LAMÊLÉE IRON ORE LTD.
STATEMENTS OF CHANGES IN EQUITY
Year ended September 30, 2017 and 2016 (in Canadian dollars)

	Notes	Number of shares (1)	Share capital	Warrants	Contributed surplus	Deficit	Total equity
			$	$	$	$	$
Balance as at October 1st, 2015		4,541,878	10,103,357	163,800	989,949	(3,462,866)	7,794,240
Share-based payments	9	-	-	-	74,979	-	74,979
Shares issued for acquisition of exploration and evaluation assets	7	450,000	90,000	-	-	-	90,000
Shares issued on settlement of trade payables	7	66,710	26,684	-	-	-	26,684
Issuance cost of shares		-	-	-	-	(433)	(433)
Warrants expired	8	-	-	(40,800)	40,800	-	-
Shares cancelled for disposal of exploration and evaluation assets	7	(2,150,000)	(4,343,659)	-	3,913,659	-	(430,000)
Net loss and total comprehensive loss for the year		-	-	-	-	(7,512,922)	(7,512,922)
Balance as at September 30, 2016		2,908,588	5,876,382	123,000	5,019,387	(10,976,221)	42,548
Share-based payments	9	-	-	-	3,453	-	3,453
Units issued through private placement	7	1,052,996	157,950	-	-	-	157,950
Issuance cost of units		-	-	-	-	(10,149)	(10,149)
Warrants expired	8	-	-	(123,000)	123,000	-	-
Net loss and total comprehensive loss for the year		-	-	-	-	(114,839)	(114,839)
Balance as at September 30, 2017		3,961,584	6,034,332	-	5,145,840	(11,101,209)	78,963

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

The accompanying notes are an integral part of the financial statements.

LAMÊLÉE IRON ORE LTD.

STATEMENTS OF CASH FLOWS

Year ended September 30 (in Canadian dollars)

	Notes	2017	2016
		$	$
OPERATING ACTIVITIES			
Loss before income taxes		(114,839)	(7,553,588)
Non-cash component of net loss			
Share-based payments – officers	9	3,453	59,451
Share-based payments – investors' relations	9	-	15,528
Depreciation of fixed assets		-	110
Loss on disposal of exploration and evaluation assets	6	-	7,366,416
Exploration and evaluation expenses		-	456
Loss on disposal of fixed assets		-	1,636
Gain on settlement of trade payables		-	(40,026)
Net changes in non-cash operating working capital items			
Sales taxes receivable		2,485	8,048
Tax credits and refundable rights		5,570	-
Other receivable		(5,133)	-
Prepaid expenses		-	9,850
Trade and other payables		(21,135)	88,759
Cash flows used by operating activities		(129,599)	(43,360)
INVESTING ACTIVITIES			
Term deposits		-	155,316
Acquisition of exploration and evaluation assets	6	-	(185,549)
Tax credits received	6	-	5,062
Cash flows used by investing activities		-	(25,171)
FINANCING ACTIVITIES			
Units issued	7	157,950	-
Dues to an officer		(29,718)	30,000
Issuance cost of units		(10,149)	(433)
Cash flows from financing activities		118,083	29,567
Net change in cash and cash equivalents		(11,516)	(38,964)
Cash and cash equivalents, beginning of year		12,584	51,548
Cash and cash equivalents, end of year		1,068	12,584
Additional information on cash flows	13		

The accompanying notes are an integral part of the financial statements.

1. *INCORPORATION AND NATURE OF ACTIVITIES*

The Company is incorporated under the Canada Business Corporations Act. Its head office is located at 1801 Avenue McGill College, Suite 950, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange.

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 the property is at the exploration stage.

The Company's financial year ends on September 30.

1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

2. *GOING CONCERN ASSUMPTION*

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 found a property that contains economically recoverable mineral deposits, the Company has not yet generated income nor cash flows from its operations. As at September 30, 2017, the Company has a working capital deficiency of $11,037 (deficiency of $47,452 as at September 30, 2016) and has a deficit of $11,101,209 ($10,976,221 as at September 30, 2016). These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue its operations 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 guarantee 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. *SUMMARY OF ACCOUNTING POLICIES*

3.1 Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

3.2 Basis of evaluation

These financial statements have been prepared using the historical cost method.

The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

3.3 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

For the purpose of subsequent measurement, financial assets are classified into the loans and receivables category upon initial recognition.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income, if applicable.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method, less a provision for impairment. Discounting is omitted if the effect of discounting is immaterial. The Company's cash and cash equivalents and other receivable fall into this category of financial instruments.

Financial liabilities

The Company's financial liabilities include trade and other payables and dues to an officer.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within Finance costs, if applicable.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.3 Financial instruments (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand. Funds to be spent on exploration under tax restrictions through flow-through investments are excluded from cash and cash equivalents and are presented separately in current assets. Cash for exploration represents unspent funds from flow-through financing.

3.4 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year. The diluted loss per share is calculated by adjusting the loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options, warrants and brokers options. For the purpose of this calculation, dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares.

3.5 Tax credits and mining rights receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

3.6 Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, the costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation that are capitalized include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis to the cost of the exploration and evaluation asset pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.6 Exploration and evaluation expenditures and exploration and evaluation assets (Continued)

Whenever a mining property is considered no longer viable, or if the mining property is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 3.7); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 3.7) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles of mineral properties may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

3.7 Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area is planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.7 Impairment of exploration and evaluation assets (Continued)

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluations assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

3.8 Provisions and contingent liabilities

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources by the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As at the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource will be demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. No provisions are recorded in these reporting periods.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.9 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets or liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets or liabilities are offset only when the Company has the right and intention to set off current tax assets or liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

Tax related to flow-through placements

Under the provisions of tax legislation relating to flow-through placements, the Company is required to renounce to its rights to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has fulfilled its obligation to transfer its right, which happens when the Company has incurred eligible expenditures and has renounced to its right to tax deductions (or has the intention to renounce to its right to tax deductions), a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statements of financial position and their tax basis.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.10 Equity

Share capital represents the amount received on the issue of shares decreases by their issuance costs. If shares are issued when options or warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus or the warrants value previously recorded as warrants. In addition, if shares are issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Issuance of units

The proceeds from the issuance of units are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceed is allocated to warrants.

Flow-through placements

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceed is allocated to the liability. The liability component recorded initially on the issuance of shares is reversed when the Company has the firm intention to renounce the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Other elements of equity

Contributed surplus includes charges related to share options to broker and expenses related to share-based payments relating to share options. When share options are exercised, the related compensation cost is transferred to share capital. It also includes the difference between the carrying amount and the fair value of the cancelled shares.

Warrants include charges relating to warrants. When warrants are exercised, the relating charges are transferred to share capital. When warrants are expired, the relating charges are transferred to contributed surplus.

Deficit includes all current and prior period retained profits or losses.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.11 Equity-settled share-based payments

The Company operates an equity-settled share-based payment plan for its eligible directors, officers, employees, consultants and individuals providing investors relations' services. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except options to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as exploration and evaluation assets, depending on the nature of the payment, with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing, are recognized as issuance costs of the equity instruments, with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

3.12 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements not yet effective will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.12 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

IFRS 2, Share-based Payment

IFRS 2 *Share-based Payment* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1st, 2018. Earlier application is permitted.

IAS 7, Statement of Cash Flows

IAS 7 *Statement of Cash Flows* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1st, 2017. Earlier application is permitted.

IFRS 9, Financial Instruments

The International Accounting Standards Board (IASB) has replaced IAS 39 Financial Instruments: Recognition and measurement in its entirety with IFRS 9. The new section deals with the classification and measurement of financial assets and liabilities, a new expected-loss impairment model and a substantially-reformed approach to hedge accounting.

IFRS 9 also resulted in consequential amendments to IFRS 7 Financial Instruments: Disclosures to include disclosures about an entity's risk management strategy and the effect of hedge accounting on the financial statements.

This new standard is effective for annual periods beginning on or after January 1st, 2018. Earlier application is permitted.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.12 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

IAS 12, Income Taxes

IAS 12 *Income Taxes* has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1st, 2017. Earlier application is permitted.

IFRS 16, Leases

This new standard, issued by the International Accounting Standards Board in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual value risk.

The new standard is effective for annual periods beginning on or after January 1st, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.12 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

IFRIC 23, Uncertainty Over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23, Uncertainty over income tax treatments, prepared by the IFRS Interpretations Committee to clarify the accounting for uncertainties over income tax treatments.

The interpretation applies to the determination of taxable income (tax loss), tax values, unused tax losses, unused tax credits and tax rates when there is doubt as to income tax treatments to be used in accordance with IAS 12. The new standard is effective for annual periods beginning on or after January 1st, 2019. Earlier application is permitted.

4. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS*

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the judgments, estimates and significant assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are provided below.

4.1 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements. Actual results may be substantially different.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax asset in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 3.9).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

4. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)*

4.2 Estimation uncertainty

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 3.7).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future production or sale of the properties when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financing necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and finding the required inputs for the chosen model. The Company estimated the probable life of share options granted and the time of exercise of those share options and estimated volatility based on its own shares. The model used by the Company is the Black-Scholes valuation model (see Note 9).

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditures incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credits and refundable credits on duties, to exploration and evaluation assets, and income tax expense in future periods (see Note 3.5 for more information).

5. *SEGMENT REPORTING*

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

September 30, 2017 and 2016 (in Canadian dollars)

6. *EXPLORATION AND EVALUATION ASSETS*

	Balance as at October 1st 2016	Additions	Disposal	Credit on duties and tax credits	Loss on disposal	Balance as at September 30, 2017
Quebec	$	$	$	$	$	$
Meston Lake West Property						
Mining rights	90,000	-	-	-	-	90,000
Exploration and evaluation	-	-	-	-	-	-
	90,000	-	-	-	-	90,000

	Balance as at October 1st 2015	Additions	Disposal	Credit on duties and tax credits	Loss on disposal	Balance as at September 30, 2016
Quebec	$	$	$	$	$	$
Lake Lamêlée Property						
Mining rights	5,466,713	4,425	(430,000)	-	(5,041,138)	-
Exploration and evaluation	2,161,751	169,097	-	(5,570)	(2,325,278)	-
	7,628,464	173,522	(430,000)	(5,570)	(7,366,416)	-
Meston Lake West Property						
Mining rights	-	90,000	-	-	-	90,000
Exploration and evaluation	-	-	-	-	-	-
	-	90,000	-	-	-	90,000
Summary						
Mining rights	5,466,713	94,425	(430,000)	-	(5,041,138)	90,000
Exploration and evaluation	2,161,751	169,097	-	(5,570)	(2,325,278)	-
	7,628,464	263,522	(430,000)	(5,570)	(7,366,416)	90,000

All impairment charges (or reversals, if any) are included within Impairment of exploration and evaluation assets in the statement of comprehensive loss for the year.

6. *EXPLORATION AND EVALUATION ASSETS (Continued)*

Meston Lake West Property

On May 16, 2016, the Company acquired the rights, titles and interests in 36 mining claims of the property located 50 km 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 as at June 30, 2018.

Lamêlée Lake 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 prior year, the Company disposed of the property by cancellation of 2,150,000 common shares at a price of $0.20 per share.

7. *EQUITY*

Share capital

The share capital of the Company consists only of fully paid ordinary shares and an unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

Year ended September 30, 2017

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.

Year ended September 30, 2016.

On May 16, 2016, the Company issued 450,000 common shares to 9248-7792 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 for a total value of $26,684 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 and on July 28, 2016, the Company cancelled 645,000 common shares at a price of $0.20 per share in counterpart of the disposal of exploration and evaluation assets, which resulted in a loss on disposal of $7,366,416. The shares were cancelled at an average cost of $4,343,659 and the difference was recorded in contributed surplus for $3,913,659.

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 warrantholders uniformly and thus did not materially affect any securityholder's percentage of ownership interest. All references in these financial statements to common shares, options and share purchase warrants have been retroactively adjusted to reflect the Share Consolidation.

September 30, 2017 and 2016 (in Canadian dollars)

8. *WARRANTS*

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

	2017		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
Granted	1,052,996	0.20	-	-
Expired	(76,875)	3.00	(363,500)	3.11
Balance at end	1,052,996	0.20	76,875	3.00

Outstanding warrants are as follows:

		2017	2016
Expiry date	Exercise price	Number	Number
	$		
October 29, 2016	3.00	-	76,875
April 21, 2020	0.20	1,052,996	-
		1,052,996	76,875

9. *SHARE-BASED PAYMENTS*

The Company has adopted a share-based payment plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants or individuals providing services to the Company. The maximum number of shares issuable under the plan represents 10 % of the issued and outstanding capital stock of the Company. The option exercise price is equal to the share price of the Company at the date of grant. The options are exercisable over a period of three years: 33 % after 12 months, 24 months and 36 months respectively of the date of grant, valid for a maximum period of 10 years. Amongst the outstanding options, none are 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 in cash.

On January 22, 2015, the Company granted 32,500 stock options in the favor of directors at a price of $1.00 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to $13,000 for an estimated fair value of $0.40 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 1.42% and an expected life of options of 10 years.

September 30, 2017 and 2016 (in Canadian dollars)

9. *SHARE-BASED PAYMENTS (Continued)*

On December 4, 2014, the Company granted 25,000 stock options in the favor of directors at a price of $1.00 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to $20,000 for an estimated fair value of $0.80 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 1.91% and an expected life of options of 10 years.

Amounts of $3,453 ($59,451 in 2016) and of $nil ($15,528 in 2016) of the share-based payments were 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:

Administration	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of year	125,000	2.51	410,000	2.64
Expired	-	-	(82,500)	2.74
Cancelled	(32,500)	2.46	(202,500)	2.69
Outstanding, end of year	92,500	2.53	125,000	2.51
Exercisable, end of year	86,667	2.64	104,167	2.74

The table below summarizes the information related to share options as at September 30, 2017:

	Outstanding options			Exercisable options	
	Number of options	Exercise price	Remaining life (years)	Number of options	Exercise price
		$			$
Administration	17,500	1.00	7.23	11,667	1.00
	12,500	2.80	6.39	12,500	2.80
	62,500	2.90	6.27	62,500	2.90
	92,500			86,667	

September 30, 2017 and 2016 (in Canadian dollars)

10. *FINANCIAL ASSETS AND LIABILITIES*

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows :

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	$	$	$	$
Loans and receivables				
Cash and cash equivalents	1,068	1,068	12,584	12,584
Other receivable	5,133	5,133	-	-
Total loans and receivables	6,201	6,201	12,584	12,584
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	20,864	20,864	41,999	41,999
Dues to an officer	282	282	30,000	30,000
Total financial liabilities measured at amortized cost	21,146	21,146	71,999	71,999

The carrying value of the financial instruments classified in the categories loans and receivables and financial liabilities presented in the above table are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 3.3 for a description of the accounting policies for each category of financial instruments. The Company's financial instruments risks are detailed in Note 16.

11. *LOSS PER SHARE*

In calculating the diluted loss per share, dilutive potential common shares, such as share options, warrants and options to broker, have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details on outstanding share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 7, 8 and 9.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2017 and 2016.

	2017	2016
Net loss and total comprehensive loss	(114,839)	(7,512,922)
Weighted average number of common shares	3,378,830	4,196,305
Basic and diluted loss per common share	(0.03)	(1.79)

There have been no other transactions involving common shares between the reporting date and the date of authorization of these financial statements.

September 30, 2017 and 2016 (in Canadian dollars)

12. *INCOME TAXES*

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	2017	2016
	$	$
Loss before income taxes	(114,839)	(7,553,588)
Tax expense at combined statutory rates of 26.9% in 2017 and 26.9% in 2016	(30,892)	(2,031,915)
Increase (decrease) in taxes resulting from :		
Temporary differences not recorded	30,112	1,970,968
Tax impact of flow-through shares	-	41,023
Reversal of other liabilities of flow-through shares	-	(40,066)
Stock-based payments	929	20,169
Non-deductible elements	(149)	(245)
	-	(40,066)

	2017	2016
	$	$
Composition of deferred income taxes in the comprehensive loss		
Inception and reversal of temporary differences	(30,112)	(2,011,991)
Tax impact of flow-through shares	-	41,023
Reversal of other liabilities of flow-through shares	-	(40,066)
Temporary differences not recorded	30,112	1,970,968
	-	(40,066)

September 30, 2017 and 2016 (in Canadian dollars)

12. *INCOME TAXES (Continued)*

Deferred tax assets and liabilities and variation of recognized amounts during the year

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2016	Recognized in profit or loss	Balance as at September 30, 2017
	$	$	$
Exploration and evaluation assets	550	1,468,619	1,469,169
Tax credits and credit on duties receivable	(550)	550	-
Intangible assets	-	575	575
Issuance cost of shares	-	33,442	33,442
Non-capital losses	-	569,899	569,899
	-	2,073,085	2,073,085
Unrecognized tax items	-	(2,073,085)	(2,073,085)
Deferred tax assets	-	-	-

As at September 30, 2017, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
Deductible timing differences	$	$
Exploration and evaluation assets	5,450,558	5,475,508
Intangible assets	2,138	2,138
Issuance cost of shares	124,320	124,320
Non-capital losses	2,121,424	2,115,001
	7,698,440	7,716,967

As at September 30, 2017, the non-capital losses for which no deferred tax asset has been recorded expire as follows:

	Federal	Quebec
	$	$
2031	97,487	97,384
2032	186,820	186,390
2033	92,257	91,506
2034	650,518	647,275
2035	569,884	568,627
2036	295,568	295,483
2037	228,890	228,336
	2,121,424	2,115,001

September 30, 2017 and 2016 (in Canadian dollars)

12. *INCOME TAXES (Continued)*

Deferred tax assets and liabilities and variation of recognized amounts during the year (Continued)

The Company has investment tax credits of $3,457 ($3,457 in 2016) that have not been recorded. These credits are available to reduce federal income taxes and expire as of 2032.

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2015	Recognized in profit or loss	Balance as at September 30, 2016
	$	$	$
Exploration and evaluation assets	(471,604)	472,154	550
Tax credits and credit on duties receivable	-	(550)	(550)
Issuance cost of shares	31,941	(31,941)	-
Non-capital losses	439,663	(439,663)	-
	-	-	-
Reversal of other liabilities of flow-through shares	-	40,066	-
Variation of deferred income taxes according to the statement of comprehensive loss	-	40,066	-

As at September 30, 2016, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
Deductible timing differences	$	$
Exploration and evaluation assets	5,450,558	5,475,508
Intangible assets	2,138	2,138
Issuance cost of shares	250,919	250,919
Non-capital losses	1,893,088	1,887,213
	7,596,703	7,615,778

13. *ADDITIONAL INFORMATION – CASH FLOWS*

	2017	2016
	$	$
Non-cash investing and financing activities:		
Issuance of shares in counterpart of trade payables	-	26,684
Issuance of shares in counterpart of exploration and evaluation assets	-	90,000
Depreciation of property and equipment included in evaluation and exploration assets	-	97
Interest received	-	324

September 30, 2017 and 2016 (in Canadian dollars)

14. *RELATED PARTY TRANSACTIONS*

The Company's related parties include its key officers and the companies controlled by 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 except for share-based payments.

14.1 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)	3,453	46,900
Management fees	-	12,000
Professional fees	-	6,762
Professional fees	29,385	6,518

The Company incurred $nil ($6,762 in 2016) as professional fees and disbursements to a law firm of which a director of the Company is a partner.

The Company incurred $29,385 ($6,518 in 2016) as professional fees and disbursements to a law firm of which a director of the Company is an employee. As at September 30, 2017, an amount owing to this firm of $5,953 ($7,465 in 2016) is included in trade and other payables.

September 30, 2017 and 2016 (in Canadian dollars)

15. *CAPITAL MANAGEMENT POLICIES AND PROCEDURES*

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the Company, and to provide a return to the Company's shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not subject to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital through private placements.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

16. *FINANCIAL INSTRUMENT RISKS*

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 10. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The most significant financial risks to which the Company is exposed are described below.

16.1 Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at September 30, 2017 and 2016, the Company's maximum exposure to credit risk is limited to the carrying amount of the following financial assets at the reporting date, as summarized below:

	2017	2016
	$	$
Cash	1,068	12,584
Other receivable	5,133	-
Total	6,201	12,584

September 30, 2017 and 2016 (in Canadian dollars)

16. *FINANCIAL INSTRUMENT RISKS (Continued)*

16.1 Credit risk (Continued)

The Company's management considers that all of the above financial assets, that are not impaired or past due for each of the reporting dates under review, are of good credit quality. There are no past due assets not impaired in the periods presented.

The credit risk for cash is considered negligible, since the counterparty is a reputable bank with an excellent credit rating.

16.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

In the past, the Company has financed its exploration and evaluation programs and its working capital requirements through private and flow-through financings.

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	2017	2016
Within three months	$	$
Trade and other payables	20,864	41,999
Dues to an officer	282	30,000
Total	21,146	71,999