

LAMÉLÉE IRON ORE LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS As at December 31, 2017

Condensed Interim Financial Statements

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These condensed interim financial statements for the three-month period ended December 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	December, 31 2017 \$	September 30, 2017 \$
ASSETS			
Current			
Cash and cash equivalents		3,644	1,068
Sales taxes receivable		3,969	2,608
Other receivable		5,133	5,133
Prepaid expenses		-	1,300
		<u>12,746</u>	<u>10,109</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>102,746</u>	<u>100,109</u>
LIABILITIES			
Current			
Trade and other payables		56,890	20,864
Dues to an officer, without interest and repayment schedule		<u>282</u>	<u>282</u>
Total liabilities		<u>57,172</u>	<u>21,146</u>
EQUITY			
Share Capital		6,034,332	6,034,332
Contributed surplus	6	5,146,104	5,145,840
Deficit		<u>(11,134,862)</u>	<u>(11,101,209)</u>
Total equity		<u>45,574</u>	<u>78,963</u>
Total liabilities and equity		<u>102,746</u>	<u>100,109</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 February 28, 2018.

On the behalf of the Board,

(s) Stéphane Leblanc,
 President and Chief Executive Officer

(s) Hubert Vallée,
 Chief Financial Officer

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

		Three-months ended December, 31	
	Notes	<u>2017</u>	<u>2016</u>
		\$	\$
EXPENSES			
Professional fees		29,882	47,632
Shareholders relations		2,175	3,187
Trustees and registration fees		1,300	1,300
Share-based payments	6	264	1,970
Bank charges		<u>32</u>	<u>223</u>
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(33,653)</u>	<u>(54,312)</u>
LOSS PER SHARE			
Basic and diluted loss per share		<u>(0.009)</u>	<u>(0.019)</u>
Weighted average number of common shares outstanding		<u>3,961,584</u>	<u>2,908,588</u>

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

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2017 and 2016

	Notes	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance at October 1st, 2016		3,961,584	6,034,332	-	5,145,840	(11,101,209)	78,963
Share-based payments	6	-	-	-	264	-	264
Net loss and total comprehensive loss for the period		-	-	-	-	(33,653)	(33,653)
Balance at December, 31 2017		<u>3,961,584</u>	<u>6,034,332</u>	<u>-</u>	<u>5,146,104</u>	<u>(11,134,862)</u>	<u>45,574</u>

	Notes	Number of shares	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	-	-
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>

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

LAMÉE IRON ORE LTD.**CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited, in Canadian dollars)**

For the three-month period ended December 31, 2017 and 2016

	Notes	2017 \$	2016 \$
OPERATING ACTIVITIES			
Net loss ant total comprehensive loss		(33,653)	(54,312)
Adjustments for:			
Share-based payments	6	264	1,970
Changes in working capital items			
Taxes receivable		(1,361)	(98)
Prepaid expenses		1,300	1,300
Trade and other payables		36,026	45,742
Cash flows used by operating activities		<u>2,576</u>	<u>(5,398)</u>
INVESTING ACTIVITIES			
Cash flows used by investing activities		<u>-</u>	<u>-</u>
FINANCING ACTIVITIES			
Cash flows from financing activities		<u>-</u>	<u>-</u>
Net change in cash		2,576	(5,398)
Cash, beginning of period		<u>1,068</u>	<u>12,584</u>
Cash, end of period		<u><u>3,644</u></u>	<u><u>7,186</u></u>

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, 2017

1. **INCORPORATION AND NATURE OF OPERATIONS**

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.

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, 2017, the Company has a deficit of \$11,134,862 (\$11,030,533 as at December 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 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, 2017, as they follow the same accounting policies and methods of application.

The condensed interim financial statements for the reporting period ended December, 31 2017 (including comparatives) were approved and authorized for issue by the Board of Directors on February 28, 2018.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2017

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are presented in the audited financial statements for the year ended September 30, 2017 and have not been modified since that time.

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 December 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 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.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 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 \$264 (\$1,970 in 2016) of the share-based payments was recorded in earnings as share-based payments and credited to contributed surplus.

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

<i>Administration</i>	December, 31 2017		September 30, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	92,500	2.53	125,000	2.51
Expired	-	-	-	-
Cancelled	-	-	(32,500)	2.46
Outstanding, end of period	<u>92,500</u>	2.53	<u>92,500</u>	2.53
Exercisable, end of period	<u>90,000</u>	2.57	<u>86,667</u>	2.64

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2017

6. SHARE-BASED PAYMENTS (Continued)

The table below summarizes the information related to share options as at December, 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	6.98	11,667	1.00
	12,500	2.80	6.13	12,500	2.80
	<u>62,500</u>	2.90	6.02	<u>62,500</u>	2.90
	<u>92,500</u>			<u>86,667</u>	

7. WARRANTS

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

	December, 31 2017		September 30, 2017	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance at beginning	1,052,996	0.20	76,875	3.00
Granted	-	-	1,052,996	0.20
Expired	-	-	<u>(76,875)</u>	3.00
Balance at end	<u>1,052,996</u>	0.20	<u>1,052,996</u>	0.20

Outstanding warrants are as follows:

Expiry date	Exercise price \$	December 31, 2017	September 30, 2017
		Number	Number
April 21, 2020	0.20	<u>1,052,996</u>	<u>1,052,996</u>

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 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 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.

8.2 Transactions with a company controlled with key officers

	2017	2016
	\$	\$
Share-based payments (Net loss)	264	1,970

The Company incurred \$225 (\$18,417 in 2016) as professional fees and disbursements to a law firm of which a director of the Company is an employee. As at December 31, 2017, an amount owing to this firm of \$6,949 (\$28,134 in 2016) is included in trade and other payables.

9. POST REPORTING DATE EVENT

On January 23, 2018, the Company entered into a letter of intent with Aura Health Corp. ("Aura") whereby the parties will complete a business combination by way of a transaction that will constitute a reverse takeover of the Company by Aura (the "Transaction"). Pursuant to the Transaction, the Company will first apply to delist from the TSX Venture Exchange (the "TSXV"), then on closing of the Transaction (the "Closing") all of the issued and outstanding common shares of Aura will be exchanged for common shares of the Company (the "LIR Shares"), which will result in Aura becoming a wholly-owned subsidiary of the Company or otherwise combining its corporate existence with a wholly-owned subsidiary of the Company. The resulting issuer that will exist upon completion of the Transaction will change its business from mining to investment in businesses that provide services to the Marijuana Industry and shall become listed on the Canadian Securities Exchange (the "CSE"). The final structure of the Transaction will be determined by the parties following receipt of tax, corporate and securities law advice. The transaction is an arm's length transaction.

LAMÉLÉE IRON ORE LTD.

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

For the three-month period ended December 31, 2017

9. **POST REPORTING DATE EVENT (Continued)**

Aura Private Placement

Prior to or concurrently with the Closing, Aura will complete a private placement of a minimum \$1,000,000 and a maximum of \$5,000,000 at a targeted price of \$1.00 per Aura security (the "Aura Private Placement"). Final terms of the Aura Private Placement such as pricing, financing structure, commission and finder's or agent's fees will be subject to final approval by Aura, the CSE and/or other applicable regulatory authorities.

Securities Exchange and LIR Stock Options and Warrants

Pursuant to the Transaction, all of the existing 16,550,000 Aura Shares will be acquired by LIR in consideration of LIR issuing approximately 2.05 LIR Shares for each one (1) Aura Share issued and outstanding immediately prior to Closing (the "Exchange Ratio"), at a deemed value of \$0.48757 per LIR Share, for a total of 33,943,858 LIR Shares. In addition, Aura has convertible securities to purchase a total of 12,085,667 Aura Shares. If any of the Aura's existing convertible securities are converted or exercised into Aura Shares on or before Closing, such Aura Shares will be acquired by LIR on Closing by issuing additional LIR Shares at the Exchange Ratio, and all remaining Aura Convertible Securities shall be exchanged, at the Exchange Ratio, for an equivalent number of LIR options and warrants on Closing on the same terms and conditions with the exercise/conversion price adjusted based on the Exchange Ratio.

Further, subject to regulatory approval and compliance with applicable securities law, LIR will pay a finder's fee in the aggregate amount of 300,000 LIR Shares, at a deemed value of \$0.48757 per share for an aggregate deemed value of \$146,271 to an arm's length finder on successful completion of the Transaction.