

LABRADOR IRON MINES LIMITED

Notice of Special Meeting of Shareholders

and

Information Memorandum

of

LABRADOR IRON MINES LIMITED

Thursday, March 30, 2023

11:00 AM (Toronto Time)

AMALGAMATION

of

LABRADOR IRON MINES LIMITED

and

LABRADOR IRON MINES HOLDINGS LIMITED

These materials are important and require your attention. If you are in doubt as to how to make decisions, you should consult your investment dealer, broker, lawyer, or other professional advisor.

This document does not constitute an offer or a solicitation of proxies.

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Telephone: 647-728-4106

Email: info@LabradorIronMines.ca



Labrador Iron Mines Limited

Dear LIM Shareholder,

You are invited to attend a Special Meeting of Shareholders of **Labrador Iron Mines Limited ("LIM")** to be held on Thursday, March 30, 2023, at 11:00 a.m. at Suite 1805, 55 University Avenue, Toronto, Ontario.

At the Special Meeting, you will be asked to consider a special resolution to approve the Amalgamation of LIM with **Labrador Iron Mines Holdings Limited ("LIMH")**, which already holds 52% of the shares of LIM, involving the issue of shares of LIMH to LIM shareholders, such that LIM will, once again, be a wholly owned subsidiary of LIMH.

LIM has been working to advance development of its Houston Project through various initiatives, including discussing an off-take agreement, construction financing and product sale components; and advancing commercial negotiations with construction contractors, equipment vendors, rail, port and logistics counterparties; and planning metallurgical test work.

To fund these initiatives, LIM has been seeking near term working capital financing and has been seeking a potential private placement of equity. To date, it has proven difficult to attract investor interest. There are many reasons and explanations, of which the more frequently mentioned are that LIM's corporate structure is complex, and LIMH only holds 52% of the Houston Project.

To try to address some of these issues, it is now proposed to simplify the group corporate structure by combining LIMH with LIM in a three-way, statutory amalgamation whereby LIM shareholders would receive new shares of LIMH and LIMH would hold 100% of LIM. In summary, the proposal is to put the group structure back the way it was prior to the CCAA reorganization in 2015.

The number of LIMH Shares to be issued in exchange for LIM Shares is calculated to equate to the relative percentage interest of each company in the underlying assets such that shareholders of LIM, other than LIMH, will continue to hold, indirectly, the same percentage interest in the assets of LIM.

The *Business Corporations Act, Ontario* requires that the Amalgamation be approved by a special resolution of the shareholders of LIM, which is a resolution passed by a 2/3 majority of the votes cast at a meeting of shareholders.

The attached Notice of Meeting and accompanying Information Memorandum contain a detailed description of the Amalgamation, as well as information regarding LIM and LIMH, and certain pro forma and other information on LIMH after giving effect to the Amalgamation, including discussion of various risk factors.

I believe that the amalgamation of LIM and LIMH is in the best interests of LIM Shareholders for numerous reasons, in particular that the shares of LIMH are traded on a public stock market and combining LIMH and LIM will simplify the corporate structure and create the best prospects for long-term value for shareholders.

I strongly support the Amalgamation and will be voting my own shares in LIM in favor of the Amalgamation, and I recommend that you do the same.

John F. Kearney
Chairman of the Board

March 16, 2023

LABRADOR IRON MINES LIMITED

55 University Avenue
Suite 1805
Toronto, Ontario M5J 2H7

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN THAT a special meeting (the “Meeting”) of the shareholders of Labrador Iron Mines Limited (“LIM”) will be held at 55 University Ave, Suite 1805, Toronto, Ontario M5J 2H7, on Thursday, March 30, 2023 at the hour of 11:00 a.m. (Toronto time), for the following purposes:

1. to consider and, if deemed advisable, approve, with or without variation, a special resolution (the “**Amalgamation Resolution**”) authorizing the amalgamation of LIM with 5035020 Ontario Limited (“**Subco**”), a wholly-owned subsidiary of **Labrador Iron Mines Holdings Limited (“LIMH”)**, resulting in the indirect acquisition by LIMH of all of the issued and outstanding securities of LIM not already held by LIMH, all on the terms and subject to the conditions contained in an **Amalgamation Agreement** dated March 16, 2023 among LIMH, Subco and LIM, a copy of which is attached as Schedule “A” to the accompanying information memorandum (the “**Information Memorandum**”), all as more particularly set forth in the Information Memorandum, substantially in the form of resolution set forth in Schedule “B” to the Information Memorandum; and
2. to transact such further or other business as may properly come before the Meeting and any adjournments thereof.

AND TAKE NOTICE that registered shareholders of LIM who dissent in respect of the Amalgamation Resolution in accordance with Section 185 of the *Business Corporations Act* (Ontario) (“**OBCA**”) will be entitled to be paid the fair value of their shares in accordance with Section 185 of the OBCA. Strict compliance with the provisions of Section 185 of the OBCA will be required in order to exercise such rights of dissent. See “Dissent Rights to the Amalgamation Resolution for LIM Shareholders” under the heading “Rights of Dissenting Shareholders” in the accompanying Information Memorandum for a summary of the procedure to exercise such rights of dissent and Schedule “C” for the full text of Section 185 of the OBCA.

The accompanying Information Memorandum provides additional information relating to the matters to be considered at the Meeting. Any adjournment of the Meeting will be held at a time and place to be specified at the Meeting.

Only shareholders of LIM of record at the close of business on March 16, 2023 will be entitled to receive notice of and vote at the Meeting. If you are unable to attend the Meeting in person, and wish to have your vote recorded, please contact LIM by email at info@LabradorIronMines.ca to make arrangements for alternate or proxy voting.

DATED this 16th day of March, 2023.

By order of the board of Labrador Iron Mines Limited

“John F. Kearney”

John F. Kearney
Chairman

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this Information Memorandum that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of minerals; capital expenditures; costs, timing and future plans concerning the development of mineral resource properties and completion of the Amalgamation as currently proposed, or at all; permitting time lines; requirements for additional capital; government regulation of mineral exploration matters; environmental risks; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of LIM to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to operations; termination or amendment of contracts or other property rights; actual results of current exploration activities; results of reclamation activities, if any; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mineral resource industry; delays in obtaining or failure to obtain any governmental approvals, licenses or financing or in the completion of exploration or development activities; as well as those factors discussed in the sections entitled "Risk Factors" in this Information Memorandum.

Although LIM has attempted to identify important factors that could affect it and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this Information Memorandum speak only as of the date hereof. LIM does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events, other than as required by law.

Forward-looking statements and other information contained herein concerning the mineral resource industry and management's general expectations concerning such industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

All capitalized terms used and not otherwise defined above shall have the meanings ascribed thereto in the Glossary of Defined Terms in this Information Memorandum.

GLOSSARY OF DEFINED TERMS

In this Information Memorandum, the following capitalized words and terms shall have the following meanings:

Amalgamation	The amalgamation of LIM and Subco to form Amalco pursuant to the Amalgamation Agreement and in accordance with the terms of the Amalgamation Agreement, which shall result in the indirect acquisition by LIMH of all of the issued and outstanding securities of LIM not already held by LIMH, all as further described in this Information Memorandum.
Amalco	The corporation resulting from the Amalgamation, to be named Labrador Iron Mines Limited, which shall be a wholly-owned subsidiary of LIMH, all in accordance with the terms and conditions of the Amalgamation Agreement.
Amalgamation Agreement	The Amalgamation Agreement dated as of March 16, 2023 among LIM, Subco and LIMH governing the terms of the Amalgamation in the form attached as Schedule "A" to this Information Memorandum.
Amalgamation Resolution	The Special Resolution approving the Amalgamation to be voted on, with or without variation, by LIM Shareholders at the Meeting substantially in the form attached as Schedule "B" to this Information Memorandum.
Certificate	The certificate of amalgamation issued by the Director under the OBCA in respect of the Amalgamation.
Companies	LIMH, Subco and LIM, as applicable.
Director	The director appointed under Section 278 of the OBCA.
Dissent Rights	The rights of a LIM Shareholder to dissent from the Amalgamation Resolution and to receive fair value for all LIM Shares held, as more particularly described under the heading "Rights of Dissenting Shareholders" in this Information Memorandum.
Dissenting LIM Shareholder	A LIM Shareholder who exercises Dissent Rights in accordance with Section 185 of the OBCA.
Effective Date	The date on which the Certificate giving effect to the Amalgamation has been issued by the Director.
Information Memorandum	This Information Memorandum to be sent to the LIM Shareholders in connection with the Meeting.
LIM	Labrador Iron Mines Limited, a corporation existing under the OBCA.

LIM Board	The board of directors of LIM.
LIM Shareholders	At the relevant time, holders of LIM Shares.
LIM Shares	Common shares in the capital of LIM.
LIMH	Labrador Iron Mines Holdings Limited, a corporation existing under the OBCA.
LIMH Shares	Common shares in the capital of LIMH.
LIMH Shareholder	At the relevant time, the holder of LIMH Shares.
Meeting	The special meeting of LIM Shareholders to be held at 55 University Ave., Suite 1805, Toronto, Ontario M5J 2H7 at 11:00 a.m. (Toronto time) on March 30, 2023 for the purpose of approving an Amalgamation.
OBCA	<i>Business Corporations Act</i> (Ontario), R.S.O. 1990, c. B-16, as amended from time to time.
Record Date	March 16, 2023, being the date for determining LIM Shareholders entitled to receive notice of and vote at the Meeting.
Subco	5035020 Ontario Limited (“Subco”) a corporation incorporated under the OBCA, a wholly-owned subsidiary of LIMH.
Termination Deadline	May 31, 2023 or such other date as LIMH and LIM shall agree in writing.

LABRADOR IRON MINES LIMITED

55 University Avenue, Suite 1805
Toronto, Ontario M5J 2H7

INFORMATION MEMORANDUM

(As at March 16, 2023 and in Canadian dollars, except as indicated)

GENERAL VOTING INFORMATION

Purpose of the Meeting

This Information Memorandum is furnished as a statement of the nature, details and consequences of the Amalgamation being considered in sufficient detail to permit the LIM Shareholders to form a reasoned judgment thereon.

At the Meeting, LIM Shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, the Amalgamation Resolution approving the Amalgamation, all as more particularly described herein. See “**The Amalgamation**”.

Voting

Only shareholders of LIM of record at the close of business on March 16, 2023 will be entitled to vote at the Meeting. If you wish to vote at the Meeting but are unable to attend the Meeting in person, you are entitled to request a proxy by contacting LIM by email at info@LabradorIronMines.ca to make arrangements for alternate or proxy voting. A proxyholder need not be a LIM Shareholder.

Any proxy must be dated and signed by the LIM Shareholder or his/her attorney authorized in writing. In case of a corporation, the proxy must be dated and executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

Any proxy must be deposited at the office of LIM at Suite 1805, 55 University Avenue, Toronto, Ontario, M5J 2H7, or by email at info@LabradorIronMines.ca not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting.

Revocability of Proxy

Any registered LIM Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered LIM Shareholder, his or her attorney authorized in writing or, if the registered LIM Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing. The instrument revoking the proxy must be deposited at the registered office of LIM at any time up to and including the last Business Day preceding the date of the Meeting, or any adjournment thereof, or in any other manner permitted by law.

Record Date and Voting of Shares

LIM has set March 16, 2023 as the Record Date for the Meeting. Only LIM Shareholders of record as at that date are entitled to receive notice of and to vote at the Meeting.

LIM is authorized to issue an unlimited number of LIM Shares without par value, of which 99,794,925 LIM Shares were issued and outstanding as of the close of business on March 16, 2023. Each issued and outstanding LIM Share confers upon its holder the right to one vote at any meeting of LIM Shareholders.

Principal Holders of Voting Securities

To the knowledge of the directors and the officers of LIM, at the date hereof, no person holds, directly or indirectly, or has control or direction over, more than ten percent (10%) of the outstanding LIM Shares, other than as set forth below.

Name and Municipality of Residence	Type of Ownership	Approximate Number of LIM Shares Owned, Controlled or Directed	Percentage of LIM Shares as at March 16, 2023
Labrador Iron Mines Holdings Limited	Direct	52,145,934	52.25%
Mining Developments LLC	Direct	27,995,890	28.05%

Interest of Certain Persons in Matters to be Acted Upon

LIMH holds 52,145,934 LIM Shares, representing 52.25% of the issued shares of LIM, and will hold 100% of Amalco (Labrador Iron Mines Limited) as a result of the Amalgamation.

Mining Development LLC holds 27,995,890 LIM Shares, representing 28.05% of the issued shares of LIM, and also holds 32,456,648 LIMH Shares, representing 19.99% of the issued shares of LIMH, which holding and percentage in LIMH will increase as a result of the Amalgamation.

None of the directors or executive officers of LIM, nor any person who has held such a position since the beginning of the last completed financial year of LIM, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the approval of the Amalgamation Resolution, which, if approved, will result in certain directors of LIM receiving LIMH Shares. Such directors and officers may also benefit from any increase in value of LIMH Shares held by them as a result of the Amalgamation.

Certain of the directors and officers of LIM are also LIM Shareholders and LIMH Shareholders and accordingly, such individuals have an interest in the Amalgamation Resolution as in the event of approval of such resolution, they would be entitled to receive LIMH Shares upon the same basis as other LIM Shareholders.

THE AMALGAMATION

Approval of Amalgamation Resolution

At the Meeting, LIM Shareholders will be asked, among other things, to consider and, if deemed advisable, approve, with or without variation, the Amalgamation Resolution approving the Amalgamation, all as more particularly described herein, in substantially the form of resolution attached as Schedule “B” to this Information Memorandum. See “The Amalgamation– Principal Features of the Amalgamation” below.

Notwithstanding the approval of the Amalgamation Resolution by LIM Shareholders, the Amalgamation Resolution authorizes the directors of LIM to abandon the transactions contemplated by the Amalgamation Agreement without further approval from LIM Shareholders.

Principal Features of the Amalgamation

The principal features of the Amalgamation may be summarized as set forth below (and are qualified in their entirety by reference to the full text of the Amalgamation Agreement).

On the Effective Date (see “The Amalgamation– Effect of the Amalgamation”), the following matters are anticipated to be effected in connection with the Amalgamation:

1. Articles of Amalgamation pursuant to s.178(1) of the OBCA will be filed with the Director together with all other statements or documents prescribed pursuant to the OBCA ;
2. The Director will issue the Certificate pursuant to which:
 - Subco and LIM will amalgamate and shall continue as Amalco, a new corporation under the OBCA, to be named Labrador Iron Mines Limited;
 - Any LIM Shares, other than LIM Shares held by LIMH and by Dissenting LIM Shareholders, will be exchanged by the holders thereof, without any further act or formality for fully paid and non-assessable LIMH Shares on the basis of 3.1136546 LIMH shares for each LIM share held in accordance with the terms of the Amalgamation Agreement, all resulting in the issuance of an aggregate of approximately 148,362,500 LIMH Shares (assuming an aggregate of 99,794,925 LIM Shares issued and outstanding immediately prior to the Effective Date, of which 47,648,991 (47.75%) LIM shares are not already held by LIMH);
 - The 52,145,934 LIM Shares (52.25%) held by LIMH will be cancelled;
 - All of the 100 Subco Shares will be exchanged by LIMH, the sole holder thereof, without any further act or formality for 100 fully paid and non-assessable Amalco Shares; and
 - Amalco, to be named Labrador Iron Mines Limited, will become a wholly-owned subsidiary of LIMH.

The full particulars of the Amalgamation and related matters are contained in the Amalgamation Agreement attached as Schedule “A” and incorporated by reference in this Information Memorandum. See also “Amalgamation Agreement” below.

Effect of the Amalgamation

The effect of the Amalgamation is that LIM and Subco will amalgamate to form Amalco which will continue as a wholly-owned subsidiary of LIMH, as a result of which all of the property and assets of LIM will become indirectly held by LIMH; and existing shareholders of LIM will continue to hold an indirect interest in the property and assets of LIM through the LIMH Shares which they receive pursuant to the Amalgamation, giving all shareholders of both LIM and LIMH the same beneficial percentage interest in all the assets of LIM as they held prior to the Amalgamation.

The Amalgamation does not change any of the assets, properties, rights, liabilities, obligations, business or operations of either LIMH or LIM on a consolidated basis.

The following table sets forth the approximate capitalization of LIMH after giving effect to the Amalgamation:

Security	Amount Authorized	Number Currently Outstanding	Number issued pursuant to the Amalgamation(1)	Number Outstanding after Amalgamation
Common Shares	Unlimited	162,364,427	148,362,500	310,726,927

1. Assuming issuance of 148,362,500 LIMH Shares issued to shareholders of LIM, other than LIMH

The following table summarizes the distribution of LIMH Shares following the completion of the Amalgamation based upon the foregoing assumptions:

Shareholder	Number of LIMH Shares on a Pro Forma Basis	Percentage of LIMH on a Pro Forma Basis
Existing LIMH Shareholders	162,364,427	52.25%
Former LIM Shareholders	148,362,500	47.75%
Total	310,726,927	100%

Amalgamation Agreement

The steps of the Amalgamation, as set out in the Amalgamation Agreement, are summarized under “The Amalgamation– Principal Features of the Amalgamation”.

The general description of the Amalgamation Agreement which follows is qualified in its entirety by reference to the full text of the Amalgamation Agreement.

LIMH, Subco and LIM have entered into the Amalgamation Agreement, which is dated for reference as of March 16, 2023.

In the Amalgamation Agreement, LIMH and LIM provide certain representations and warranties to one another regarding customary commercial matters, including corporate, legal and other matters, relating to their respective affairs.

The Amalgamation Agreement may be terminated at any time prior to the Effective Date, in the circumstances specified in the Amalgamation Agreement, including:

- by any of the parties, acting reasonably, without further obligation if the Effective Date has not occurred by the Termination Date;
- by either of LIMH (on behalf of itself and Subco) or LIM if the other is in default or breach of any representation, warranty, covenant or agreement set forth in the Amalgamation Agreement in any material respect, and the non-defaulting Party has given written notice of such default to the other party and the other party has failed to cure such default within ten (10) days of the notice;

- by either of LIMH (on behalf of itself and Subco) or LIM if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Amalgamation shall have become final and non-appealable; or
- by LIMH (on behalf of itself and Subco) if the Amalgamation Resolution is not approved by the LIM Shareholders.

REASONS FOR THE AMALGAMATION

LIM has been working for some years to advance development of its Houston Project through various initiatives, including discussing an off-take agreement, construction financing and product sale components; and advancing commercial negotiations with construction contractors, equipment vendors, rail, port and logistics counterparties; and planning metallurgical test work.

In order to fund these initiatives, LIM has been seeking near term working capital financing and has been seeking a potential private placement of equity. To date, it has proven difficult to attract investor interest in LIM. There are many reasons and explanations of which the more frequently mentioned are that: LIM's corporate structure is complex; LIM has two large shareholders which together control over 80% of LIM; there is no market or liquidity in the shares of LIM; LIMH holds 52% of LIM and has no direct interest in the Houston Project.

Recommendations of LIM Management

LIM Management believes that combining the shareholdings of LIMH and LIM, into a single publicly traded company, will simplify the corporate structure, improve liquidity and market capitalisation, enhance financing flexibility for the development and construction of the Houston Project, and create the best prospects long-term value for LIM Shareholders.

The number of LIMH Shares to be issued in exchange for the LIM Shares pursuant to the Amalgamation, is calculated to equate to the relative percentage interest of each company in the underlying assets. That is, the shareholders of LIM, other than LIMH, will continue to hold, indirectly, the same percentage interest in the assets of LIM upon completion of the Amalgamation as they hold, directly, before the Amalgamation. In addition, LIM Shareholders will hold their shares in, and have exposure to, a publicly traded company.

LIM Management therefore recommends that LIM Shareholders vote in favour of the Amalgamation.

Deliberations of LIM Board of Directors

The LIM Board reviewed the terms and conditions of the Amalgamation Agreement and the transaction contemplated thereunder.

The LIM Board considered the market value, financial and other assets, liabilities, and risks, as applicable to each of LIMH and LIM, and information with respect to the financial condition, on both a historical and prospective basis, of both LIMH and LIM.

The LIM Board also considered a number of relevant factors, including among other matters:

- the future prospects of the business and operations of LIMH and LIM;
- the efficiencies and potential cost savings to be achieved in the administration of one, rather than two, public companies;
- current economic and financial market conditions;
- the expected tax treatment of the Amalgamation;
- the procedures by which the Amalgamation is to be approved by LIM Shareholders; and
- the availability of Dissent Rights to LIM Shareholders with respect to the Amalgamation.

The LIM Board also identified certain disadvantages associated with the Amalgamation, including the fact that after the Amalgamation LIM Shareholders will hold an indirect, rather than a direct, interest in the assets of LIM, including in the Houston project, and the risks to LIM if the Amalgamation is not completed, including the potential adverse effect on LIM's ability to complete any future financing.

The LIM Board also considered the risk factors and other uncertainties applicable to LIMH, assuming completion of the Amalgamation, and concluded that there would be no significant change in the risk factors or other uncertainties relative to LIM on a stand-alone basis.

Because certain members of the LIM Board represent significant shareholders, and may be deemed to be in a conflict of interest position, the LIM Board abstained from making a formal recommendation to LIM Shareholders. The LIM Board, with Brendan Lynch and Ken MacLean each declaring their conflict of interest and abstaining from voting, approved the Notice of Meeting and the delivery of this Information Memorandum to LIM Shareholders.

Risk Factors of the Amalgamation

The LIMH Shares to be issued pursuant to the Amalgamation and LIMH's ongoing and future operations are subject to a number of risk factors. Shareholders of LIM should review carefully the risk factors set forth under "The Combined Company - Risk Factors and Uncertainties".

Conduct of the Meeting and Approval of the Amalgamation

Shareholder Approval of the Amalgamation

In accordance with the terms of the Amalgamation Agreement, in order for the Amalgamation to be effected, among other things, the Amalgamation Resolution must be approved by the LIM Shareholders. The Amalgamation Resolution to be presented to the Meeting is substantially as set forth in Schedule "B" to this Information Memorandum. In order to become effective, the Amalgamation Resolution must be approved by at least two-thirds ($\frac{2}{3}$) of the votes cast by LIM Shareholders, voted either in person or by proxy at the Meeting.

The LIM Board reserves the right at any time prior to the issuance of the Certificate to determine to not proceed with the Amalgamation.

Procedure for Exchange of LIM Shares

No letter of transmittal has been provided to the LIM Shareholders and no LIM Shareholder will be required to deliver any certificates representing their LIM Shares in order to receive LIMH Shares on completion of the Amalgamation.

Assuming completion of the Amalgamation, DRS certificates representing the appropriate number of LIMH Shares to which such LIM Shareholders are entitled to receive shall be automatically forwarded without charge to the registered holders thereof without any further action on the part of such LIM Shareholders by Computershare, LIMH's transfer agent and registrar, promptly following the Effective Date.

All certificates representing the LIM Shares shall be cancelled following the completion of the Amalgamation. Please do not send the share certificates representing your LIM Shares to LIM, LIMH or to Computershare, LIMH's transfer agent and registrar.

Fractional Shares

No fractional shares will be issued to LIM Shareholders otherwise entitled to them. Instead, the number of LIMH Shares to be issued to a LIM Shareholder will be rounded to the nearest whole number with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one half being rounded to the next lower whole number.

The foregoing information is a summary only. For further details, see the Amalgamation Agreement attached as Schedule "A".

Federal Income Tax Considerations

The following general summary describes certain of the principal Canadian federal income tax considerations applicable to the Amalgamation, and the holding and disposition of LIM Shares and LIMH Shares of or by a LIMH Shareholder who, for purposes of the Tax Act and at all relevant times, deals at arm's length with LIM and LIMH.

This summary is not applicable to a holder: (a) that is a "financial institution" (for the purposes of the "mark-to-market" rules in the Tax Act), a "specified financial institution" or a "restricted financial institution", each as defined in the Tax Act; (b) an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; or (d) that has or will enter into a "derivative forward agreement", "synthetic disposition arrangement", or a "dividend rental arrangement" as such terms are defined in the Tax Act, in respect of the shares. Such holders should consult their own tax advisors.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular LIM Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, because the tax consequences of the Amalgamation may vary depending upon the particular circumstances of each shareholder and other factors, LIM Shareholders should consult their own tax advisors for advice regarding the income tax consequences to them of the Amalgamation and holding and disposing of LIMH Shares, having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, local and foreign tax laws.

LIM Shares and LIMH Shares will generally be considered to be capital property unless the holder holds such shares in the course of carrying on a business or the holder acquired such shares in a transaction or transactions considered to be an adventure or concern in the nature of trade.

For Canadian federal income tax purposes, a LIM Shareholder whose LIM Shares represent “capital property” generally will not realize a capital gain or capital loss on the exchange of such shares for LIMH Shares pursuant to the Amalgamation. The adjusted cost base of the LIMH Shares received by a LIM Shareholder will generally be equal to the adjusted cost base of the LIM Shares exchanged by such LIM Shareholder.

United States Income Tax Considerations

Completion of the Amalgamation may have tax consequences under the laws of the United States, and any such tax consequences are not described in this Information Memorandum. United States shareholders of LIM are urged to consult their own tax advisors to determine any particular tax consequences to them of the transactions completed in connection with the Amalgamation.

Securities Laws Considerations

The following is a brief summary of the securities law considerations applying to the transactions contemplated herein.

Related Party Transaction

LIMH, which holds 52.25% of LIM, and Mining Developments LLC, which holds 28.05% of LIM and 19.99% of LIMH, are ‘related parties’ to LIM within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI61-101”) of the Canadian Securities Administrators (“CSA”). However, the procedures and filings prescribed in MI61-101 are not applicable to the Amalgamation as LIM is not a reporting issuer under securities law and the Amalgamation does not constitute a ‘business combination’ by virtue of s. 4.1(a) of MI61-101 for the same reason.

Canadian Securities Laws

LIMH is, and has been since 2007, a “reporting issuer” in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

LIM and Subco are not and never have been a reporting issuer under Canadian securities laws.

The issuance of the LIMH Shares pursuant to the Amalgamation will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The LIMH Shares may be resold in each of the provinces and territories of Canada provided the holder is not a ‘control person’ as defined in the applicable securities legislation, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale.

Each holder is urged to consult such holder’s professional advisers to determine the Canadian conditions and restrictions applicable to trades in the LIMH Shares. Resales of any securities acquired in connection with the Amalgamation may be required to be made through properly registered securities dealers.

U.S. Securities Laws

Any U.S. resident shareholder of LIM are urged to consult with their own legal counsel to ensure that the resale of LIMH Shares issued to them under the Amalgamation complies with applicable securities laws.

Effective Date and Conditions

Effective Date

If the Amalgamation Resolution is passed at the Meeting, and all conditions disclosed under “Conditions to the Amalgamation Becoming Effective” below are met, it is anticipated that the Amalgamation will be completed on or about March 31, 2023.

Conditions to the Amalgamation Becoming Effective

In order for the Amalgamation and the other transactions contemplated by the Amalgamation Agreement to be completed, certain conditions must have been satisfied (or in certain cases waived) on or before the Effective Date including the conditions summarized below:

Mutual Conditions:

The Amalgamation Resolution shall have been approved by the required majority of the votes of the shareholders of LIM in accordance with the provisions of the OBCA;

There shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Amalgamation Agreement;

Additional Conditions in Favour of LIM:

Each of the acts of LIMH and Subco to be performed on or before the Effective Date pursuant to the terms of the Amalgamation Agreement shall have been duly performed by them and there shall have been no material adverse change in the consolidated business, affairs, financial condition or operations of LIMH prior to the Effective Date;

The representations and warranties of LIMH and Subco set forth in the Amalgamation Agreement shall be true and correct in all material respects as of the Effective Date except as a result of the transactions contemplated thereby, and all covenants of LIMH and Subco shall have been complied with;

LIMH shall have approved the Amalgamation as sole shareholder of Subco in accordance with applicable law;

LIMH shall be a reporting issuer in good standing in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and shall not be in material default of any requirement of any Canadian securities laws and neither LIMH nor any of its securities shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;

Additional Conditions in Favour of LIMH:

Each of the acts of LIM to be performed on or before the Effective Date pursuant to the terms of the Amalgamation Agreement shall have been duly performed by it and there shall have been no material adverse change in the business, affairs, financial condition or operations of LIM prior to the Effective Date; and

The representations and warranties of LIM set forth in the Amalgamation Agreement shall be true and correct in all material respects as of the Effective Date except as a result of the transactions contemplated thereby, and all covenants of LIM shall have been complied with.

RIGHTS OF DISSENTING SHAREHOLDERS

LIM Shareholders who wish to dissent should take note that the procedures for dissenting to the Amalgamation require strict compliance with the applicable dissent procedures.

Dissent Rights to the Amalgamation Resolution for LIM Shareholders

As indicated in the notice of the Meeting, any holder of LIM Shares is entitled to be paid the fair value of his LIM Shares in accordance with Section 185 of the OBCA if such holder exercises Dissent Rights and the Amalgamation becomes effective.

A LIM Shareholder is not entitled to exercise Dissent Rights with respect to such holder's LIM Shares if such holder votes any of those shares in favour of the Amalgamation Resolution.

A brief summary of the provisions of Section 185 of the OBCA is set out below. This summary is qualified in its entirety to the provisions of Section 185 of the OBCA, the full text of which are set forth in Schedule "C" to this Information Memorandum.

Section 185 of the OBCA

The CBCA provides that LIM Shareholders who dissent to certain actions being taken by LIM may exercise a right of dissent and, in respect of the Amalgamation, LIM Shareholders may require LIM to purchase the LIM Shares held by such LIM Shareholders at the fair value of such shares determined without reference to the Amalgamation.

A holder of LIM Shares is not entitled to exercise Dissent Rights in respect of the Amalgamation Resolution if such holder votes any of the LIM Shares beneficially held by such holder in favour of the Amalgamation Resolution. The execution or exercise of a proxy does not constitute a written objection for purposes of the right to dissent under the CBCA.

The following summary does not purport to provide comprehensive statements of the procedures to be followed by a dissenting shareholder under the CBCA and reference should be made to the specific provisions of Section 185 of the OBCA.

The CBCA requires strict adherence to the procedures regarding the exercise of rights established therein. The failure to adhere to such procedures may result in the loss of all rights of dissent. Accordingly, each LIM Shareholder who wishes to exercise Dissent Rights should carefully consider and comply with the provisions of Section 185 of the OBCA and consult a legal advisor. A copy of Section 185 of the OBCA is set out in Schedule "C" to this Information Memorandum.

A Dissenting LIM Shareholder is required to send a written objection to the Amalgamation Resolution to LIM at or prior to the Meeting. A vote against the Amalgamation Resolution or a withholding of votes does not constitute a written objection. Within 10 days after the Amalgamation Resolution is approved by the LIM Shareholders, LIM must send to each Dissenting LIM Shareholder a notice that the Amalgamation Resolution has been adopted. The Dissenting LIM Shareholder is then required, within 20 days after receipt of such notice (or if such shareholder does not receive such notice, within 20 days after learning of the adoption of the Amalgamation Resolution), to send to LIM a written notice containing the

Dissenting LIM Shareholder's name and address, the number of LIM Shares in respect of which the Dissenting LIM Shareholder dissents and a demand for payment of the fair value of such shares and, within 30 days after sending such written notice, to send to LIM or its transfer agent the appropriate share certificate or certificates representing the LIM Shares in respect of which the Dissenting LIM Shareholder has exercised Dissent Rights.

A Dissenting LIM Shareholder who fails to send to LIM within the required periods of time the required notices or the certificates representing the LIM Shares in respect of which the Dissenting LIM Shareholder has dissented may forfeit their Dissent Rights under Section 185 of the OBCA.

If the Amalgamation Resolution becomes effective, then LIM will be required to send, not later than the 7th day after the later of (i) the Effective Date, and (ii) the day the demand for payment is received, to each Dissenting LIM Shareholder whose demand for payment has been received, a written offer to pay for the LIM Shares of such Dissenting LIM Shareholder in such amount as the directors of LIM consider the fair value thereof accompanied by a statement showing how the fair value was determined subject to certain exceptions. LIM must pay for the LIM Shares of a Dissenting LIM Shareholder within ten days after an offer made as described above has been accepted by a Dissenting LIM Shareholder, but any such offer lapses if LIM does not receive an acceptance thereof within 30 days after such offer has been made.

If such offer is not made or accepted within 50 days after the Effective Date, LIM may apply to a court of competent jurisdiction to fix the fair value of such shares. There is no obligation of LIM to apply to the court. If LIM fails to make such an application, a Dissenting LIM Shareholder has the right to so apply within a further 20 days.

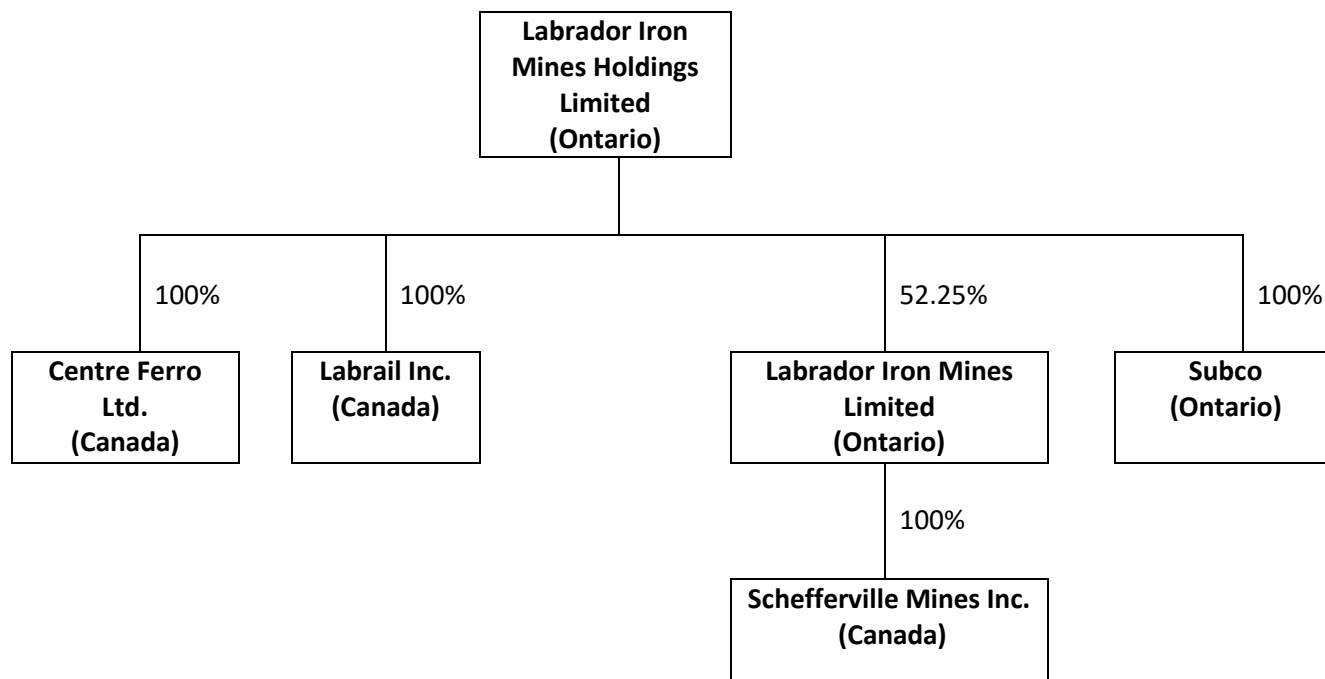
All notices to LIM of dissent to the Amalgamation Resolution pursuant to Section 185 of the OBCA should be addressed to the attention of the Chief Executive Officer and be sent to:

Labrador Iron Mines Limited
55 University Ave.
Suite 1805
Toronto, Ontario
Canada M5J 2H7

INFORMATION ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

Name and Incorporation

LIMH was incorporated under the laws of the Province of Ontario on May 17, 2007 and carries on its business through LIM, its 52.25% owned subsidiary, and several other wholly-owned subsidiaries as follows:



The registered and principal office of LIMH is located at 1805-55 University Avenue, Toronto, Ontario M5J 2H7.

LIMH is, and has been since 2007, a “reporting issuer” in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

A complete description of the current business, financial and share capital position of LIMH and details of its directors and officers, can be found in LIMH’s public filings under its profile on SEDAR at www.sedar.com, and on LIMH’s website at www.labradorironmines.ca. Readers are referred in particular to LIMH’s “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Consolidated Financial Statements for the Year Ended March 31, 2022 and for the three and nine months ended December 31, 2022.

General Development of the Business

LIMH, through its majority owned subsidiaries LIM and Schefferville Mines Inc. (“SMI”), (the “Group”) is engaged in the exploration and development of iron ore projects, situated in the Menihék area of western Newfoundland and Labrador and northeastern Quebec, near the town of Schefferville, in the central part of the Labrador Trough region of eastern Canada, one of the major iron ore producing regions in the world.

The Group's current focus is planning activities related to advancing the Houston Project, LIM's flagship property. The Houston Project is an open pit direct shipping iron ore project located near the town of Schefferville, on which an updated, independent Preliminary Economic Assessment ("PEA") was completed in February 2021 and demonstrated production of 2 million dmt of DSO per year, with an initial 12-year mine life, for total production of 23.4 million dmt of product at 62.2% Fe over the life of the mine.

The Houston Project offers low technical risk, with only building a short gravel road and rail siding as the principal construction components. The Houston Project's deposits 1 and 2 have undergone extensive regulatory review and approval and are considered ready for construction with a one-year construction period to production. Planned operations will involve conventional open pit truck and shovel activities and simple dry crushing and screening for processing.

The Group is advancing development of the Houston Project through a number of initiatives, including: discussing an off-take agreement, including construction financing and product sale components with a potential off-take partner; advancing commercial negotiations with construction contractors, equipment vendors, rail, port and logistics counterparties; and planning metallurgical test work of drill core collected from the Houston Project in a 2013 bulk sample, to refine the product characterization and specifications which will be helpful in marketing the iron ore.

To finance the capital costs of the Houston project various future construction financing alternatives are being considered including an advance payment component of an off-take agreement; equipment leasing arrangements; potential project partners; potential government development agencies participation; and potential debt and equity financing. LIMH is exploring various financing alternatives, including a potential private placement of equity.

The independent PEA prepared by Roscoe Postle Associates Inc ("RPA"), now part of SLR Consulting Ltd., February 2021, supports LIM's plan to resume iron ore production from its next phase Houston Project with low re-start capital and robust economics at a time when the global iron ore markets are strong. The PEA estimates initial direct capital costs of \$51.3 million, and along with indirect costs, engineering, procurement and construction management (EPCM) costs, owner's costs and contingency, total initial capital expenditures of \$86.8 million. The initial capital intensity at only US\$33 per annual tonne of production is considered low by industry standards.

Based on the assumptions used, the PEA estimates the Houston Project will generate an undiscounted net cash flow of \$234 million and an after-tax net present value at an 8% discount rate ("NPV8%") of \$109 million and an after-tax internal rate of return ("IRR") of 39%, under the base case US\$90/dmt (62% Fe Sinter Fines CFR China basis) benchmark pricing model.

HOUSTON DSO PROJECT

The Houston Project consists of the Houston 1, 2 and 3 deposits located in Newfoundland and Labrador and the adjacent Malcolm deposit located just over the provincial border in Quebec, collectively about 15 kilometres from Schefferville and about 10 kilometres south of LIM's former James Mine.

The Houston 1 and 2 deposits have been permitted and are considered ready for construction. The Houston 3 and Malcolm deposits are planned to come on stream in the second half of the mine life, following permitting.

In 2012, following the submission of a project registration to the Government of Newfoundland and Labrador for the development of the Houston 1 and 2 deposits, including a haul road and a new railway

siding, the Minister of Environment and Conservation informed LIM that, in accordance with the Environmental Protection Act, the Houston 1 and 2 Deposits Mining Project was released from further environmental assessment, subject to a number of conditions.

The Closure and Rehabilitation Plan for the Houston 1 and Houston 2 deposits has been approved to allow for initial development. In order to fully develop the Houston Project, the Closure and Rehabilitation Plan for the Houston 3 deposit must be approved by the Newfoundland Department of Natural Resources. The Malcolm deposit, included in the Houston project, has not been permitted by the Province of Quebec and is proposed to be developed in the second half of the project mine life.

LIM's Schefferville Projects are connected by a direct rail line to the Port of Sept-Iles on the Atlantic Ocean and benefit from established infrastructure, including the town of Schefferville, an airport, roads, hydro power and rail service.

LIM has existing life-of-mine rail agreements with Tshiuetin ("TSH") railway and Quebec North Shore and Labrador Railway ("QNS&L") for the transport of iron ore across the 235 km TSH railway and the 350 km QNS&L railway to the Port of Sept-Iles. These agreements are currently suspended until LIM's mining operations resume. LIM will be seeking additional amendments to be effective when the suspended contracts are reactivated. There are no assurances that LIM will be successful in negotiating such additional amendments to the commercial terms of its major contracts on reasonable or acceptable terms, or at all.

The port handling arrangements for the future shipment of LIM's iron ore production remain subject to ongoing evaluation and finalization. LIM continues to evaluate different options for the unloading, stockpiling and ship loading of its iron ore products at the Port of Sept-Iles. These potential options include renewal of a port access agreement with IOC, use of the Société Ferrovaire et Portuaire de Pointe Noire ("SFPPN", a public private partnership) port assets (which include the Wabush yard, dumper and loader, the Bloom Lake dumper and loader and the Arnaud Railway which connects that part of the Port to the QNS&L railroad) and/or use of the Port's new multi-user deep water dock and/or other facilities in the Port of Sept-Iles. Use of such facilities would require negotiation of a new agreement(s) with IOC, SFPPN and/or the Port.

Construction of the Houston Project is subject to the availability of construction financing. There are no assurances that the Group will be successful in obtaining the required financing and if it is unable to obtain such financing, the development of Houston will be delayed.

PRELIMINARY ECONOMIC ASSESSMENT - HOUSTON PROJECT

LIM engaged Roscoe Postle Associates Inc., now part of SLR Consulting Ltd. (collectively, "RPA/SLR"), to complete a National Instrument 43-101("NI 43-101") compliant technical report and preliminary economic assessment (collectively, the "PEA") of the Houston Project.

The PEA was issued in February 2021 with an effective date of December 31, 2020 and is filed on the LIMH's website and under the LIMH's profile on www.sedar.com.

Updated Mineral Resource Estimate

As part of the PEA, RPA/SLR completed an updated NI 43-101 mineral resource estimate and undertook a detailed optimization of Houston's open pit mining strategy and fully updated the proposed production schedule. This expanded scope of work focused on maximizing the component of the mineral resource

that can benefit from the dry crushing and screening processing strategy and thereby increased the expected production life of the project from 10 years to 12 years.

As reported in the Technical Report, the updated NI 43-101 mineral resource estimate for the Houston Project, effective December 31, 2020, is as follows.

Houston Project: Mineral Resource Estimate						
Category	Tonnes (Mdmt)	Fe %	SiO2 %	Mn %	P %	Al2O3 %
Measured	11.4	62.7	6.8	0.52	0.07	0.68
Indicated	9.1	62.7	7.3	0.41	0.06	0.54
M + I	20.5	62.7	7.0	0.47	0.06	0.62
Inferred	14.3	59.4	13.7	1.02	0.07	0.83

Updated Production Schedule

The strategy set out in the PEA aims to maximize the quantity of higher-grade mineralization and minimize the waste mined in the plan, thus lowering the strip ratio, with the objective of reducing overall costs. The revised mine plan is now scheduling distinct phases of mining in multiple smaller pits within the already permitted project footprint and is likely to result in a smaller overall disturbance area.

The PEA establishes an updated Houston mining schedule of 2 Mtpa (62.2% Fe) for total production of 23.4 Mt over a 12 year mine life. Mining and processing (consisting of dry crushing and screening only) will be undertaken 12 months of the year at a planned rate of 5,500 tpd, with an expected 100% mass yield. Train loading is planned to be undertaken from May to November (approximately 200 days per year) at a rate of 10,000 tpd. The product mix is expected to be 30% lump and 70% sinter fines DSO product.

The following table summarizes planned mine production from the four deposits which comprise the Houston Project, as set out in the PEA.

Houston Project: Production Summary								
Pit	High Grade Iron Domain (Mdmt)	Fe (%)	SiO2 (%)	P (%)	Mn (%)	Al2O3 (%)	Strip Ratio	Total Mined (Mdmt)
Houston 1	6.1	62.3	7.1	0.08	0.60	0.64	1.4:1	14.6
Houston 2	4.5	62.7	7.2	0.05	0.44	0.72	2.2:1	14.3
Houston 3	8.1	61.8	8.5	0.06	0.50	0.61	2.9:1	31.3
Malcolm	4.7	62.2	6.3	0.06	0.53	0.51	2.4:1	15.8
Total	23.4	62.2	7.4	0.06	0.52	0.62	2.2:1	76.7

Mining dilution of 5% at model grade is assumed, together with 99% mining recovery. Mass yield with dry crushing and screening is assumed at 100%.

Nearly 100% of production for the first five years of operations and nearly 100% of Houston 1 and Houston 2 production are derived from Measured and Indicated Resources. Overall, Measured and Indicated Mineral Resources represent approximately 80% of the planned production total.

Capital Costs

The PEA estimates initial direct capital costs of \$51.3 million, and along with indirect costs, engineering, procurement and construction management (EPCM) costs, owner's costs and contingency, total initial capital expenditures of \$86.8 million. Sustaining capital is estimated at \$67.7 million.

Initial capital costs and sustaining capital costs include an 18% contingency on direct and indirect costs. Major mining equipment is included in the financial analysis under a capital lease arrangement.

Cost escalation, exploration costs, corporate costs, project financing (except major mine equipment leasing) and working capital are excluded from the estimates. Restricted cash accounts are assumed to cover the closure and reclamation obligations.

A table summarizing the various components of Houston Project capital costs according to the PEA is as follows.

Houston Project: Capital Costs			
Area	Initial Capital (\$ millions)	Sustaining Capital (\$ millions)	LOM Capital (\$ millions)
Direct Costs:			
Equipment	15.5	36.7	52.2
Infrastructure:			
Dry Sizing Plant	6.4	0.6	7.0
Power and Site Distribution	1.7	3.0	4.7
Product Haul Road	14.9	2.5	17.4
Rail Siding	5.8	-	5.8
Site Buildings and Other Facilities	3.3	1.8	5.1
Site General	1.3	-	1.3
Development	2.3	11.6	13.9
Subtotal - Directs	51.3	56.3	107.6
Indirect Costs:			
EPCM Costs	11.3	2.4	13.7
Owner's Costs:			
Personnel	2.3	-	2.3
Personnel (non-payroll)	3.5	-	3.5
Site Services	2.2	2.9	5.1
Equipment, Supplies, Other	2.9	0.9	3.8
Subtotal – Indirect Costs	22.2	6.2	28.4
Contingency	13.3	5.2	18.6
Capital Costs	86.8	67.7	154.5
Closure and Reclamation	3.5	4.9	8.4

Economic Assumptions

The PEA uses an assumed long term iron ore price of US\$90/dmt (62% Fe Sinter Fines CFR China basis) as the base case in its financial analysis. This assumed base case long term iron ore price reflects the 3-year trailing average price of iron ore up to December 31, 2020, the effective date of the report.

The product from the Houston Project is expected to be comprised of 30% lump iron ore and 70% sinter iron ore at an average Fe grade of 62.2% and an average silica content of 7.4%. The PEA assumes a premium of US\$10/dmt will be paid over the benchmark price for lump product and a penalty of US\$1.50/dmt will be charged for every 1.0% silica content above 4.0%.

The product sold from the Houston Project is subject to a 2% revenue royalty payable to Houston Iron Royalties Limited. Additionally, the Houston deposits in Newfoundland and Labrador are subject to a royalty of US\$1.50/dmt and the Malcolm deposit in Quebec is subject to a royalty of \$2.00/dmt, in both cases payable to the former owners of the properties. Furthermore, financial participation to adjacent First Nation communities total approximately 1.1% NSR.

The PEA economic model assumes a point-of-sale of product from the Houston Project as Free on Board (FOB) the Houston rail siding. Under this concept, the sale price realized by the Company (FOB Houston rail siding) is expected to reflect an adjustment to the CFR China benchmark price for all onward rail, port and ocean shipping costs and value-in-use adjustments.

The PEA assumes the project's realized price (FOB Houston rail siding), at an assumed base case, long term iron ore price of US\$90/dmt, will reflect an off-take partner's adjustment of US\$52/dmt comprising rail and port costs in Canada, ocean shipping to China, value-in-use adjustments, a price discount for the purchaser and a charge for royalties. In other words, the PEA assumes LIM will net US\$38/dmt (FOB Houston rail siding) for its sinter product and US\$48/dmt (FOB Houston rail siding) for its lump product at an assumed base case long term iron ore price of US\$90/dmt (CFR China 62% Fe sinter fines basis). Furthermore, the PEA estimates LIM's total cash cost of iron ore product delivered FOB Houston rail siding will be US\$24.63/dmt (\$32.84/dmt).

Although an off-take agreement with a partner has yet to be finalized, the PEA economic model assumes a buyer would participate as to 50% of the price appreciation above US\$90/dmt (CFR China 62% Fe sinter fines basis), as an incentive to agree to the point-of-sale being FOB Houston rail siding. If the point of sale were alternatively FOB Port of Sept-Iles, such a price participation arrangement with a buyer would not be anticipated.

PEA Financial Results

Based on the assumptions used, the PEA estimates the Houston Project will generate an undiscounted net cash flow of \$234 million, an after-tax NPV8% of \$109 million and an after-tax internal rate of return ("IRR") of 39%, under the base case US\$90/dmt (62% Fe Sinter Fines CFR China basis) benchmark pricing model.

The PEA also notes that using an iron price of US\$160/dmt, adjusted for an assumed 50% price participation above US\$90/dmt, would increase the after-tax NPV8% to \$459 million and the after-tax IRR to 209%. Furthermore, the PEA notes that using a recent spot price of US\$160/dmt, not adjusted for an assumed price participation by the buyer, would increase the after-tax NPV8% to \$778 million and the after-tax IRR to 514%.

SCHEFFERVILLE PROJECTS

LIM's Schefferville Projects comprise numerous different iron ore deposits of varying sizes divided into separate portions, one within the Province of Newfoundland and Labrador and the other within the Province of Quebec, which were all part of the original Iron Ore Company of Canada ("IOC") direct shipping operations which reported producing in excess of 150 million tons of lump and sinter fine ore between 1954 and 1982, and formed part of the 250 million tons of historical reserves and resources previously identified by IOC.

In addition, LIM holds the Elizabeth Taconite Project, which has an inferred mineral resource estimate (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe.

The Group's strategy for its Schefferville Projects has been the development and mining of the various deposits in stages. Stage 1 comprised the deposits closest to existing infrastructure located at or near LIM's Silver Yards processing site, near Menihék in Labrador, and involved mining of the James and Redmond deposits.

Mining of the James deposit commenced in 2011 and in the three-year period of 2011, 2012 and 2013 LIM produced a total of 3.6 million dry metric tonnes of iron ore, all of which was railed to the Port of Sept-Iles, Quebec, and sold in 23 cape-size shipments into the China spot market.

LIM has not undertaken mining operations since 2013, primarily due to volatile iron ore market conditions, but has continued to conduct the expenditures required to maintain its various mineral claims in good standing, while focusing its planning activities on advancing the development of the Houston Project.

LIM completed the reclamation of its former James Mine and Silver Yards processing facility during the summer of 2021. LIM has successfully completed all its environmental regulatory requirements relating to rehabilitation of the former James Mine and Silver Yards processing site and related infrastructure, and in February 2022 obtained release of the final remaining \$1 million of financial assurance related to the rehabilitation.

LIM also continues to conduct the expenditures required to maintain its principal mineral claims in good standing, while allowing some peripheral claims to expire.

ELIZABETH TACONITE PROPERTY

The Elizabeth taconite deposit ("Elizabeth") is located approximately four km west of LIM's former James Mine. During the 2011 and 2012 field seasons, LIM's exploration efforts and drill programs identified a large iron orebody, leading to its first independent Inferred mineral resource estimate (as at June 15, 2013) comprising two adjacent deposit areas. Approximately 620 million inferred tonnes at an average grade of 31.8% Fe have been estimated in Elizabeth No. 1 and a potential 350 million to 600 million tonnes at an average grade 31.9% Fe have been estimated in Elizabeth No. 2. [Refer to "Qualified Persons" section below.]

The initial Elizabeth target measures approximately four km long and is made of magnetite and hematite dominant zones. There is significant potential for resource expansion as the deposit remains open along strike to the northwest and southeast.

Elizabeth represents an opportunity to develop a major new taconite operation in the Schefferville region of the Labrador Trough. The Elizabeth property location is advantageous, and has direct access to existing roads, rail bed and power line corridor.

Taconites require upgrading through a concentrator involving a major capital investment which would produce a high-grade saleable iron ore product higher than 68% Fe, which would attract premium prices in the current iron ore market.

Production of steel using high grade 68% iron ore reduces green house gas (GHG) emissions as compared to more typically consumed 62% iron hematite fines. Climate change is a prominent focus with major corporations including steel producers targeting carbon neutrality. In the context of total energy consumed through the full value chain to produce steel, the net GHG emissions using high grade iron ore, as would be produced at Elizabeth, are significantly reduced.

Development of the Elizabeth Project would be subject to the availability of development and construction financing. There are no assurances that LIM would be successful in obtaining the required financing for the further development and potential construction of the Elizabeth Project.

Qualified Persons and Technical Reports

Scientific and technical information disclosed herein has been prepared under the supervision of Rod Cooper, P.Eng., Chief Operating Officer of the Company who is a Qualified Person within the meaning of NI 43-101.

Technical Report entitled *“Technical Report on the Preliminary Economic Assessment of the Houston Project, Provinces of Newfoundland and Labrador and Québec, Canada”* dated effective December 31, 2020 by Glen Ehasoo, P.Eng., Dorota El Rassi, M.Sc., P.Eng., Marc Lavigne, M.Sc., Ing. Luke Evans, M.Sc., Ing. and Stephan Theben, Dipl.-Ing., SME (R.M.) of Roscoe Postle Associates Inc. (now part of SLR Consulting Ltd.), Qualified Persons and independent of LIM within the meaning of NI 43-101, which may be viewed under LIMH’s profile at www.sedar.com.

Technical Report entitled *“Technical Report: Schefferville Area Phase 1 DSO Iron Projects Resource Update, Western Labrador – NE Quebec, Canada”* dated effective June 27, 2014 by Maxime Dupéré, P.Geo. of SGS Canada Inc., who is a Qualified Person and independent of LIM within the meaning of NI 43-101, which may be viewed under LIMH’s profile at www.sedar.com.

Technical Report entitled *“Mineral Resource Technical Report Elizabeth Taconite Project Labrador”* dated effective June 15, 2013 by George H. Wahl, P.Geo., GH Wahl & Associates Consulting who is a Qualified Person and independent of LIM and within the meaning of NI 43-101, which may be viewed under LIMH’s profile at www.sedar.com.

A feasibility study has not been conducted on any of the Schefferville Projects and LIM’s decision to undertake commercial production has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability. Mineral resources, unlike reserves, do not have demonstrated economic viability. The terms “iron ore” and “ore” in this document are used in a descriptive sense and should not be construed as representing current economic viability.

LIMH Financial Information

The audited Consolidated Financial Statements of LIMH for the year ended March 31, 2022 and the unaudited Consolidated Financial Statements for the three and nine months ended December 31, 2022 are attached as Schedule “E” and Schedule “F”, respectively, to this Information Memorandum.

Description of Securities - LIMH Shares

Set forth below is a summary of the terms of the securities of LIMH issued and outstanding at the date hereof and anticipated to be issued and outstanding as of the Effective Date, prior to the completion of the Amalgamation.

LIMH is authorized to issue an unlimited number of LIMH Shares. There are 162,364,427 LIMH Shares issued and outstanding as of the date hereof.

Holders of LIMH Shares are entitled to receive notice of any meetings of shareholders of LIMH, and to attend and to cast one vote per LIMH Share at all such meetings. Holders of LIMH Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the LIMH Shares entitled to vote in any election of directors may elect all directors standing for election.

Holders of LIMH Shares are entitled to receive on a pro rata basis such dividends on the LIMH Shares, if any, as and when declared by the LIMH Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of LIMH are entitled to receive on a pro rata basis the net assets of LIMH after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of LIMH Shares with respect to dividends or liquidation. The LIMH Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

LIMH Capitalization

The following table sets forth the capitalization of LIMH as at December 31, 2022.

	Outstanding as at December 31, 2022
LIMH Shares (authorized – unlimited)	\$395,687,172 (162,364,427 LIMH Shares)

Prior Issuance of Securities of LIMH

The following table sets forth all securities issued by LIMH during the 12-month period preceding the date of this Information Memorandum:

Date	Number and Type of Securities Issued	Issue Price per Security
March 31, 2022	209,790 RSUs	CDN\$0.143
June 30, 2022	276,176 RSUs	CDN\$0.104
September 30, 2022	198,415 RSUs	CDN\$0.126
December 31, 2022	233,645 RSUs	CDN\$0.107

From March 31, 2022 to December 31, 2022, LIMH granted a total of 918,026 Restricted Share Units (each, an “RSU”) to independent Directors as director fees. Each RSU entitles the holder, upon election and with no further consideration, to acquire one LIMH share.

INFORMATION ABOUT LABRADOR IRON MINES LIMITED

The following information is presented on a pre-Amalgamation basis and is reflective of the current business, financial and share capital position of LIM.

See “INFORMATION CONCERNING THE COMBINED COMPANY” below for pro forma business, financial and share capital information relating to LIMH after giving effect to the Amalgamation.

Description of Securities-LIM Shares

Set forth below is a summary of the terms of the securities of LIM issued and outstanding at the date hereof, and anticipated to be issued and outstanding as of the Effective Date, prior to the completion of the Amalgamation.

LIM is authorized to issue an unlimited number of LIM Shares. There are 99,794,925 LIM Shares issued and outstanding as at the date hereof.

Holders of LIM Shares are entitled to receive notice of any meetings of shareholders of LIM, and to attend and to cast one vote per LIM Share at all such meetings. Holders of LIM Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the LIM Shares entitled to vote in any election of directors may elect all directors standing for election.

Holders of LIM Shares are entitled to receive on a pro rata basis such dividends on the LIM Shares, if any, as and when declared by the LIM Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of LIM are entitled to receive on a pro rata basis the net assets of LIM after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of LIM Shares with respect to dividends or liquidation.

The LIM Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

LIM Capitalization

The following table sets forth the capitalization of LIM as at December 31, 2022.

	Outstanding as at December 31, 2022
LIM Shares (authorized – unlimited)	\$32,691,192 (99,794,925 LIM Shares)

Prior Sales

There were no securities issued by LIM during the 12-month period preceding the date of this Information Memorandum.

General Development of the Business

A complete description of the current business, financial and share capital position of LIM can be found on the company’s website at www.labradorironmines.ca and in LIMH’s public filings under its profile on SEDAR at www.sedar.com.

LIM and its wholly owned subsidiary Schefferville Mines Inc. (“SMI”), are engaged in the exploration and development of iron ore projects, situated in the Menihek area of western Newfoundland and Labrador and northeastern Quebec, near the town of Schefferville, in the central part of the Labrador Trough region of eastern Canada, one of the major iron ore producing regions in the world.

LIM’s current focus is planning activities related to advancing the Houston Project, LIM’s flagship property.

See “Labrador Iron Mines Holdings Limited – General Development of the Business” for a description of LIM’s current business,

LIM Financial Information

The audited Consolidated Financial Statements of LIM for the year ended March 31, 2022 are attached as Schedule “F” to this Information Memorandum.

INFORMATION CONCERNING THE COMBINED COMPANY

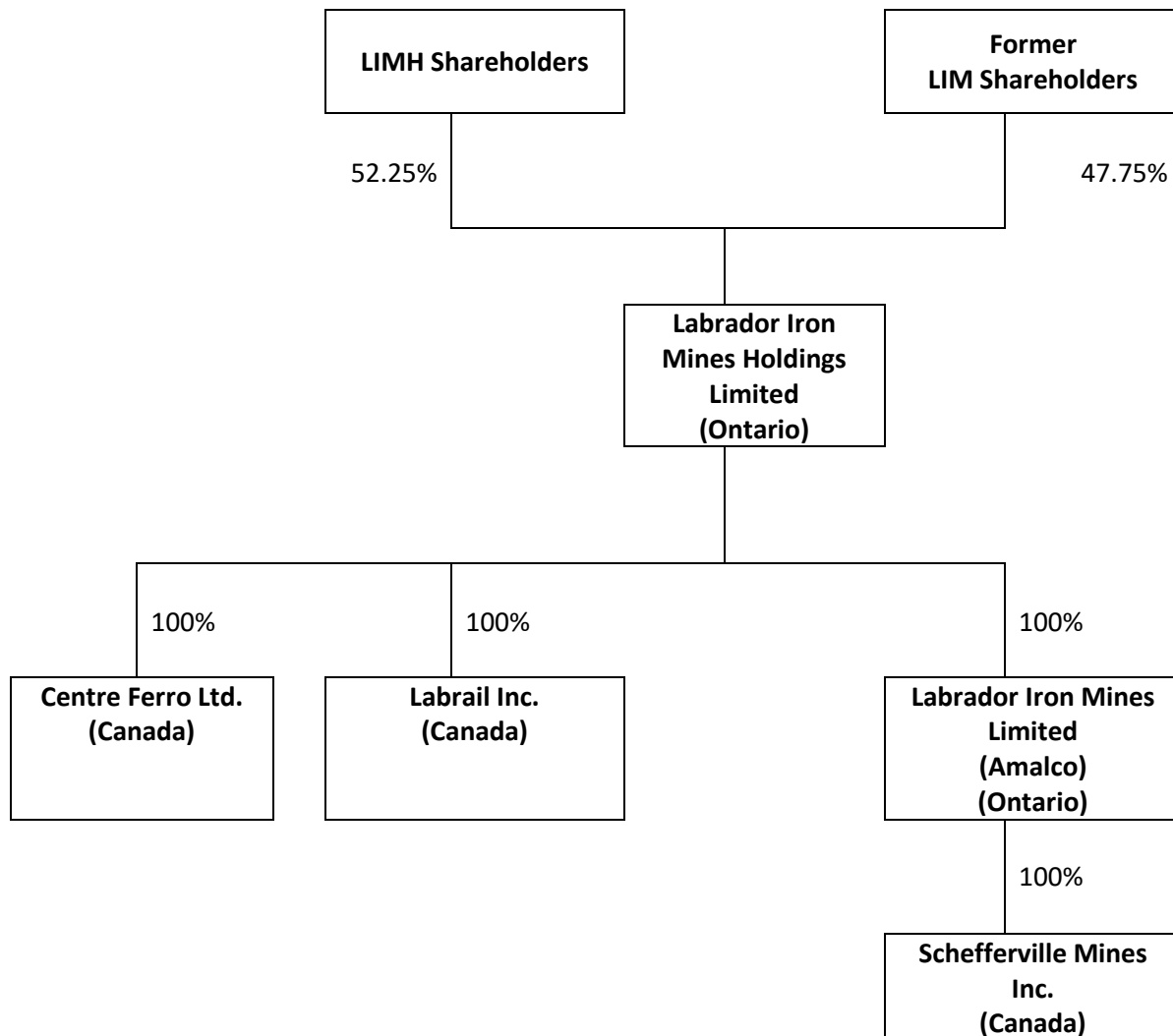
Following the Amalgamation, Amalco (to be renamed Labrador Iron Mines Limited) will continue the business heretofore carried on by LIM; will hold all the assets previously held by LIM; and be subject to the same intercorporate relationships as previously affected LIM.

The Amalgamation will result in all of the issued and outstanding LIM Shares being acquired by LIMH, such that on the Effective Date, LIM shall merge with Subco to become Amalco (to be renamed Labrador Iron Mines Limited) and will be a wholly-owned subsidiary of LIMH.

The following information is presented assuming completion of the Amalgamation, and is reflective of the projected business, financial and share capital position of LIMH on a consolidated basis (the "Group") assuming the completion of the Amalgamation .

Inter-corporate Relationships

Upon completion of the Amalgamation, the corporate organization chart for LIMH will be as follows:



Operations of the Combined Company - LIMH

On completion of the Amalgamation, the focus of the Group will continue to be planning activities related to advancing the Houston Project. The Houston Project is an open pit direct shipping iron ore project located near the town of Schefferville, on which an updated, independent Preliminary Economic Assessment (“PEA”) was completed in February 2021 and demonstrated production of 2 million dmt of DSO per year, with an initial 12-year mine life, for total production of 23.4 million dmt of product at 62.2% Fe over the life of the mine.

A complete description of the business, financial position of LIMH, and details of its directors and officers, can be found in LIMH’s public filings under its profile on SEDAR at www.sedar.com, and on LIMH’s website at www.labradorironmines.ca.

For information on the operations, please refer to “Labrador Iron Mines Holdings Limited- General Development of the Business”.

Resale Restrictions

The LIMH Shares to be issued in connection with the Amalgamation will be distributed under exemptions from the requirements to provide a prospectus under applicable Canadian securities laws. As LIMH has been a reporting issuer in a jurisdiction of Canada for more than four months, the LIMH Shares may be resold in each of the provinces and territories of Canada without significant restriction, provided the holder is not a ‘control person’ as defined in the applicable securities legislation, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale.

U.S. shareholders of LIMH should consult their own advisors regarding resale restrictions applicable to holders of LIMH Shares who are subject to U.S. securities laws.

Principal Holders of Voting Securities Post-Amalgamation

To the knowledge of the directors and officers of LIM, at the completion of the Amalgamation, the only persons who will beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of voting rights attached to the then outstanding LIMH Shares will be Mining Developments LLC, which will hold 119,626,180 common shares, representing 38.5% of LIMH’s shares.

Unaudited Pro-Forma Financial Information

The Unaudited Pro Forma Consolidated Statement of Financial Position of LIMH and accompanying notes, following completion of the Amalgamation, are included in Schedule “G” to this Information Memorandum.

The following selected unaudited pro forma consolidated financial information is based on the assumptions described in the respective notes to the Unaudited Pro Forma Consolidated Statement of Financial Position included in Schedule “G” to this Information Memorandum.

Unaudited Pro Forma Consolidated Statement of Financial Position	December 31, 2022 (in Canadian dollars "\$")
Current Assets	119,982
Non-Current Assets	<u>26,738,516</u>
Total Assets	<u>26,858,498</u>
Current Liabilities	1,047,123
Non-Current Liabilities	<u>271,250</u>
Total Liabilities	1,318,373
Total Shareholders' Equity	<u>25,540,125</u>
Total Liabilities and Shareholders' Equity	<u>6,858,498</u>

Pro-Forma Consolidated Capitalization

The following table sets forth the approximate capitalization of the LIMH on a pro-forma post-Amalgamation basis.

Designation of Security	LIMH Shares Authorized	LIMH Shares Issued and Outstanding after giving effect to the Amalgamation(1)
Combined LIMH Shares Post Amalgamation	Unlimited	310,726,927

1. Assuming issuance of 148,362,500 shares of LIMH issued to shareholders of LIM, other than LIMH.

Financing and Going Concern

At December 31, 2022, LIMH on a consolidated basis had a working capital deficit of \$0.93 million.

The continued operation and successful development of its properties depends upon LIMH's ability to obtain financing through private placement financing, public financing, advance from shareholders, the joint venturing of projects, bank financing or other means. There is no assurance that LIMH will be successful in obtaining such required financing.

Several conditions discussed below create a material uncertainty about LIMH's ability to continue as a going concern. LIMH will need to generate additional financial resources or liquidity to address its ongoing working capital requirements. LIMH's planned development programs, including development of the Houston Project, will require additional initial mine development financing and additional working capital.

LIMH plans to complete a working capital financing and is exploring various financing alternatives, including a potential private placement of equity. There is a significant risk that additional or alternative financing will not be available on a timely basis or on acceptable terms.

There are no assurances that LIMH will continue to be able to obtain additional financial resources and/or achieve positive cash flows or profitability. LIMH has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. If LIMH is unable to obtain adequate additional financing it will be required to curtail standby activities and all exploration and development activities and may be required to liquidate its assets. Failure to continue as a going concern would require that LIMH's assets and liabilities be restated on a liquidation basis which may differ significantly from the going concern basis.

The ongoing development of LIMH's properties, including the Houston Project, will require substantial additional capital investment. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of these properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favourable to the company.

Registrar and Transfer Agent

The transfer agent and registrar for LIMH is Computershare Investor Trust Company at its principal offices in Toronto, Ontario.

Auditors

The auditors of LIMH are McGovern Hurley LLP.

Material Contracts

There are no contracts of LIM, other than contracts entered into in the ordinary course of business, that are material to LIMH and that were entered into by LIMH within the most recently completed financial year and are still in effect, other than the Amalgamation Agreement.

A copy of the Amalgamation Agreement is attached hereto as Schedule "A". In addition, copies of the Amalgamation Agreement may also be inspected at any time up to the Meeting during normal business hours at the business office of LIMH at 1805-55 University Avenue, Toronto, Ontario M5J 2H7.

RISKS FACTORS AND UNCERTAINTIES

In conducting its business, LIMH and LIM face a number of risks and uncertainties, and following the Amalgamation LIMH and the Group will continue to face the same risks and uncertainties. A summary of some of the principal risks and uncertainties is set out below.

Financing and Going Concern

At December 31, 2022, LIMH on a consolidated basis, (the “Company”) had a working capital deficit of \$0.93 million.

The continued operation and successful development of properties depends upon the Company’s ability to obtain financing through the sale of assets, private placement financing, public financing, advance from shareholders, the joint venturing of projects, bank financing or other means. There is no assurance that the Company will be successful in obtaining such required financing.

Several conditions discussed below create a material uncertainty about the Company’s ability to continue as a going concern. The Company will need to generate additional financial resources or liquidity to address its ongoing working capital requirements. The Company’s planned development programs, including development of the Houston Project, will require additional initial mine development financing and additional working capital.

The Company plans to complete a working capital financing and is exploring various financing alternatives, including a potential private placement of equity. There is a significant risk that additional or alternative financing will not be available to the Company on a timely basis or on acceptable terms.

There are no assurances that the Company will continue to be able to obtain additional financial resources and/or achieve positive cash flows or profitability. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. If the Company is unable to obtain adequate additional financing the Company will be required to curtail standby activities and all exploration and development activities and may be required to liquidate its assets. Failure to continue as a going concern would require that the Company’s assets and liabilities be restated on a liquidation basis which may differ significantly from the going concern basis.

The ongoing development of the Company’s properties, including its Houston Project, will require substantial additional capital investment. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of these properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favourable to the Company.

No Assurance of Profitable Production

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which

factors may result in the Company not receiving an adequate return on investment capital. Many of the Company's mineral claims are in the exploration stage only and are without a known body of commercial mineralization.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Mining operations, such as those experienced at the Company's former James Mine and anticipated at Houston or other deposits, generally involve a high degree of risk. Such operations are subject to all of the hazards and risks normally encountered in the exploration for, and the development and production of, iron ore, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Processing operations are subject to hazards such as equipment failure, changes in ore characteristics, such as rock hardness, and mineralogy which may impact production rates and iron ore recovery, or failure of retaining dams which may result in environmental pollution and consequent liability.

A feasibility study has not been conducted on any of the Schefferville Projects and the Company's plan to undertake commercial production from the Houston deposits has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, there is an increased risk of economic or technical failure as the volume and grade of iron ore mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral resources, or of the Company's ability to extract iron ore, could have a material adverse effect on the Company's results of operations and financial condition.

The successful commercial development of the Company's properties will depend upon the Company's ability to obtain financing through private placement financing, public financing, joint venturing of projects, bank financing, commodity financing or other means. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. There can be no assurance that the Company will be successful in obtaining any required financing or in obtaining financing on reasonable or acceptable terms.

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

Fluctuating Iron Ore Prices and Ocean Freight Rates

The viability of the Company's Schefferville Projects is dependent on the sale price of iron ore in the seaborne market. Factors beyond the control of the Company may affect the marketability of iron ore or other metals.

Metal prices, including iron ore prices, are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. The principal risk factors include: diminished demand which may arise if rates of economic growth in China and India decline or are not sustained; increases in supply resulting from the development of new sources of iron ore or expansion of existing operations by the world's largest iron ore producers, or supply interruptions due to changes in government policies in iron ore consuming nations, war, or international trade embargoes. The effect of these factors on the Company's operations cannot be predicted.

The main destination for the seaborne iron ore market is currently China and bulk carrier ocean freight rates to China are a significant cost that affects the net prices received from the sale of iron ore. Factors beyond the control of the Company affect ocean freight rates. Supply and demand for ocean going vessels, fuel costs and foreign currency exchange rates, among other factors, can contribute to significant ocean freight rate volatility.

Uncertainty in the Estimation of Mineral Resources

There is a degree of uncertainty to the calculation of mineral resources and corresponding grades being mined or dedicated to future production. Until mineral resources are actually mined and processed, the quantity of mineral resources and corresponding grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material changes in quantity of mineral resources, grade or stripping ratio may affect the economic viability of the Schefferville Projects. In addition, there can be no assurance that iron ore recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Fluctuation in iron ore prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revisions of such estimates.

The volume and grade of iron ore mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral resources, or of the Company's ability to extract iron ore, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources, unlike mineral reserves, do not have demonstrated economic viability.

Uncertainty Relating to Inferred Mineral Resources

Due to the uncertainty which may be attached to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured and indicated resources as a result of continued exploration, or that measured and indicated resources will be converted into proven and probable mineral reserves.

Need for Additional Mineral Reserves and Mineral Resources

Because mines have limited lives, the Company will be required to continually replace and expand its mineral resources as its mines produce iron ore. The life-of-mine estimates may not be correct. The Company's ability to maintain or increase production of iron ore in the future will be dependent in significant part on its ability to bring new mines into production and to expand mineral resources. The Company does not report any mineral reserves.

Transportation and Port Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's operations require rail transportation from the Schefferville region to a seaport and ship berthing, storage and loading facilities at such port.

The Company's iron ore product is transported via a 560 km railway line between Schefferville and the Port of Sept-Iles. This railway line is comprised of two sections, the Menihek Division railway line owned by TSH, which runs approximately 200 km between Schefferville and Emeril Junction, and the QNS&L railway line, which continues the remaining approximately 360 km to Sept-Iles. At Sept-Iles (Arnaud Junction), the QNS&L railway line connects to the Arnaud Railroad (Chemin de fer Arnaud), which runs approximately 34 km around the bay to the port terminal at Pointe-Noire.

LIM has existing life-of-mine rail agreements with Quebec North Shore and Labrador Railway and Tshuëtin Rail Transportation Inc. for the transport of iron ore to the Port of Sept-Iles. These agreements are currently suspended until LIM's mining operations resume. LIM is also seeking additional amendments to be effective when the suspended contracts are reactivated. There are no assurances that LIM will be successful in negotiating such additional amendments to the commercial terms of its major contracts on reasonable or acceptable terms, or at all.

The port assets at the Pointe Noire area of the Port of Sept-Iles were acquired by Investissement Quebec, the investment arm of the Government of Quebec, in 2016 and subsequently transferred to Société Ferrovaire et Portuaire de Pointe Noire (a public private partnership). The SFPPN port assets include the Wabush yard, dumper and loader, the Bloom Lake dumper and loader, with conveyor access to the Port's new multi-user deep water dock, and the Arnaud Railway which connects that part of the Port to the QNSL railroad of IOC, which in turn connects the Port to Labrador City and, via the TSH railway, to Schefferville and to LIM's Silver Yards site.

The port handling arrangements for the future shipment of LIM's iron ore production remain subject to ongoing evaluation and finalization. The Company continues to evaluate different options for the unloading, stockpiling and ship loading of the Company's iron ore products at the Port of Sept-Iles. These include the potential use of the SFPPN port assets and/or the Port's new multi-user deep water dock and/or other facilities in the port of Sept-Iles. Use of such facilities would require negotiation of a new agreement(s) with SFPPN and/or the Port and /or other parties.

Although the Company has previously negotiated agreements covering rail transportation to the Port of Sept-Iles and berthing, storage and loading facilities at Sept-Iles, the Company needs to renegotiate these agreements and re-set these arrangements. There can be no assurance that such renegotiations will be successful. There can be no assurance that reductions in capital requirements under these contracts can be achieved. Failure of such arrangements or the inability to renegotiate them on economically feasible terms could render the Schefferville Projects unviable.

Ability to Attract and Retain Qualified Personnel

The operation of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

The Company is dependent on the services of key executives, including the Chairman and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and the Senior Vice President Operations, some of whom are currently engaged on a part-time or consulting basis only. Due to the relatively small size of the Company, the loss of any of these persons or the Company's inability to retain these personnel or attract and retain additional highly skilled or experienced employees would adversely affect its business and future operations.

In common with all other mining operations in Canada and worldwide, the Company is competing for limited available skilled manpower, including professional, technical and trades personnel. The demand for skilled personnel in the Labrador Trough region may increase the Company's costs of operating which could have a material adverse effect on the Company's results of operations and financial condition.

Recruiting and retaining qualified personnel is critical to the Company's business. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is often intense. Upon resumption of mining operations, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although the Company believes it will be successful in attracting, training and retaining qualified personnel for future operations, there can be no assurance of such success. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

Government Regulation and Permitting

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies.

The main permits, licenses, approvals, and other forms of authorization required for the development of a mine in Labrador must be obtained from both the Government of the Province of Newfoundland and Labrador and the Government of Canada. These consist of a Mining Lease and a Permit to Mine issued under the Mining Act (Newfoundland and Labrador) and an approval and release of the project under the Environmental Protection Act (Newfoundland and Labrador) and, potentially, the Impact Assessment Act, (Canada).

Legislation principally applicable to the permitting process by the Government of Newfoundland and Labrador includes (i) the Environmental Protection Act, the Water Resources Act and the Endangered Species Act administered by the Department of Environment and Conservation; (ii) the Mining Act administered by the Department of Natural Resources; and (iii) the Occupational Health & Safety Act and the Workplace Health, Safety and Compensation Act administered by the Department of Government Services.

Legislation principally applicable to the permitting process by the Government of Canada includes (i) the Impact Assessment Act, the Environmental Protection Act and the Species at Risk Act all administered by Environment Canada; (ii) the Fisheries Act administered by Fisheries and Oceans Canada; and (iii) the

Navigable Waters Protection Act and the Transportation of Dangerous Goods Act administered by Transport Canada.

The Company must obtain various regulatory approvals, permits and licences and there is no assurance that such approvals will be obtained. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis.

The Closure and Rehabilitation Plan for the Houston 1 and Houston 2 deposits has been approved to allow for initial development. In order to fully develop the Company's Houston Project, the Closure and Rehabilitation Plan for the Houston 3 deposit must be approved by the Newfoundland Department of Natural Resources. The Malcolm deposit, included in the Houston project, has not been permitted by the Province of Quebec and is proposed to be developed in the second half of the project timeline.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. There can be no assurance that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake. The Company is not able to determine the impact of any future changes in environmental laws and regulations.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new rules and regulations will not be enacted or made, or that existing rules and regulations will not be applied, in a manner which could limit or curtail production or development.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Political and Aboriginal / First Nations

The Company conducts its operations in western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, which areas are subject to conflicting First Nations land claims. There are a number of First Nations peoples living in the Quebec-Labrador peninsula with overlapping claims to asserted aboriginal land rights. Aboriginal claims to lands, and the conflicting claims to traditional rights between aboriginal groups are not currently governed by any existing treaty rights and may have an impact on the Company's ability to develop the Schefferville Projects. The boundaries of the traditional territorial claims by these groups, if established, may impact on the areas which constitute the Schefferville Projects. Mining licenses and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

There are a number of Innu groups based in Quebec (including Schefferville and Sept-Iles) who assert aboriginal rights in Quebec and Labrador. The Innu of Quebec, located at Matimekush-Lac Jean near Schefferville, and at the communities of Uashat Takuaiakan mak Mani-Utenam, near Sept-Iles, assert aboriginal rights to traditional lands which include parts of Quebec and Labrador. Members of the Innu Uashat Takuaiakan mak Mani-Utenam, near Sept-Iles, Quebec, claim ownership of some registered trap lines in the Schefferville area.

The Innu of Matimekush-Lac John and Uashat Takuaiakan mak Mani Utenam are two of five Innu communities living in northeastern Quebec who in 2009 formed the “Innu Strategic Alliance” seeking to have their ancestral rights on their traditional lands which extend on both sides of Quebec-Labrador border recognized by Governments. At various times, the Innu Strategic Alliance has stated that, in order to have their ancestral rights, including the caribou hunt recognized, the Quebec Innu would if necessary seek to block natural resource development projects in Labrador and Quebec, such as the Churchill hydroelectric project in Labrador, the La Romaine hydro-electric project in Quebec and mining projects near Schefferville. In June 2010, the Innu Strategic Alliance set up a barricade on the road leading from the town of Schefferville to the mining projects of two companies, including the Company, “to ensure protection of their rights”. This barricade was removed by the Innu in early September 2010.

The Company entered into Impact Benefit Agreements or Economic Development Agreements (collectively, “IBAs”) with the Innu Nation of Labrador (July, 2008), the Naskapi Nation of Kawawachikamach (September, 2010), the Innu of Matimekush-Lac John (Schefferville) (June, 2011), and the Innu Takuaiakan Uashat Mak Mani-Utenam (Sept-Iles) (February, 2012) with respect to the development and operation of the Schefferville Projects. The Company also entered into an Economic Partnership Agreement (December 2012) with the NunatuKavut Community Council, representing the Southern Inuit of Labrador.

Under the IBAs and the Economic Partnership Agreement, the Company agreed to use its best efforts to provide employment and training opportunities for members of these communities and business opportunities for local aboriginal-owned and operated businesses. The Company also agreed to provide these aboriginal groups with a financial participation in the Schefferville Projects based, in part, on iron ore production. The Company further agreed to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects on local communities. Through the IBAs and Economic Partnership Agreement, the First Nations groups have consented to the Company’s projects and have agreed to provide the Company continuing and unobstructed access to, and equitable enjoyment of, the iron ore projects and its properties.

The Naskapi Nation of Kawawachikamach submitted a claim under its Economic Development Agreement against LIM as part of the 2015 CCAA process, which claim was rejected and remains contested, and is being dealt with pursuant to dispute resolution provisions of the Plan of Arrangement approved by the Court.

The Company has suspended its impact benefit agreements, and the ongoing financial commitments under such agreements, with various First Nations communities in accordance with the terms of such agreements until the Company’s mining operations resume. In connection with the development of its Houston Project, the Company plans to reactivate the IBA and Economic Partnership agreements and continue engagement and consultations with these First Nations communities. There can be no assurance that the Company will be successful in maintaining these agreements and its relationships with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company’s properties or may be impacted by the Schefferville Projects.

Environmental Risks and Hazards

The Company's activities are subject to extensive national, provincial, and local laws and regulations governing environmental protection and employee health and safety. The Company is required to obtain governmental permits and provide bonding requirements under environmental laws. All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner, which will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. In particular, a carbon tax on the emission of carbon dioxide from the burning of fossil fuels is likely to be implemented at both the provincial and federal level in the next few years.

The ultimate amount of reclamation to be incurred for the planned mining operations at the Schefferville Projects is uncertain. Although the Company will make provision for reclamation obligations when these arise, it cannot be assured that these provisions will be adequate to discharge its obligations for these costs. Environmental hazards may exist on the properties in which the Company holds interests which have been caused by previous owners or operators of the properties. As environmental protection laws and administrative policies change, the Company will revise the estimate of its total obligations and may be obliged to make further provisions or provide further security for mine reclamation cost.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. Any changes in such laws, or in the environmental conditions at the Schefferville Projects, could have a material adverse effect on the Company's financial condition, liquidity or results of operations. The Company is not able to predict the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence at the Schefferville Projects, the Company must obtain regulatory approval, permits and licenses and there is no assurance that such approvals will be obtained. No assurance can be given that new rules and regulations will not be enacted or made, or that existing rules and regulations will not be applied, in a manner which could limit or curtail production or development.

Failure to comply with applicable environmental and health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that the Company has been or will be at all times in complete compliance with all such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially adversely affect the Company's business, results of operations or financial condition. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, or require abandonment or delays in development of mining properties.

Legal Title and Ownership Risks

Ownership of mineral rights in Newfoundland and Labrador is either through mineral claims, called “Mineral Rights Licenses”, issued by the Department of Natural Resources, Province of Newfoundland and Labrador at the exploration stage, or Mining Leases at the production stage.

Mineral Rights Licenses in the Province of Newfoundland and Labrador consist of a number of claim units which are either “ground staked” or “map staked claims”. A “map staked license” means a license giving the holder the exclusive right to explore for minerals in an area shown on maps maintained in the Department of Natural Resources and described in accordance with the Mineral Act (Newfoundland and Labrador) (“NFMA”).

Subject to the terms under which the Mineral Rights License is issued, the licensee has the exclusive right to explore for minerals, in, on or under the area of land described in the license. In order for a Mineral Rights License to remain in good standing with the Government of Newfoundland and Labrador, the license has to be renewed every fifth year on the anniversary date. A Mineral Right License confers no right to remove minerals except for sampling, assaying and testing purposes. The holder of a License is required to expend assessment work: (a) for each year of the first extended term, years 6-10, by multiplying the number of claims or units held under the license by \$600; (b) for each year of the second extended term, years 11-15, by multiplying the number of claims or units held under the license by \$900; and (c) for each year of the third extended term, years 16-20, by multiplying the number of claims or units held under the license by \$1,200.

The holder of a Mineral Rights License has a right to be issued a mining lease for a reasonable period, not exceeding 25 years, that the Minister may determine, and subject to certain provisions. A mining lease issued under the NFMA provides for an annual rental fee as set out in the NFMA.

In Quebec, the ownership and granting of mining titles for mineral substances is primarily governed by the Mining Act (the Act) and related regulations. A claim gives its holder the exclusive right to explore for mineral substances on the land subject to the claim but does not entitle its holder to extract mineral substances, except for sampling and in limited quantities. In order to mine mineral substances, the holder of a claim must obtain a mining lease.

In Quebec, a claim has a term of two years, which is renewable for additional periods of two years, subject to performance of minimum exploration work on the claim and compliance with other requirements set forth by the Act. In certain circumstances, if insufficient or if no work has been carried out at all, it is possible for the claimholder to comply with the minimum work obligations by using work credits for exploration work conducted on adjacent parcels or by making a payment in lieu of the required work. In Quebec, a mining lease is granted to the holder of one or several claims upon proof of the existence of indicators of the presence of a workable deposit on the area covered by such claims and compliance with other requirements prescribed by the Act. A mining lease has an initial term of 20 years but may be renewed for three additional periods of 10 years each.

To maintain the Company’s mineral licenses, claims and leases in good standing, the Company is required to incur prescribed minimum annual exploration expenditures and pay fees. Failure to make either the annual payments and incur the minimum annual exploration expenditures, or comply with the conditions of the leases, may result in either the cancellation or forfeiture of the mineral licenses, claims or leases.

Title to mineral properties and mining rights involves certain inherent risks including difficulties in identification of the actual location of specific properties. The Company sometimes relies on contracts

with third parties and on title opinions by legal counsel who base such opinions on the laws of Newfoundland and Labrador and/or Quebec and the federal laws of Canada applicable therein. Although the Company has investigated title to all of its mineral properties for which it holds interests, the Company cannot give assurance that title to such properties will not be challenged or impugned or become the subject of title claims by First Nation groups or other parties.

Although the Company has exercised the usual due diligence with respect to determining title to and interests in the properties which comprise its Schefferville Projects, there is no guarantee that such title to or interests in such properties will not be challenged or impugned and title insurance is generally not available.

Factors Beyond Company's Control

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and processing facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's equity financing activities and operating costs have been denominated in Canadian dollars, while the Company's future iron ore sales are expected to be denominated in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, may have a significant impact on the Company's financial position and results of operations in the future.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the Business Corporations Act (Ontario) and other applicable laws.

To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for the approval of such participation or such terms.

From time to time several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under the laws of the Province of Ontario, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining if the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

APPROVALS

The LIM Board has approved the delivery of this Information Memorandum to LIM Shareholders of record as of the Record Date.

DATED at Toronto, Ontario this 16th day of March 2023.

By order of the board of Labrador Iron Mines Limited

"John F. Kearney"

John F. Kearney,
Chairman

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SCHEDULE A

AMALGAMATION AGREEMENT

Amalgamation Agreement

between

Labrador Iron Mines Limited

and

5035020 Ontario Limited

and

Labrador Iron Mines Holdings Limited

Dated March 16, 2023

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the 16th day of March, 2023.

B E T W E E N:

LABRADOR IRON MINES LIMITED, a corporation incorporated under the laws of the Province of Ontario (hereinafter referred to as "**LIM**")

- and -

5035020 ONTARIO LIMITED, a corporation incorporated under the laws of the Province of Ontario (hereinafter referred to as "**Subco**")

- and -

LABRADOR IRON MINES HOLDINGS LIMITED, a corporation incorporated under the laws of the Province of Ontario (hereinafter referred to as "**LIMH**")

WHEREAS the parties have entered into this agreement to complete the Amalgamation;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants, warranties and agreements herein set out and provided for, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions. In this Agreement, the following terms shall have the following meanings:

- (a) "**Amalco**" means the corporation constituted upon the Amalgamation, to be named "LABRADOR IRON MINES LIMITED";
- (b) "**Amalco Shares**" means common shares in the capital of Amalco;
- (c) "**Amalgamation**" shall have the meaning ascribed thereto in the Recitals;
- (d) "**Articles of Amalgamation**" means the articles of amalgamation to be filed with the Director, in respect of the Amalgamation, in the form attached as Schedule "A" to this Amalgamation Agreement;
- (e) "**Business Day**" means any day other than a Saturday or Sunday or a statutory holiday in the City of Toronto, Ontario;
- (f) "**Certificate of Amalgamation**" means a certificate of amalgamation issued by the Director in connection with the Amalgamation pursuant to the OBCA;

- (g) "**Closing**" means the closing of the Amalgamation contemplated herein;
- (h) "**Closing Date**" means the date on which the Closing occurs;
- (i) "**Director**" means the director duly appointed pursuant to Section 278 of the OBCA;
- (j) "**Effective Date**" means the date that, subject to Section 5.16 herein, the Certificate of Amalgamation is issued by the Director;
- (k) "**Effective Time**" means the time on the Effective Date that the Amalgamation becomes effective;
- (l) "**LIM Amalgamation Resolution**" means the special resolution of the LIM Shareholders approving the Amalgamation, and all transactions ancillary thereto;
- (m) "**LIM Shares**" means common shares in the capital of LIM as constituted as of the date hereof;
- (n) "**LIM Shareholders**" means the registered holders of LIM Shares;
- (o) "**LIMH Shares**" means the common shares in the capital of LIMH, as constituted on the Closing Date;
- (p) "**Subco Shares**" means the common shares in the capital of Subco;
- (q) "**Subco Shareholder**" means the sole holder of Subco Shares, namely LIMH;
- (r) "**Subco Amalgamation Resolution**" means the special resolution of the Subco Shareholder approving this Agreement and the Amalgamation and, all transactions ancillary thereto;
- (s) "**OBCA**" means the *Business Corporations Act*, R.S.O. 1990, c. B-16, as amended;
- (t) "**Person**" includes an individual, partnership, association, unincorporated organization, trust and corporation and a natural person acting in such person's individual capacity or in such person's capacity as trustee, executor, administrator, agent or other legal representative;

1.2 Interpretation Not Affected by Headings, etc. The division of this Agreement into articles, sections and paragraphs is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "Agreement", "hereof", "herein", and "hereunder" and similar expressions refer to this Agreement and not to any particular article, section, paragraph or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc. Words importing the singular number shall include the plural and vice versa, words importing the use of any gender shall include all genders and words importing persons shall include firms and corporations and vice versa.

- 1.4 Date for Any Action.** In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where an action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.5 Currency.** Except as otherwise stated, all sums of money that are referred to in this Agreement are expressed in lawful money of Canada.
- 1.6 Governing Law and Jurisdiction.** This Agreement and, unless otherwise specified therein, all other documents and instruments delivered in accordance with this Agreement, shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of any matter or dispute arising under this Agreement, without prejudice to the rights of the parties to take proceedings in any other jurisdictions.
- 1.7 Entire Agreement.** This Agreement constitutes the entire agreement between the parties respecting the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.
- 1.8 Knowledge.** Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of LIM, Subco or LIMH, as applicable, it shall be deemed to refer to the actual knowledge, after having made due inquiry, of the directors and officers of the particular company.

ARTICLE II

AMALGAMATION

- 2.1 Amalgamation.** Subco and LIM hereby agree to amalgamate pursuant to the provisions of Section 174 of the OBCA on the Effective Date and to continue as one corporation on the terms and subject to the conditions set out herein.
- 2.2 Name.** The name of Amalco shall be "Labrador Iron Mines Limited".
- 2.3 Registered Office.** The registered office of Amalco shall be situate at Suite 1805, 55 University Avenue, Toronto, Ontario M5J 2H7.
- 2.4 Operational Office.** The operational office of Amalco shall be situate at Suite 1805, 55 University Avenue, Toronto, Ontario M5J 2H7.
- 2.5 Authorized Capital.** Amalco shall be authorized to issue an unlimited number of Amalco Shares, which shall have the rights, privileges, restrictions and conditions set forth in the Articles of Amalgamation.
- 2.6 Restrictions on Share Transfer.** The transfer of shares of Amalco shall not be subject to any restrictions.

2.7 Number of Directors. Until changed in accordance with the OBCA, the minimum number of directors of Amalco shall be two (2) and the maximum number of directors of Amalco shall be eleven (11).

2.8 First Directors. The number of first directors of Amalco shall be four (4). The first directors of Amalco shall be the persons whose names and addresses are set forth below:

<u>Name</u>	<u>Address</u>
John F. Kearney	1805-55 University Avenue Toronto, Ontario Canada M5J 2H7
Richard Pinkerton	1805-55 University Avenue Toronto, Ontario Canada M5J 2H7
Brendan Lynch	One Strand Grand Buildings Trafalgar Square London, United Kingdom WC2N 5HR
Ken MacLean	927 Rocky Lake Drive Bedford, N.S. Canada, B4A-3Z2

The first directors shall hold office until the first annual meeting of the shareholders of Amalco following the Amalgamation or until their successors are duly appointed or elected. The subsequent directors shall be elected each year thereafter as provided for in the articles and by-laws of Amalco, although the board of directors of Amalco may, between annual meetings of the shareholders of Amalco, appoint one or more additional directors of Amalco to serve until the next annual meeting, provided that the number of such additional directors shall not at any time exceed one-third of the number of directors who held office at the last annual meeting of Amalco. The management and operation of the business and affairs of Amalco shall be under the control of the board of directors as it is constituted from time to time.

2.9 Fiscal Year. The fiscal year end of Amalco shall be March 31, the current fiscal year end of LIM and Subco.

2.10 Effect of Certificate of Amalgamation. On the Effective Date:

- (a) the Amalgamation shall become effective and Subco and LIM shall be amalgamated and continue as one corporation under the terms and conditions prescribed by this Agreement;
- (b) the property of each of Subco and LIM shall continue to be the property of Amalco;
- (c) Amalco shall continue to be liable for the obligations of each of Subco and LIM;

- (d) any existing cause of action, claim or liability to prosecution shall be unaffected;
- (e) any civil, criminal or administrative action or proceeding pending by or against either Subco or LIM may be continued to be prosecuted by or against Amalco;
- (f) a conviction against, or filing, order or judgment in favour of or against, either Subco or LIM may be enforced by or against Amalco; and
- (g) the Articles of Amalgamation shall be deemed to be the articles of incorporation of Amalco and the Certificate of Amalgamation shall be deemed to be the certificate of incorporation for Amalco.

2.11 First Auditors. The first auditors of Amalco shall be McGovern Hurley LLP, Chartered Accountants, Toronto, Ontario. The first auditors of Amalco shall hold office until the first annual meeting of the shareholders of Amalco following the Amalgamation or until their successors are elected or appointed.

2.12 Restrictions on Business. There shall be no restrictions on the business that Amalco may carry on.

2.13 Articles of Amalgamation and By-Laws. The Articles of Amalgamation and the by-laws of Amalco shall be in the form set forth in Schedule "A" and Schedule "B", respectively, to this Amalgamation Agreement.

2.14 General Effects of the Amalgamation. On the Effective Date:

- (a) each Subco Share, all of which are held by LIMH, shall be exchanged for one (1) fully paid and non-assessable Amalco Share;
- (b) each LIM Share, other than LIM Shares held by LIMH, shall be exchanged for 3.1136546 fully paid and non-assessable LIMH Shares;
- (c) the LIM Shares held by LIMH shall be cancelled ;
- (d) the aggregate stated capital of Amalco shall be an amount equal to the aggregate stated capital for the purposes of the OBCA of Subco and LIM immediately prior to the Amalgamation, and such stated capital shall be allocated on an equal basis to each Amalco Share issued on the Amalgamation, or as otherwise determined by the directors of Amalco.

2.15 Fractional Shares. No fractional shares will be issued by Amalco or LIMH and no cash will be paid in lieu thereof. Any fraction resulting will be rounded to the nearest whole number with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one half being rounded to the next lower whole number.

2.16 Effective Date. The parties agree that the Effective Date will occur within seven (7) Business Days of the effective dates of the Subco Amalgamation Resolution and the LIM Amalgamation Resolution, or such later date as LIMH, Subco and LIM may jointly agree in writing.

2.17 Certificates. After the Effective Time, the registrar and transfer agent of LIMH, will forward or cause to be forwarded by first class mail (postage prepaid) to such former LIM Shareholders at the address specified in the central securities register maintained by LIM,

- (a) Direct Registration Advice Statements (DRS) evidencing the number of LIMH Shares electronically credited to such LIM Shareholder's account under the Amalgamation; or
- (b) share certificates issued by such transfer agent, representing the number of LIMH Shares issued to such LIM Shareholder under the Amalgamation.

After the Effective Date, all share certificates held by LIM Shareholders will be deemed null and void.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of LIMH and Subco. LIMH and Subco hereby jointly represent and warrant to and in favour of LIM as follows and acknowledge that LIM is relying upon such representations and warranties in entering into and completing the transactions contemplated in this Agreement:

- (a) LIMH and Subco are corporations duly incorporated and validly subsisting under the laws of Ontario and are in compliance, in all material respects, with the requirements of such laws;
- (b) there are currently 100 Subco Shares issued and outstanding, all of which are validly issued and outstanding as fully paid and non-assessable Subco Shares;
- (c) there are currently 162,364,427 common shares of LIMH issued and outstanding, and all of such shares are validly issued and outstanding as fully paid and non-assessable common shares;
- (d) LIMH is a reporting issuer pursuant to the securities laws of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. and is not in default of any filings required under such laws;
- (e) the common shares of LIMH are currently traded on the OTC Markets and no securities commission or other authority of any government or self-regulatory organization, including without limitation the OTC Markets, has issued any order preventing the Amalgamation or the trading of any securities of LIMH and, to the best of LIMH's knowledge, no proceedings for such purpose are pending or threatened;
- (f) LIMH has filed all tax returns, reports and other tax filings, and has paid, deducted, withheld or collected and remitted on a timely basis all amounts to be paid, deducted, withheld or collected and remitted with respect to any taxes, interest and penalties as

required under all applicable tax laws. There are no assessments, reassessments, actions, suits or proceedings, in progress, pending, or threatened, against LIMH, and no waivers have been granted by LIMH in connection with any taxes, interest or penalties. The provisions for taxes reflected in the LIMH Financial Statements are sufficient for the payment of all accrued and unpaid taxes, interest and penalties for all periods and all transactions up to the end of the most recent financial period addressed in the LIMH Financial Statements;

- (g) LIMH and Subco are duly authorized to execute and deliver this Agreement and this Agreement constitutes a valid and binding agreement enforceable against each of LIMH and Subco in accordance with its terms;
- (h) since its incorporation, there has not been any material adverse change in the condition or operation of Subco or in its assets, liabilities or financial condition;
- (i) the LIMH Consolidated Financial Statements are true and correct and present fairly, in all material respects, the consolidated financial position of LIMH, as at the respective dates thereof and the results of operations and changes in financial position for the periods indicated in the said statements, and have been prepared in accordance with Canadian generally accepted accounting principles;
- (j) neither the execution of this Agreement nor the consummation by LIMH and Subco of the transactions contemplated hereby will constitute a violation of or default under, or conflict with:
 - (i) the constating documents or by-laws of LIMH and Subco;
 - (ii) any agreement to which LIMH and Subco are a party, and will not give any person any right to terminate or cancel any material agreement or any right enjoyed by LIMH and Subco because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against LIMH and Subco or the assets of LIMH and Subco, other than as will be disclosed in the LIMH Financial Statements; or
 - (iii) any statute, regulation, order, judgment or decree by which LIMH or Subco is bound;
- (k) LIMH and Subco have no material liabilities, contingent or otherwise, except those set out in the LIMH Consolidated Financial Statements, and LIMH and Subco have not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any Person.

3.2 Representations and Warranties of LIM. LIM hereby represents and warrants to and in favour of LIMH as follows and acknowledge that LIMH is relying upon such representations and warranties in entering into and completing the transactions contemplated in this Agreement:

- (a) LIM is duly incorporated and validly subsisting under the laws of Ontario and is in compliance, in all material respects, with the requirements of such laws.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 General Conditions Precedent. The respective obligations of the parties hereto to consummate the Amalgamation, are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by the mutual consent of such parties without prejudice to their rights to rely on any other such conditions:

- (a) the LIM Amalgamation Resolution shall have been approved by the required majority of the votes of the shareholders of LIM in accordance with the provisions of the OBCA;
- (b) all required consents, approvals and acceptances from applicable securities regulatory authorities shall have been obtained, including, and any additional approvals as may be required by any regulatory and governmental authorities having jurisdiction over LIMH;
- (c) there shall not be in force any prohibition at law, order or decree restraining or enjoining the consummation of the Amalgamation or other transactions contemplated herein; and
- (d) this Agreement shall not have been terminated in accordance with Section 6.2 of this Agreement.

4.2 Conditions to Obligations of LIMH and Subco. The obligations of LIMH and Subco to consummate the Amalgamation, are subject to the satisfaction of the following conditions:

- (a) each of the acts and undertakings of LIM to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by LIM;
- (b) no material adverse change in the business, affairs, financial condition or operations of LIM shall have occurred between the date hereof and the Effective Date;

The conditions described in this Section 4.2 are for the exclusive benefit of LIMH and Subco and may be asserted by LIMH and Subco regardless of the circumstances or may be waived by LIMH and Subco in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which LIMH and Subco may have.

4.3 Conditions to Obligations of LIM. The obligations of LIM to consummate the Amalgamation, is subject to the satisfaction of the following conditions:

- (a) the Subco Amalgamation Resolution shall have been approved by LIMH as the sole shareholder of Subco, in accordance with the provisions of the OBCA;
- (b) LIMH shall be a reporting issuer in good standing in the provinces of British Columbia, Ontario and Alberta and shall not be in material default of any requirement of any

Canadian securities laws and neither LIMH nor any of its securities shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;

- (c) no material adverse change in the consolidated business, affairs, financial condition or operations of LIMH shall have occurred between the date hereof and the Effective Date;
- (d) except as affected by the transactions contemplated herein, the representations and warranties of LIMH and Subco contained in Section 3.1 hereof shall be true in all material respects on the Effective Date with the same effect as though such representations and warranties had been made at and as of such time;

The conditions described in this Section 4.3 are for the exclusive benefit of LIM and may be asserted by LIM regardless of the circumstances or may be waived by LIM in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which LIM may have.

4.4 Merger of Conditions. The conditions set out in Sections 4.1, 4.2 and 4.3 hereof shall be conclusively deemed to have been satisfied, waived or released on the filing by LIM and Subco of the Articles of Amalgamation with the Director.

ARTICLE V NOTICES

5.1 Notices. All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be served personally, by courier or by fax and in the case of:

LIM, addressed to:

Labrador Iron Mines Limited
Suite 1805, 55 University Avenue
Toronto, Ontario, M5J 2H7
Attention: Secretary

Subco, addressed to:

5035020 Ontario Limited
Suite 1805, 55 University Avenue
Toronto, Ontario M5J 2H7
Attention: Secretary

LIMH, addressed to:

Labrador Iron Mines Holdings Limited
Suite 1805, 55 University Avenue
Toronto, Ontario M5J 2H7
Attention: Secretary

or such other address as the parties may, from time to time, advise to the other parties hereto by notice in writing. The date of receipt of any such notice shall be deemed to be the date of delivery or in the case of a fax, the date of transmittal.

ARTICLE VI AMENDMENT AND TERMINATION OF AGREEMENT

6.1 Amendment. This Agreement may at any time on or before the Effective Date be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained waive any inaccuracies herein or in any document delivered pursuant hereto, and waive or modify performance of any of the obligations of the parties hereto; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by LIM Shareholders in exchange for their LIM Shares, without approval by the LIM Shareholders, given in the same manner as required for the approval of the Amalgamation.

6.2 Termination. This Agreement may be terminated by any of the parties, acting reasonably, without further obligation if the Effective Date has not occurred by May 31, 2023 or such other date as the parties shall mutually agree upon in writing;

ARTICLE VII GENERAL

7.1 Binding Effect. This Agreement shall be binding upon and enure to the benefit of the parties hereto.

7.2 Assignment. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

7.3 Expenses. Other than as indicated below, each of the parties agree to pay their own costs incurred pursuant to the Amalgamation and the other transactions contemplated herein, whether or not the transactions contemplated herein are completed.

7.4 Counterparts and Facsimiles. This Agreement may be executed (with facsimile or other electronic signatures hereby authorized) in any number of counterparts and by the parties to it on separate

counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

7.5 Severability. If any provision of this Agreement is illegal, invalid or unenforceable in whole or in part, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remainder hereof. Any provision of this Agreement that is held to be illegal, invalid or unenforceable in any jurisdiction shall be illegal, invalid or unenforceable in that jurisdiction without affecting any other provision hereof in that jurisdiction or the legality, validity or enforceability of the provision in any other jurisdiction, and to this end the provisions hereof are declared to be severable.

7.6 Time of Essence. Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

LABRADOR IRON MINES LIMITED

5035020 ONTARIO LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

LABRADOR IRON MINES HOLDINGS LIMITED

Per: _____
Name:
Title:

For questions or more information to complete this form, please refer to the instruction page.

Fields marked with an asterisk (*) are mandatory.

1. Applicant Information

Corporation Name *
Labrador Iron Mines Limited

Ontario Corporation Number (OCN) *
1966604

Company Key *
827289251

2. Contact Information

Please provide the following information for the person we should contact regarding this filing. This person will receive official documents or notices and correspondence related to this filing. By proceeding with this filing, you are confirming that you have been duly authorized to do so.

First Name *	Middle Name	Last Name *
Janice		Malmholt

Telephone Country Code	Telephone Number *	Extension
	647-728-4106	

Email Address *
malmholt.j@labradorironmines.ca

3. Amalgamating Corporations

Amalgamating Corporation 1

Corporation Name *
Labrador Iron Mines Limited

Ontario Corporation Number (OCN) *
1966604

Adoption/Approval Date *
March 30, 2023

Amalgamating Corporation 2

Corporation Name *
5030520 Ontario Limited

Ontario Corporation Number (OCN) *
5030520

Adoption/Approval Date *
March 30, 2023

4. Method of Amalgamation

Please select your method of amalgamation * Long-Form Short-Form

Please include the following Schedules/Documents with your application

- Schedule A:** Signed statement(s) of a director or an officer of each amalgamating corporation required by subsection 178(2) of the *Business Corporations Act*. *
- Schedule B:** Copy of the signed amalgamation agreement adopted by a special resolution under section 176(4) of the *Business Corporations Act*. *

5. Corporation Name

Please indicate whether you would like to use the name of one of the amalgamating corporations or if you would like to use a new name for the name of the amalgamated corporation.

Options: *

I want to use the name of one of the amalgamating corporations

I want to use a new name (including number name)

Please select the name you would like to use from the drop down list of amalgamating corporations. *

Labrador Iron Mines Limited

6. General Details

Requested Date for Amalgamation
March 31, 2023

Primary Activity Code *
212200

Official Email Address *
malmholt.j@labradorironmines.ca

An official email address is required for administrative purposes and must be kept current. All official documents or notices and correspondence to the corporation will be sent to this email address.

7. Address

Every corporation is required to have a registered office address in Ontario. This address must be set out in full. A post office box alone is not an acceptable address.

Registered Office Address *

Standard Address Lot/Concession Address

Street Number *
55

Street Name *
University Avenue

Unit Number
1805

City/Town *
Toronto

Province
Ontario

Postal Code *
M5J 2H7

Country
Canada

8. Director(s)

Please specify the number of directors for your Corporation *

Fixed Number Minimum/Maximum

Minimum Number of Directors *
2

Maximum Number of Directors *
11

Director 1

First Name *
John

Middle Name
F.

Last Name *
Kearney

Email Address
kearney.j@labradorironmines.ca

Is this director a Resident Canadian? * Yes No

Address for Service * Canada U.S.A. International

Street Number *
55

Street Name *
University Avenue

Unit Number
1805

City/Town * Toronto	Province * Ontario	Postal Code * M5J 2H7
------------------------	-----------------------	--------------------------

Country Canada

Director 2

First Name * Richard	Middle Name	Last Name * Pinkerton
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Email Address pinkerton.r@labradorironmines.ca

Is this director a Resident Canadian? * Yes No

Address for Service * Canada U.S.A. International

Street Number * 55	Street Name * University Avenue	Unit Number 1805
-----------------------	------------------------------------	---------------------

City/Town * Toronto	Province * Ontario	Postal Code * M5J 2H7
------------------------	-----------------------	--------------------------

Country Canada

Director 3

First Name * Lynch	Middle Name D.	Last Name * Brendan
-----------------------	-------------------	------------------------

Email Address brendan.lynch@gmail.com
--

Is this director a Resident Canadian? * Yes No

Address for Service * Canada U.S.A. International

Address line 1 * One Strand Grand Buildings
--

Address line 2 Trafalgar Square

City/Town * London	Region * England	Postal Code * <input type="checkbox"/> i WC2N 5HR
-----------------------	---------------------	--

Country * United Kingdom

Director 4

First Name * Ken	Middle Name	Last Name * MacLean
---------------------	-------------	------------------------

Email Address kmaclean@municipalgroup.ca

Is this director a Resident Canadian? * Yes No

Address for Service * Canada U.S.A. International

Street Number * 927	Street Name * Rocky Lake Drive	Unit Number
------------------------	-----------------------------------	-------------

City/Town * Bedford	Province * Nova Scotia	Postal Code * B4A 3Z2
------------------------	---------------------------	--------------------------

Country Canada

9. Shares and Provisions (Maximum limit is 100,000 characters per text box)

Every corporation must be authorized to issue at least one class of shares. You must describe the classes of shares of the corporation and the maximum number of shares the corporation is authorized to issue for each class. If the corporation has more than one class of shares, you must specify the rights, privileges and conditions for each class.

Description of Classes of Shares

The classes and any maximum number of shares that the corporation is authorized to issue:

Enter the Text *

An unlimited number of shares of one class designated as common shares

Rights, Privileges, Restrictions and Conditions

Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors' authority with respect to any class of shares which may be issued in series. If there is only one class of shares, enter "Not Applicable":

Enter the Text *

The holders of the Common Shares shall have the right:

- (a) To receive payment of dividends as and when declared by the Directors out of the monies properly applicable to the payment of dividends;
- (b) To one vote for each share held at all meetings of shareholders of the Corporation; and
- (c) to receive the remaining property of the Corporation upon the liquidation, dissolution or winding up of the Corporation.

Restrictions on Share Transfers

The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows. If none, enter "None":

Enter the Text *

None

Restrictions on Business or Powers

Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. If none, enter "None":

Enter the Text *

None

Other Provisions, if any

Enter other provisions, or if no other provisions enter "None":

Enter the Text *

- (a) the Corporation may purchase any of its issued common shares;
- (b) the number of Shareholders of the Corporation, exclusive of persons who are in the employment of the Corporation and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued after the termination of that employment to be Shareholders of the Corporation, is limited to not more than fifty (50); two (2) or more persons who are the joint registered owners of one (1) or more shares being counted as one (1) shareholder;

(c) The directors, without authorization of the shareholders, may from time to time on behalf of the Corporation:

- i. Borrow money upon the credit of the Corporation;
- ii. Issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;
- iii. To the extent permitted by the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person;
- iv. Mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or liability of the Corporation; and
- v. Delegate to a director, a committee of directors, or an officer, or one or more of them as may be designated by resolution of the directors, all or any of the powers conferred by the foregoing provisions to such extent and in such manner as the directors of the Corporation may determine at the time of such delegation.

Nothing in the above provisions shall limit or restrict the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

10. Authorization

* I, Janice Malmholt

confirm that this form has been signed by all the required persons:

Caution - The Act sets out penalties, including fines, for submitting false or misleading information.

Required Signature

Corporation Name, Full Name and Position Labrador Iron Mines Limited, John F. Kearney, Chairman	Signature
Corporation Name, Full Name and Position	Signature

BY-LAW NO.1

A by-law relating generally to the transaction of the business and affairs of

LABRADOR IRON MINES LIMITED
(the "Corporation")

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ARTICLE I INTERPRETATION

1.1 Definitions

(a) In the by-laws of the Corporation

(i) "Act" means the Business Corporations Act (Ontario) and regulations made pursuant thereto, and any statute that may be substituted therefor, as from time to time amended, and any reference to a particular provision of the Act shall be deemed also to be a reference to any similar provision resulting from the amendment or replacement thereof;

(ii) "appoint" includes "elect" and vice-versa;

(iii) "Articles" means the Articles of Amendment attached hereto dated December 15, as may from time to time be amended or restated;

(iv) "Board" means the board of directors of the Corporation;

(v) "by-laws" means this by-law as amended or restated and all other by-laws of the Corporation from time to time in force and effect;

(vi) "Chair" means the Chairperson of the Board;

(vii) "meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; "special meeting of shareholders" means a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

(viii) "non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Ontario) and any statute that may be substituted therefor, as from time to time amended;

(ix) "recorded address" means, in the case of a shareholder, the shareholder's address as recorded in the securities register of the Corporation; and in the case of joint shareholders, the address appearing in such securities register in respect of such joint holding or the first address so appearing if there is more than one; in the case of a director, the director's latest address as shown in the records of the Corporation or in the most recent notice of directors or notice of change of directors as filed under the Corporations Information Act (Ontario), whichever is the more current; in the case of an officer or auditor, such person's address as recorded in the records of the Corporation; and in the case of the Corporation, its registered office;

(x) "contracts, documents or instruments in writing" include, without limitation, deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings;

xi) "Signing Officer" means, in relation to any contracts, documents or instruments in writing, any person authorized to sign the same on behalf of the Corporation by section 2.2 or by any resolution passed pursuant thereto and, with respect to certificates for shares of the Corporation, means any person authorized to sign the same on behalf of the Corporation by or pursuant to section 7.7; and

xii) "Unanimous Shareholder Agreement" means a written agreement among all the shareholders of the Corporation or among all such shareholders and a person who is not a shareholder or a written declaration of the beneficial owner of all of the issued shares of the Corporation, that restricts in whole or in part the powers of the directors to manage the business and affairs of the Corporation, as from time to time amended.

(b) Subject to subsection 1.1 (a), terms defined in the Act and used herein shall, unless the context otherwise requires, have the same meaning herein as in the Act.

1.2 Gender and Number. In this by-law, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 References. The terms "herein", "hereof", "hereby" and similar expressions refer to this by-law and not to any particular section or other portion hereof. References to an article, section, sub-section or paragraph shall be construed as references to an article, section, subsection or paragraph of this by-law unless the context otherwise requires.

Headings. The division of this by-law into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

ARTICLE II BUSINESS OF THE CORPORATION

2.1 Financial Year - Until changed by the Board, the financial year end of the Corporation shall end on the 31st day of March.

2.2 Execution of Instruments - Deeds, transfers, assignments, contracts, obligations, certificates and other instruments, requiring the corporate seal of the Corporation to be affixed thereto, may be signed on behalf of the Corporation by any two directors or any two officers or one director and one officer (the director and officer not being the same individual). Documents not requiring the corporate seal may be signed by anyone of the directors or officers. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or any class of instruments may or shall be signed on behalf of the Corporation. If at any time there shall be authorized only one director of the Corporation, then documents or instruments requiring the corporate seal may be signed by such director acting alone.

2.3 Voting Rights in Other Bodies Corporate - The Signing Officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person

or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time to time by resolution direct the manner in which and the person or persons by whom any particular voting right or class of voting rights may or shall be exercised.

ARTICLE III DIRECTORS

3.4 Number of Directors - The number of directors of the Corporation shall be that number stated in the Articles or if the Articles provide a maximum and minimum number, the number shall be that number within the said maximum and minimum as determined by special resolution of the shareholders or by the Board if so authorized by special resolution of the shareholders.

3.2 Quorum Where the Corporation has fewer than three directors, all directors must be present at any meeting of directors to constitute a quorum. Subject to the Articles or by-laws, a majority of the number of directors or minimum number of directors required by the Articles constitutes a quorum at any meeting of directors, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be.

3.3 Vacancies - Subject to the Act, a quorum of the directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number of directors or in the maximum number of directors, as the case may be, or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required by the Articles or the Act, the Board shall forthwith call a special meeting of shareholders to fill the vacancy. If the Board fails to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

3.4 Place of Meetings- Meetings of the Board may be held at any place within or outside Ontario. In any financial year of the Corporation, it shall not be necessary that a majority of the meetings of the Board be held within Canada.

3.5 Calling of Meetings - Meetings of the Board shall be held from time to time and at such place as the Board, the Chair, the managing director, the president or any two directors may determine.

3.6 Notice of Meeting - Notice of the time and place of each meeting of the Board shall be given in the manner provided in section 10.1 to each director not less than 48 hours before the time when the meeting is to be held. No notice of a meeting shall be necessary if all the directors in office are present or if those absent waive notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

3.7 Adjourned Meeting - Notice of an adjourned meeting of the Board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.

3.8 Chair The chair of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chair, managing director, president, or a vice-president. If all such officers are absent or unable or refuse or fail to act, the directors present shall choose one of their number to be chair of the meeting.

3.9 Votes to Govern - At all meetings of the Board, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

3.10 Conflict of Interest - A director or officer who is a party to, or who is a director or officer of, or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose the nature and extent of his or her interest at the time and in the manner provided by the Act. Such a director shall not vote on any resolution to approve the same except as provided by the Act.

3.11 Remuneration and Expenses - Subject to the Articles or any Unanimous Shareholder Agreement, the directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

ARTICLE IV COMMITTEES

4.1 Committees of the Board - The Board may appoint one or more committees of directors, however designated, and delegate to any such committee any of the powers of the Board except those which, under the Act, a committee of directors has no authority to exercise. A majority of the members of any such committee shall be resident Canadians.

4.2 Transaction of Business - The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

4.3 Procedure- Unless otherwise determined by the Board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

ARTICLE V OFFICERS

5.1 Appointment - Subject to the provisions of the Act, the Articles and any Unanimous Shareholder Agreement, the Board may from time to time appoint a Chair, a managing director, a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with this by-law and subject to the provisions of

the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to sections 5.2 and 5.3, an officer may, but need not, be a director.

5.2 Chair - The Board may from time to time appoint a Chair who shall be a director. If appointed, the Chair shall, subject to the provisions of the Act, the Articles or by-laws or any Unanimous Shareholder Agreement, have such other powers and duties as the Board may specify. During the absence or disability of the Chair, the Chair's duties shall be performed and the Chair's powers exercised by the managing director, if any, or by the president.

5.3 Managing Director - The Board may from time to time appoint a managing director who shall be a resident Canadian and a director. If appointed, the managing director shall, subject to the provisions of the Act, the Articles or by-laws or any Unanimous Shareholders Agreement, have such powers of the directors as may be delegated to the managing director by the Board.

5.4 President -The Board may from time to time appoint a President who shall have such powers and duties as the Board may specify.

5.5 Chief Executive Officer- The Board may by resolution designate any individual as the chief executive officer of the Corporation and may from time to time by resolution rescind any such designation and designate another individual as the chief executive officer of the Corporation. If the Board shall fail to designate an individual as the chief executive officer of the Corporation or if at any time or from time to time the Board shall rescind any such designation without designating another individual as the chief executive officer of the Corporation, the President shall be deemed to have been designated the chief executive officer of the Corporation until the Board designates another individual as the chief executive officer of the Corporation. An individual designated or deemed to have been designated as the chief executive officer of the Corporation pursuant to subsection 5.5(a) shall exercise general supervision over the affairs of the Corporation.

5.6 Vice- President - The Board may from time to time appoint one or more vice-presidents who shall have such powers and duties as the Board or the chief executive officer may specify.

5.7 Secretary - Unless otherwise determined by the Board, the secretary shall attend and be the secretary of all meetings of the Board, shareholders and committees of the Board. The secretary shall enter or cause to be entered in records kept for that purpose minutes of all proceedings at meetings of the Board, shareholders and committees of the Board, whether or not the secretary attends such meetings; the secretary shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board; the secretary shall be the custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and the secretary shall have such other powers and duties as the Board or the chief executive officer may specify.

5.8 Treasurer - The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safe keeping of securities and the disbursement of funds of the Corporation; the treasurer shall render to the Board whenever

required an account of all of the treasurer's transactions and of the financial position of the Corporation; and the treasurer shall have such other powers and duties as the Board or the chief executive officer may specify.

5.9 Comptroller - The comptroller, if appointed, shall perform such of the duties of the treasurer as may be prescribed by the Board and shall perform such other duties and have such additional powers as may from time to time be prescribed by the Board or the president. The comptroller may also be known and designated as controller.

5.10 Powers and Duties of Other Officers- The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board or (except for those whose powers and duties are to be specified only by the Board) the chief executive officer may specify. The Board and (except as aforesaid) the chief executive officer may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the chief executive officer otherwise directs.

5.11 Agents and Attorneys - The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or out of Ontario with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

5.12 Term of Office - The Board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the Board shall hold office until his successor is appointed.

ARTICLE VI PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.1 Limitation of Liability - Every director and officer of the Corporation in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his or her office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

6.2 Indemnity - Subject to the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or

creditor (or a person who undertakes or has undertaken any liability on behalf of the Corporation or any such body corporate) and such person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal or administrative action or proceeding to which such person is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if (a) such person acted honestly and in good faith with a view to the best interests of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that his or her conduct was lawful. The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

6.3 Insurance - Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of the directors, officers and persons referred to in section 6.2, as the Board may from time to time determine.

ARTICLE VII SHARES

7.1 Allotment Subject to the Act, the Articles, the by-laws and any Unanimous Shareholders Agreement, the Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

7.2 Commissions The Board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

7.3 Registration of Transfer - Subject to the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by such holder's attorney or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the Board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board, not exceeding three dollars (\$3.00), upon compliance with such restrictions on transfer as are authorized by the Articles and upon satisfaction of any lien referred to in section 7.5.

7.4 Transfer Agents and Registrars- The Board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers but one person may be appointed both registrar and transfer agent. The Board may at any time terminate any such appointment.

7.5 Lien on Shares - The Corporation has a lien on any share or shares registered in the name of a shareholder or a shareholder's legal representative for any debt of that shareholder to the

Corporation.

7.6 Enforcement of Lien- The lien referred to in section 7.5 may be enforced by any means permitted by law and:

- a) where the shares are redeemable pursuant to the Articles, by redeeming such share or shares and applying the redemption price to the debt;
- b) subject to the Act, by purchasing the share or shares for cancellation for a debt;
- c) by selling the share or shares to any third party whether or not such party is at arms length to the Corporation, and including, without limitation, any officer or director of the Corporation, for the best price which the directors consider to be obtainable for such share or shares; or by refusing to register a transfer of such share or shares until the debt is paid.

7.7 Share Certificates - Every holder of one or more shares of the Corporation shall be entitled, at the shareholder's option, to a share certificate, or to a non-transferrable written acknowledgement of the shareholder's right to obtain a share certificate, stating the number and class or series of shares held by such shareholder as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the Board shall from time to time approve. Any share certificate shall be signed in accordance with section 2.2; provided that, unless the Board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of the transfer agent and/or registrar. Any additional signatures required may be printed or otherwise mechanically reproduced. A share certificate executed as aforesaid shall be valid notwithstanding that one of the directors or officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

7.8 Replacement of Share Certificates -The Board or any officer or agent designated by the Board may in its or such person's discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

7.9 Joint Shareholders - If two (2) or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Anyone of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

7.10 Deceased Shareholders - In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

ARTICLE VIII MEETINGS OF SHAREHOLDERS

at such time in each year as the Board may determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

8.2 Special Meetings - Subject to the Act, the Board shall have power to call a special meeting of shareholders at any time.

8.3 Place of Meetings - Subject to the Articles and any Unanimous Shareholders Agreement, meetings of shareholders shall be held at such place in or outside Ontario as the Board determines or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

8.4 Notice of Meetings - Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 10.1 not less than ten (10) nor more than fifty (50) days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date, if any, for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

8.5 List of Shareholders Entitled to Notice - For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to section 8.6, the shareholders listed shall be those registered at the close of business on a day not later than ten (10) days after such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the securities register is kept and at the place where the meeting of shareholders is held.

8.6 Record Date for Notice - The Board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21)

days, for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date is given not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act, except where notice of the record date is waived in writing by every holder of shares affected. If no record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, shall be the day on which the meeting is held.

8.7 Meetings Without Notice - A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- a) if all the shareholders entitled to vote there at are present in person or represented by proxy or waive notice of or otherwise consent to such meeting being held; and
- b) if the auditors, if any, and the directors are present or waive notice or otherwise consent to such meeting being held, so long as such shareholders, auditors, if any, or directors are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

At such a meeting any business may be transacted which a meeting of shareholders may transact.

8.8 Chair, Secretary and Scrutineers - The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the chair, managing director, president or a vice-president. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, the persons present and entitled to vote thereat shall choose one of their number to be chair of the meeting. The Secretary of the Corporation shall be secretary of any meeting of shareholders, but if the Secretary of the Corporation is not present, the chair of the meeting shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair of the meeting with the consent of the meeting.

8.9 Persons Entitled to be Present - The only persons entitled to be present at a meeting of the shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the Chair of the meeting or with the consent of the meeting.

8.10 Quorum - The holders of at least one shareholder holding 25% of the issued shares etc. of the shares entitled to vote at a meeting of shareholders, whether present in person or represented by proxy, shall constitute a quorum. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If at any such meeting a quorum is not present at the time appointed for the meeting or within a reasonable time thereafter as the shareholders may determine, the chair presiding at the meeting may, with the consent of the meeting and subject to such conditions as the meeting

may decide, adjourn the meeting from time to time and from place to place but may not transact any other business. At such adjourned meeting the holders of shares carrying voting rights who are present or represented shall constitute a quorum thereat and may transact the business for which the meeting was originally called notwithstanding that such quorum is not present throughout the meeting.

8.11 Right to Vote- Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.5, every person who is named in such list shall be entitled to vote the shares shown thereon opposite such person's name except, where the Corporation has fixed a record date in respect of such meeting pursuant to section 8.6, to the extent that such person has transferred any of his or her shares after such record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that the transferee owns such shares, demands not later than ten (10) days before the meeting that the transferee's name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more share carrying the right to vote at such meeting.

8.12 Proxies - Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, as the shareholder's nominee to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the shareholder's attorney and shall conform with the requirements of the Act. A proxy may be deposited with the Corporation in accordance with section 8.13 by telephone transmission of a facsimile of the proxy or by any other form of electronic transmission if there is a record that the proxy has been sent.

8.13 Time for Deposit of Proxies- The Board may by resolution fix a time not exceeding forty-eight (48) hours, exclusive of Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at such meeting must be deposited. Any period of time so fixed shall be specified in the notice calling the meeting. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chair of the meeting or any adjournment thereof prior to the time of voting.

8.14 Joint Shareholders - If two (2) or more persons hold a share or shares jointly, anyone of them present in person or represented by proxy at a meeting shareholders may, in the absence of the other or others, vote the share or shares; but two (2) or more of those persons are present in person or represented by proxy and vote they shall vote as one on the shares jointly held by them.

8.15 Votes to Govern- At any meeting of shareholders every question shall unless otherwise required by the Articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon show of hands or upon a poll, the chair of the meeting shall not be entitled to a second casting vote.

8.16 Show of Hands - Subject to the Act, any question at a meeting shareholders shall be decided by a show of hands unless a ballot thereon is required demanded as hereinafter provided. Upon a show of hands every person who is present; and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes the meeting shall be prima facie evidence of the fact without proof of the number proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so declared entered shall be the decision of the shareholders upon the said question.

8.17 Ballots - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, a shareholder or proxyholder entitled to vote at the meeting may require or demand ballot. A ballot so required or demanded shall be taken in such manner as the chair of the meeting shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

8.18 Adjournments - If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for an original meeting.

ARTICLE IX DIVIDENDS AND RIGHTS

9.1 Dividends - Subject to the Act, the Articles and any Unanimous Shareholders Agreement, the Board may from time to time declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests the Corporation. Dividends may be paid by issuing fully paid shares of the Corporation or rights to acquire fully paid shares of the Corporation or, subject to the Act, may be paid in money or property.

9.2 Dividend Cheques - A dividend payable in money shall be paid by cheque drawn on the Corporation's bank to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at such holder's recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.3 Non-receipt of Cheques - In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement

cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.

9.4 Record Date for Dividends and Rights - The Board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to acquire securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or right to acquire securities, provided that notice of any such record date is given, not less than seven (7) days before such record date in the manner provided in the Act, except where notice of the record date is waived in writing by all the holders of the shares affected. Where no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or right to acquire securities shall be at the close of business on the day on which the resolution relating to such dividend or right to acquire is passed by the Board.

9.5 Unclaimed Dividends- Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE X NOTICE

10.1 Method of Giving Notice - Unless the *Business Corporations Act* (Ontario) (the "Act") or this By-Law No. 1 provides otherwise, any notice, statement, report or other record required or permitted by the Act or this By-Law No. 1 (collectively referred to herein as a "record") to be sent by or to a person may be sent by any one of the following methods:

- a) Mail addressed to the person at the applicable address for that person as follows:
 - i. For a record mailed to a shareholder, at the shareholder's latest address as shown in the records of the Corporation or its transfer agent;
 - ii. For a record mailed to a director or officer, at his or her latest address as shown in the records of the Corporation or in the most recent notice filed under the Corporations Information Act (Ontario), whichever is the more current; and
 - iii. In any other case, the mailing address of the intended recipient;
- b) Delivery at the applicable address for that person as follows, addressed to the person:
 - i. For a record delivered to a shareholder, the shareholder's registered address;
 - ii. For a record delivered to a director or officer, at his or her latest address as shown in the records of the Corporation or in the most recent notice filed under the Corporations Information Act (Ontario), whichever is the more current; and In any other case, the delivery address of the intended recipient;
- c) Sending the record by facsimile to the facsimile number provided by the intended recipient for the sending of that record or records of that class;
- d) Sending the record by email to the email address provided by the intended recipient for

the sending of that record or records of that class;

- e) Making the record available for public electronic access in accordance with the procedures referred to as “notice-and-access” under National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer and National Instrument 51-103 – Continuous Disclosure Obligations, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or
- f) Physical delivery to the intended recipient.

10.2 Deemed Receipt - A notice, statement, report or other record that is:

- a) Mailed to a person by ordinary mail to the applicable address for that person referred to in subsection 10.1(a) is deemed to be received by the person to whom it was mailed on the third day (Saturdays, Sundays and statutory holidays excepted) following the date of mailing;
- b) Sent by facsimile to a person to the facsimile number provided by that person referred to in subsection 10.1(c) is deemed to be received by the person to whom it was sent by facsimile on the day that it was so transmitted;
- c) Emailed to a person to the email address provided by that person referred to in subsection 10.1(d) is deemed to be received by the person to whom it was emailed on the day that it was emailed; and
- d) Made available for public electronic access in accordance with the “notice-and-access” or similar delivery procedures referred to in subsection 10.1(e) is deemed to be received by a person on the date it was made available for public electronic access.”

10.3 Notice to Joint Shareholders - If two (2) or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

10.4 Computation of Time - In computing the date when notice must be given under any provision requiring a specified number of days’ notice of any meeting event, the date of giving the notice shall be excluded and the date of the meeting event shall be included.

10.5 Undelivered Notices - Where the Corporation sends a notice or document to a shareholder by mail in accordance with section 10.1(a) and the notice or document is returned on three (3) consecutive occasions because such shareholder cannot be found the Corporation shall not be required to send any further notices or documents to such shareholder until such shareholder informs the Corporation in writing shareholder's new address.

10.6 Omissions and Errors - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.7 Persons Entitled by Death or Operation of Law - Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever becomes entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

10.8 Waiver of Notice - Any shareholder (or such shareholder's duly appointed proxyholder), director, officer, auditor or member of a committee of the Board may any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under any provisions of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board which may be given in any manner.”

SCHEDULE B

AMALGAMATION RESOLUTION

RESOLVED AS A SPECIAL RESOLUTION OF LIM SHAREHOLDERS THAT:

The amalgamation (the “**Amalgamation**”) of Labrador Iron Mines Limited (“**LIM**”) with 5035020 Ontario Limited, a wholly-owned subsidiary of Labrador Iron Mines Holdings Limited (“**LIMH**”), pursuant to which the holders of all of the outstanding common shares of LIM, other than LIMH, will receive, in lieu of the common shares of LIM held by such shareholders immediately prior to the Amalgamation, common shares of LIMH on the basis of 3.1136546 common share of LIMH for every common share of LIM held, all as more particularly set out in the Amalgamation Agreement dated March 16, 2023 among LIM, LIMH and 5035020 Ontario Limited, a copy of which is attached as Schedule “A” to the Information Memorandum of LIM dated March 16, 2023, is hereby authorized and approved.

The board of directors of LIM is authorized, in its sole discretion, to determine not to proceed with the Amalgamation, without further approval of the shareholders of LIM at any time prior to the completion of the Amalgamation.

Any officer or director of LIM is authorized, for and on behalf of LIM, to execute and deliver such documents and instruments and to take such other actions as such officer or director may determine to be necessary or advisable to implement the above resolutions and the matters authorized hereby.

SCHEDULE C

DISSENTING SHAREHOLDER RIGHTS

Section 185 of the Business Corporations Act (Ontario)

“Rights of dissenting shareholders

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

Shareholder’s right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Note: On a day to be named by proclamation of the Lieutenant Governor, subsection (11) is amended by striking out "the certificates representing" and substituting "the certificates, if any, representing". See: 2011, c. 1, Sched. 2, ss. 1 (9), 9 (2).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee

Note: On a day to be named by proclamation of the Lieutenant Governor, subsection (14) is amended by striking out "and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee" at the end. See: 2011, c. 1, Sched. 2, ss. 1 (10), 9 (2).

Note: On a day to be named by proclamation of the Lieutenant Governor, section 185 is amended by adding the following subsections:

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,
 - (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and
 - (ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

- (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
- (b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

See: 2011, c. 1, Sched. 2, ss. 1 (11), 9 (2).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

- (a) has sent to the corporation the notice referred to in subsection (10); and
- (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation."

SCHEDULE D

***LABRADOR IRON MINES HOLDINGS LIMITED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED MARCH 31, 2022***

LABRADOR IRON MINES HOLDINGS LIMITED

Consolidated Financial Statements

For the Year Ended March 31, 2022

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Labrador Iron Mines Holdings Limited

Opinion

We have audited the consolidated financial statements of Labrador Iron Mines Holdings Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of operations and comprehensive income (loss), consolidated statements of cash flows and consolidated statements of changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company requires additional funding in order to fund its ongoing working capital requirements and that it had a working capital deficit as at March 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
June 27, 2022

LABRADOR IRON MINES HOLDINGS LIMITED
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	March 31, 2022	March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 309,205	\$ 328,056
Restricted cash (Note 6)	-	80,258
Accounts receivable and prepaid expenses (Note 5)	23,882	302,447
Total current assets	333,087	710,761
Non-current assets		
Restricted cash (Note 6)	28,703	949,175
Prepaid expenses	102,708	20,683
Exploration and evaluation assets (Notes 7 and 22)	26,497,972	26,400,317
Property, plant and equipment (Notes 6, 8, 18 and 22)	1	1
Total non-current assets	26,629,384	27,370,176
Total assets	\$ 26,962,471	\$ 28,080,937
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 9, 20 and 21)	\$ 638,453	\$ 842,848
Total current liabilities	638,453	842,848
Non-current liabilities		
Accrued liabilities (Notes 9 and 21)	231,250	231,250
Rehabilitation provision (Note 10)	-	1,145,067
CEBA loan (Note 12)	40,000	40,000
Total non-current liabilities	271,250	1,416,317
Total liabilities	909,703	2,259,165
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	395,687,172	395,687,172
Reserves (Note 15)	1,028,641	699,491
Deficit	(382,919,850)	(382,609,000)
Non-controlling interest (Note 13)	12,256,805	12,044,109
Total shareholders' equity	26,052,768	25,821,772
Total liabilities and shareholders' equity	\$ 26,962,471	\$ 28,080,937

Going concern (Note 1)
Commitments and contingencies (Note 18)

The financial statements were approved by the Board of Directors on June 27, 2022 and signed on its behalf by:

Signed "*John F. Kearney*"

Director

Signed "*Danesh Varma*"

Director

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Year ended March 31, 2022	Year ended March 31, 2021
Operating expenses		
Site costs	\$ (320,149)	\$ (367,951)
(Loss) before the undernoted	(320,149)	(367,951)
Corporate and administrative costs (Note 12)	(482,738)	(303,999)
Share based compensation (Note 16)	(329,150)	(677,943)
Accretion (Note 10)	(1,223)	(7,137)
Impairment reversal (Notes 7, 8 and 22)	-	25,963,413
Interest earned	2,539	5,156
Rehabilitation provision recovery (Note 10)	1,032,567	305,049
Assignment of rights (Note 19)	-	750,000
	<u>221,995</u>	<u>26,034,539</u>
Net (loss) income before income taxes	(98,154)	25,666,588
Deferred income tax (Note 24 (a))	-	-
Net comprehensive (loss) income for the year	<u>\$ (98,154)</u>	<u>\$ 25,666,588</u>
Net comprehensive (loss) income attributable to:		
Shareholders of Labrador Iron Mines Holdings Limited	(310,850)	13,014,844
Non-controlling interest (Note 13)	<u>212,696</u>	<u>12,651,744</u>
	<u>\$ (98,154)</u>	<u>\$ 25,666,588</u>
Net (loss) income per share		
Basic and diluted	\$ (0.00)	\$ 0.16
Weighted average number of shares outstanding		
Basic and diluted	162,364,427	162,364,427

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended March 31, 2022	Year ended March 31, 2021
Cash (used in) operating activities		
Net (loss) income for the year	\$ (98,154)	\$ 25,666,588
Items not involving cash		
Accretion (Note 10)	1,223	7,137
Accrued interest	(1,519)	1,990
Impairment reversal (Note 22)	-	(25,963,413)
Rehabilitation provision recovery (Note 10)	(1,032,567)	(305,049)
Share based compensation (Note 16)	329,150	677,943
Changes in working capital	(257,855)	(517,607)
Cash (used in) operating activities	<u>(1,059,722)</u>	<u>(432,411)</u>
Cash provided by investing activities		
Proceeds from the sale of property and equipment	-	200,000
Proceeds from the assignment of rights (Note 19)	250,000	500,000
Investment in exploration and evaluation assets (Note 7)	(97,655)	(436,903)
Performance of site rehabilitation (Note 10)	(113,723)	(150,590)
Release of restricted cash (Notes 6 and 10)	1,002,249	354,248
Cash provided by investing activities	<u>1,040,871</u>	<u>466,755</u>
Cash provided by financing activities		
Advance of CEBA loan (Note 12)	-	40,000
Cash provided by financing activities	<u>-</u>	<u>40,000</u>
Change in cash and cash equivalents	(18,851)	74,344
Cash and cash equivalents, beginning of year	328,056	253,712
Cash and cash equivalents, end of year	<u>\$ 309,205</u>	<u>\$ 328,056</u>
Cash and cash equivalents consist of:		
Cash	\$ 309,003	\$ 327,854
Cash equivalents	202	202
	<u>\$ 309,205</u>	<u>\$ 328,056</u>

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Non-Controlling Interest	Shareholders' Equity
	Number	Amount	Amount	Amount	Amount	Total Amount
Balance, March 31, 2020	162,364,427	\$ 395,687,172	\$ -	\$ (395,623,844)	\$ (607,635)	\$ (544,307)
Transfer of DSUs	-	-	383,541	-	-	383,541
Vesting of RSUs	-	-	315,950	-	-	315,950
Net income for the year	-	-	-	13,014,844	12,651,744	25,666,588
Balance, March 31, 2021	162,364,427	\$ 395,687,172	\$ 699,491	\$ (382,609,000)	\$ 12,044,109	\$ 25,821,772
Vesting of RSUs	-	-	329,150	-	-	329,150
Loss for the year	-	-	-	(310,850)	212,696	(98,154)
Balance, March 31, 2022	162,364,427	\$ 395,687,172	\$ 1,028,641	\$ (382,919,850)	\$ 12,256,805	\$ 26,052,768

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of parent company Labrador Iron Mines Holdings Limited ("LIMH") and its majority owned subsidiaries Labrador Iron Mines Limited ("LIM"), Schefferville Mines Inc. ("SMI"), Centre Ferro Ltd. and Labrail Inc.

LIMH owns 52% (2021 - 52%) of the common shares of LIM and LIM owns 100% of the common shares of SMI.

LIMH owns 100% of the common shares of Centre Ferro Ltd. and Labrail Inc.

Non-controlling interest represents the 48% (2021 - 48%) equity interest in LIM not owned by LIMH. Refer to Note 13.

All significant intercompany accounts and transactions have been eliminated upon consolidation.

Nature of Operations

Labrador Iron Mines Holdings Limited (on a consolidated basis, the "Company") is a mineral resource company engaged in the business of exploration, development and mining of iron ore projects in Canada. The Company's primary exploration and evaluation assets are iron ore projects in western Labrador and northeastern Quebec, near the town of Schefferville, Quebec (collectively, the "Schefferville Projects"). Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

The Company's head office is located at 55 University Avenue, Suite 1805, Toronto, Ontario, Canada M5J 2H7.

The Company did not conduct mining operations, other than reclamation and standby activities, during the years ended March 31, 2021 and 2022. The Company is currently focused on development of its Houston Project, completing reclamation of its previous mined properties and maintaining its other mineral claims and mining concessions. Subject to securing construction financing, the Company plans to commence construction of its Houston Project. There can be no assurance that construction will be commenced or completed.

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that exploration, development and mining will result in profitable mining operations. The recoverability of the carrying value of assets and the Company's continued existence are dependent upon the preservation of the Company's interests in its underlying properties, the development of economically recoverable resources, the achievement of profitable operations or the ability of the Company to raise additional financing, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material impairment of the carrying values of the Company's assets.

Although the Company has taken steps to verify its title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements.

Going Concern

At March 31, 2022, the Company had a working capital deficit of \$305,366, compared to a working capital deficit of \$132,087 at March 31, 2021. Notwithstanding its working capital deficit, the Company believes it has sufficient resources to continue its operations over the next 12 months, based on the Company's expectation that it will generate sufficient proceeds from an equity financing. Accordingly, the consolidated financial statements for the year ended March 31, 2022 have been prepared on a going concern basis, using the historical cost convention.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern (continued)

There are no assurances that the Company will be successful in generating sufficient proceeds from an equity financing. If the Company is unable to generate sufficient proceeds, the Company could be required to curtail its operations and discontinue as a going concern. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these consolidated financial statements. Such adjustments could be material.

Furthermore, the Company's ability to develop the Houston Project is dependent on completing additional construction financing. Even if the Company is successful in funding its immediate working capital requirements, if the Company is unable to obtain additional construction financing on a timely basis or on reasonable or acceptable terms, the Company will be unable to pursue development of its Houston Project. Development of the Houston Project may not result in profitable commercial production.

The Company's operations and financial condition could be adversely affected by the effects of the Covid-19 pandemic. The Company cannot accurately predict the impact the pandemic will have on its operations, schedules and timelines for planned development or exploration programs. In addition, the pandemic has disrupted the economies and financial markets of many countries, which could adversely affect the market for the Company's products and/or the Company's ability to secure financing.

2. Basis of Preparation

These consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The accounting policies set out below were consistently applied to all the periods presented unless otherwise noted.

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention and using the accrual basis of accounting, except for cash flow information. Refer to Notes 1 and 4.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Mineral resource estimates

The figures for mineral resources are reported in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant Accounting Judgments, Estimates and Assumptions (continued)

Impairment of exploration and evaluation assets and property, plant and equipment

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. External sources of information include technical reports and arm's length mineral property transaction values. External sources of information also include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future pre-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation assets.

While assessing whether any indications of impairment exist for property, plant and equipment, management looks at the higher of recoverable amount or fair value less costs of disposal.

Where an impairment is subsequently reversed, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment been previously recognized.

These determinations and their individual assumptions require that management make decisions based on the best available information at each reporting period. Refer to Notes 7, 8 and 22.

Cash generating units

Cash generating units ("CGUs") represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis. The Company generally considers its Schefferville Projects to represent one CGU, as the Schefferville Projects are in close geographical proximity to each other and all share common management, rail, port, processing and mine support infrastructure. During the years ended March 31, 2021 and 2022, the Company completed impairment assessments of its exploration and evaluation assets based on a discounted cash flow analysis. Refer to Notes 7 and 22.

Estimation of rehabilitation provision

The rehabilitation cost estimates are updated annually to reflect known developments (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Rehabilitation costs, including decommissioning, restoration and similar liabilities, are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Refer to Note 10.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant Accounting Judgments, Estimates and Assumptions (continued)

Share-based payments

Share based payments may include options, warrants, restricted share units or deferred share units. Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based awards are determined at the date of grant using generally accepted valuation techniques, including market trading price as a reference for valuing restricted share units and deferred share units, and the Black-Scholes model for valuing options and warrants. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include, in the case of the Black-Scholes model, estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

The share-based payments recognized in the years ended March 31, 2021 and 2022 related to the revaluation and reclassification to reserves of previously issued deferred share units and the vesting of newly granted restricted share units. Refer to Notes 16 and 17. There were no options or warrants granted, vested or outstanding in the years ended March 31, 2021 and 2022.

Asset lives and depletion and depreciation rates for property, plant and equipment and exploration and evaluation assets

Depletion and depreciation expenses are allocated based on assumed asset lives and depletion and depreciation rates. Should the asset life or depletion and depreciation rate differ from the initial estimate, an adjustment would be made in the consolidated statement of operations and comprehensive loss.

Going concern

Refer to Note 1.

Contingencies

Refer to Note 18.

4. Significant Accounting Policies

Basis of consolidation

The financial statements consolidate the financial statements of Labrador Iron Mines Holdings Limited and its subsidiaries, Labrador Iron Mines Limited, Schefferville Mines Inc., Labrail Inc. and Centre Ferro Ltd. All significant intercompany transactions and balances have been eliminated. Refer to Note 1.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. Refer to Note 1.

Presentation and functional currency

The Company's presentation and functional currency is the Canadian dollar.

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of such transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in operations in the period in which they arise.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

Interest earned

Interest earned is recognized when it is probable that the economic benefits will flow to the Company and the amount of interest can be measured reliably. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Deferred share units

Directors and key senior employees of the Company may receive as partial compensation deferred share units ("DSUs") under the terms of the Company's deferred share unit plan. The fair value of DSUs at the time of award or redemption, as applicable, is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the date of award or redemption, as applicable.

When recognized as a liability account balance, the fair value of DSUs is recognized as a share-based payment expense with a corresponding increase in liabilities, over the period from the date of award to settlement date. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date with a corresponding change in the consolidated statement of operations and comprehensive income.

When recognized as a reserve account balance, the fair value of DSUs is recognized as a share-based payment expense with a corresponding charge to reserves on the date of award and is not revalued at subsequent reporting dates.

Restricted share units

Directors and key senior employees of the Company may receive as partial compensation restricted share units ("RSUs") under the terms of the Company's restricted share unit plan. The fair value of RSUs at the time of vesting is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the vesting date.

RSUs are recognized as a reserve account balance when vested. The fair value of RSUs is recognized as a share-based payment expense with a corresponding charge to reserves on the vesting date.

Exploration and evaluation assets

Mineral exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in operations immediately. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) fact and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are stated at cost, less accumulated impairment.

At March 31, 2021 and 2022, all of the Company's properties are categorized as exploration and evaluation assets.

Mineral property interests

The commercial viability of extracting a mineral resource is considered to be determinable when resources are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Upon determination of resources, exploration and evaluation assets attributable to those resources are first tested for impairment and then reclassified from exploration and evaluation assets to mineral property interests. Expenditures deemed to be unsuccessful are recognized in operations immediately.

Upon reclassification into mineral property interests, all subsequent development expenditures on the project are capitalized within mineral property interests.

Mineral property interests are stated at cost, less accumulated impairment.

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4. Significant Accounting Policies (continued)

Producing mines

After commercial production of a part of mineral property interests commences, all assets included in that part of mineral property interests are reclassified into producing mines.

When a mine project moves into the producing mine stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements or mineable resource development.

Producing mines are stated at cost, less accumulated depreciation and accumulated impairment.

Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment.

Depletion/depreciation/amortization

Accumulated mine development costs are depleted/depreciated/amortized on a unit-of-production basis over the economically recoverable resources of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied.

Processing equipment, pumping facilities, silver yard track, port improvements, settling ponds, capitalized stripping costs, dewatering costs and roads are amortized using the units-of-production basis.

Buildings and mine camp	5% declining balance / straight line
Beneficiation plant and equipment	Units of production basis / 30% declining balance
Office equipment	30% declining balance
Transportation infrastructure and equipment	Units of production basis / straight line / 30% declining balance

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations and comprehensive loss when the asset is derecognized.

Residual values, useful lives and methods of depletion/depreciation/amortization of assets are reviewed at each reporting period and adjusted prospectively if appropriate.

Major maintenance and repairs

Expenditures on major maintenance refits or repairs comprise the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Company through an extended life, the expenditure is capitalized.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets, which is immediately written off. All other day-to-day maintenance costs are expensed as incurred.

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4. Significant Accounting Policies (continued)

Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures, mineral property interests, producing mines and property, plant and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. If this is the case, the individual assets of the Company are grouped together into CGUs for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the consolidated statement of operations and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations and comprehensive loss.

Financial assets and financial liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion in the consolidated statements of operations. The Company measures cash, accounts receivable and restricted cash at amortized cost.

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4. Significant Accounting Policies (continued)

Financial assets (continued)

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company measures cash equivalents at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and the CEBA loan, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

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4. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on deposit at a major Canadian bank and holdings in an investment grade short term money market fund.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

General

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations and comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provisions

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and waste sites, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining asset to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations and comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations.

Onerous contracts

Onerous contracts are present obligations arising under onerous contracts that are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Revenue Recognition

The Company recognizes revenue when all of the following steps have been met: (i) a contract with a customer has been identified; (ii) the performance obligations (being promises to transfer a product, such as iron ore, to a customer) have been identified; (iii) the transaction price has been determined; (iv) the transaction price has been allocated to each performance obligation in the contract; and (v) the performance obligation has been satisfied by the product having been transferred to the customer.

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4. Significant Accounting Policies (continued)

Earnings (loss) per share

Earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options, warrants, DSUs and RSUs in the weighted average number of common shares outstanding during the period, if dilutive. The diluted earnings (loss) per share calculation excludes the conversion of common share equivalents that would increase earnings per share or decrease (loss) per share. There were no stock options or warrants outstanding during the years ended March 31, 2021 and 2022.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations and comprehensive loss except to the extent they relate to items recognized directly in equity or in other comprehensive income, in which case the related taxes are recognized in equity or other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, which may differ from earnings reported in the statement of operations and comprehensive loss due to items of income or expenses that are not currently taxable or deductible for tax purposes, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Government assistance

Upon qualification for government mineral exploration assistance programs, recoverable amounts are offset against costs incurred when the Company has complied with the terms and conditions of the program and the recovery is reasonably assured.

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a reduction of the non-current assets in the consolidated balance sheet, and transferred to the consolidated statement of operations on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognized as a reduction of the related expenses over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the consolidated statement of operations in the period in which they become receivable.

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4. Significant Accounting Policies (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

5. Accounts Receivable and Prepaid Expenses

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Accounts receivable (i)	\$ -	\$ 250,000
Refundable taxes	16,382	52,447
Prepaid expenses	<u>7,500</u>	<u>-</u>
	<u>\$ 23,882</u>	<u>\$ 302,447</u>

(i) The accounts receivable balance at March 31, 2021 was the final instalment of \$250,000 due on the assignment of certain rights to a rail siding. The full amount of the final instalment was received in June 2021. Refer to Note 19.

6. Restricted Cash

At March 31, 2022, restricted cash consisted of term deposits assigned by the Company to its bank as security for its credit card accounts.

At March 31, 2021, restricted cash consisted of term deposits assigned by the Company to its bank, mainly as security for letters of credit issued to government regulatory authorities for rehabilitation and closure obligations. Such restricted cash was released during the year ended March 31, 2022. Refer to Note 10.

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Current	\$ -	\$ 80,258
Non-current	<u>28,703</u>	<u>949,175</u>
Restricted cash	<u>\$ 28,703</u>	<u>\$ 1,029,433</u>

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7. Exploration and Evaluation Assets

LIM and SMI collectively hold a 100% interest in the Schefferville Projects. The Schefferville Projects comprise a series of iron ore deposits located in the Menihek area of western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, near the town of Schefferville, Quebec. Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

In December 2016, a royalty was created equal to 2% of the sales proceeds (FOB Port of Sept-Iles) received from sales of iron ore from the Houston Project, with such royalty being payable quarterly in arrears. The value of the royalty was estimated at \$7,000,000 on the grant date, based on management's estimate of the fair value of the royalty, principally based on a discounted cash flow methodology including certain resource estimates and projections for other inputs including commodity prices, exchange rates and expenses.

All of the iron ore properties located in Labrador held by LIM are held subject to an underlying royalty in the amount of 3% of the selling price (FOB Port of Sept-Iles) of iron ore shipped and sold from such properties, subject to such royalty being no greater than USD\$1.50 per tonne.

Six mining claims in Quebec held by SMI are held subject to a royalty of 3% of the selling price FOB port of iron ore shipped and sold from the properties, subject to such royalty being no greater than US\$1.50 per tonne.

SMI holds certain other mining claims in Quebec subject to the payment of a royalty of \$2.00 per tonne of iron ore shipped from the properties.

Certain historical stockpiles are subject to a 50% net profit interest and the Elizabeth Taconite Property is subject to a deferred payment of \$500,000 upon commencement of commercial production.

At March 31, 2021, an impairment of exploration and evaluation assets was reversed. Refer to Note 22.

The Company's exploration and evaluation assets are as follows:

	Exploration and Evaluation Assets
Cost at:	
March 31, 2020	\$ 1
Impairment reversal (Note 22)	25,963,413
Additions	436,903
March 31, 2021	<u>26,400,317</u>
Additions	97,655
March 31, 2022	<u>\$ 26,497,972</u>
 Accumulated depletion and depreciation:	
March 31, 2020, 2021 and 2022	<u>\$ -</u>
 Net book value at:	
March 31, 2020	<u>\$ 1</u>
March 31, 2021	<u>\$ 26,400,317</u>
March 31, 2022	<u>\$ 26,497,972</u>

All of the Company's properties are currently categorized as exploration and evaluation assets.

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8. Property, Plant and Equipment

Cost at:	Total \$
March 31, 2020, 2021 and 2022	<u>1</u>
Accumulated Depreciation at:	
March 31, 2020, 2021 and 2022	<u>-</u>
Net Book Value at:	
March 31, 2020, 2021 and 2022	<u>1</u>

All of the Company's previous property, plant and equipment was disposed of prior to March 31, 2020.

9. Accounts Payable and Accrued Liabilities

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Current		
Trade payables and accruals	\$ 623,705	\$ 685,542
Sales taxes and statutory liabilities	<u>14,748</u>	<u>157,306</u>
	638,453	842,848
Non-current		
Accrued liabilities	<u>231,250</u>	<u>231,250</u>
	<u>\$ 869,703</u>	<u>\$ 1,074,098</u>

The full balance of the non-current accrued liabilities is deferred executive compensation with respect to the years ended March 31, 2016 and 2017. The balance is unsecured, non-interest bearing and payable on or after April 1, 2023.

Refer to Note 21.

10. Rehabilitation Provision

Rehabilitation provision represents the regulatory obligations associated with rehabilitation and closure of the Company's previous mining operations. These obligations consisted of costs associated with reclamation and the removal of tangible assets from the Company's previous mine site.

At March 31, 2021, the total undiscounted amount of the Company's rehabilitation provision was \$907,919 and was expected to be satisfied between calendar 2021 and 2022. The rehabilitation provision was recognized as \$1,145,067 at March 31, 2021 using a discount rate of 1.46% and an inflation rate of 2.0%.

The Company satisfied or transferred to a third party all remaining rehabilitation and closure obligations during the year ended March 31, 2022, which fully extinguished the related rehabilitation provision during the year.

A summary of the Company's rehabilitation provision is presented below:

	Year ended March 31, 2022	Year ended March 31, 2021
Balance, beginning of year	\$ 1,145,067	\$ 1,593,569
Accretion	1,223	7,137
Recovery	(1,032,567)	(21,134)
Reduction	<u>(113,723)</u>	<u>(434,505)</u>
Balance, end of year	<u>-</u>	<u>1,145,067</u>

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11. Other Liabilities

On April 1, 2012 the Company adopted a Deferred Share Unit (“DSU”) Plan under which DSUs may be granted by the Board at the end of each quarter to certain directors and key senior employees. The performance period of each DSU commences on the grant date and expires on the termination date of the participant. The termination date is when the participant ceases to be a director or key senior employee of the Company. On redemption, each DSU entitles the holder to receive, after deduction of any applicable taxes and other required source deductions, at the Company’s option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

As at and prior to March 31, 2020, DSUs were classified as Other Liabilities, on the assumption that they would likely be settled in cash upon redemption. Effective March 31, 2021, DSUs were reclassified as a Reserve account balance, based on a revised assumption that they would more likely be settled in common shares upon redemption.

A summary of DSUs in Other Liabilities is presented below:

	DSUs in Other Liabilities	
	Number	Value
Balance, March 31, 2020	1,077,362	\$ 21,548
Revaluation	-	361,993
Transfer to Reserves (Note 16)	(1,077,362)	(383,541)
Balance, March 31, 2021 and 2022	-	\$ -

Revaluation represents a mark-to-market adjustment of the carrying value of DSUs based on the market value of the Company’s common shares on March 31, 2021, immediately prior to the balance being transferred from Other Liabilities to Reserves. Refer to Notes 15 and 16.

12. Government Assistance

On April 30, 2020, the Company received a loan in the principal amount of \$40,000 under the Canada Emergency Business Account (“CEBA”) program launched by the Government of Canada as a Covid-19 pandemic relief measure. The CEBA loan is unsecured and non-interest bearing during an initial term ending, as revised, December 31, 2023. Thereafter, the CEBA loan will continue to be unsecured but will bear interest of 5% per year during an extended term ending December 31, 2025.

	March 31, 2022	March 31, 2021
CEBA loan	\$ 40,000	\$ 40,000

During the year ended March 31, 2022, the Company also received \$79,408 (2021 - \$137,338) in wage subsidy from the Government of Canada under the Canada Emergency Wage Subsidy program, which has been credited against corporate and administrative costs.

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13. Non-Controlling Interest

Non-controlling interest ("NCI") represents the 48% (2021 - 48%) equity share of LIMH's subsidiary LIM not owned by LIMH.

On initial recognition, NCI was measured at the proportionate share of LIM equity when the NCI was established in December 2016. Subsequently, adjustments are made to the carrying amount representing the NCI's proportionate share of changes to LIM's equity.

Refer to Note 1.

	Year ended March 31, 2022	Year ended March 31, 2021
Beginning balance	\$ 12,044,109	\$ (607,635)
Net income of LIM attributable to non-controlling interest	<u>212,696</u>	<u>12,651,744</u>
Ending balance	<u>\$ 12,256,805</u>	<u>\$ 12,044,109</u>

14. Share Capital

Authorized

Unlimited common shares, no par value

Issued

Balance, March 31, 2020, 2021 and 2022

	Shares #	Amount \$
	<u>162,364,427</u>	<u>395,687,172</u>

15. Reserves

(a) Deferred Share Units

On April 1, 2012, the Company adopted a DSU Plan under which DSUs may be granted by the Board at the end of each quarter to certain directors and key senior employees. The performance period of each DSU commences on the grant date and expires on the termination date of the participant. The termination date is when the participant ceases to be a director or key senior employee of the Company. On redemption, each DSU entitles the holder to receive, after deduction of any applicable taxes and other required source deductions, at the Company's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

As at and prior to March 31, 2020, DSUs were classified as Other Liabilities, on the assumption that they would likely be settled in cash upon redemption. Effective March 31, 2021, DSUs were reclassified as a Reserve account balance, based on a revised assumption that they would more likely be settled in common shares upon redemption.

A summary of DSUs in Reserves is presented below:

	DSUs in Reserves	
	Number	Reserves
Balance, March 31, 2020	-	\$ -
Transfer from Other Liabilities (Note 12)	<u>1,077,362</u>	<u>383,541</u>
Balance, March 31, 2021 and 2022	<u>1,077,362</u>	<u>\$ 383,541</u>

Effective March 31, 2014, granting of additional DSUs was suspended. All outstanding DSUs are fully vested. Refer to Note 11.

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15. Reserves (continued)

(b) Restricted Share Units

Effective March 31, 2021, the Company adopted and implemented a rolling Restricted Share Unit Plan (“RSU Plan”) whereby the Company may issue up to 5% of its issued capital as Restricted Share Units (each, an “RSU”) to eligible directors, officers, employees and consultants.

The RSU Plan was adopted to provide remuneration and long-term incentives to the Company’s directors, executives, employees and service providers, while preserving the Company’s cash, and to align the interests of such persons with the long term interests of shareholders. Upon vesting, each RSU entitles the grantee the right to receive, on or after the payout election date and until the expiry date, after deduction of any applicable taxes and other required source deductions, at the Company’s option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

The following table sets out activity details of RSUs granted during the years ended March 31, 2021 and 2022.

	RSUs Granted	
	Year ended March 31, 2022	Year ended March 31, 2021
	Number	Number
Balance, beginning of year	1,475,000	-
Granted during the year	769,578	1,475,000
Balance, end of year	2,244,578	1,475,000

The following table sets out details of RSUs issued as at March 31, 2022:

RSUs Issued				
Number	Grant Date	Vesting Date	Election Date	Expiry Date
887,500	March 31, 2021	March 31, 2021	January 1, 2022	December 31, 2024
587,500	March 31, 2021	March 31, 2022	January 1, 2023	December 31, 2024
100,674	June 30, 2021	March 31, 2022	April 1, 2023	December 31, 2024
202,704	September 30, 2021	March 31, 2022	April 1, 2023	December 31, 2024
256,410	December 31, 2021	March 31, 2022	April 1, 2023	December 31, 2024
209,790	March 31, 2022	March 31, 2022	April 1, 2023	December 31, 2025
2,244,578				

LABRADOR IRON MINES HOLDINGS LIMITED
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15. Reserves (continued)

(c) Reserves

A summary of activity in the Reserves account balance is presented below:

	Year ended March 31, 2022	Year ended March 31, 2021
Balance, beginning of the year	\$ 699,491	\$ -
Transfer of 1,077,362 DSUs (Note 12)	-	383,541
Vesting of 887,500 RSUs granted March 31, 2021	-	315,950
Vesting of 587,500 RSUs granted March 31, 2021	209,150	-
Vesting of 100,674 RSUs granted June 30, 2021	30,000	
Vesting of 202,704 RSUs granted September 30, 2021	30,000	
Vesting of 256,410 RSUs granted December 31, 2021	30,000	
Vesting of 209,790 RSUs granted March 31, 2022	30,000	
Balance, end of year	<u>\$ 1,028,641</u>	<u>\$ 699,491</u>

As at and prior to March 31, 2020, DSUs were classified as Other Liabilities, on the assumption that they would likely be settled in cash upon redemption. On March 31, 2021, previously issued fully vested DSUs were transferred from Other Liabilities to Reserves, based on a revised assumption that they would more likely be settled in common shares upon redemption.

The amount recognized in Reserves for RSUs vested during the period equals the market value on the grant date of the corresponding number of common shares.

887,500 RSUs granted on March 31, 2021 were fully recognized in Reserves on their grant date as they fully vested on grant date. The market value of common shares of the Company was \$0.356 per share on March 31, 2021.

587,500 RSUs granted on March 31, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company.

100,674 RSUs granted on June 30, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was \$0.298.

202,704 RSUs granted on September 30, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was \$0.148.

256,410 RSUs granted on December 31, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on the market value of common shares of the Company on their grant date, which was \$0.117.

209,790 RSUs granted on March 31, 2022, which vested immediately, were fully recognized in Reserves during the year ended March 31, 2022 based on the market value of common shares of the Company on their grant date, which was \$0.143.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
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16. Share Based Compensation

Share based compensation consists of compensation to directors, employees and consultants in the form of stock options, DSUs and RSUs.

	Year ended March 31, 2022	Year ended March 31, 2021
Revaluation of 1,077,362 DSUs	\$ -	\$ 361,993
Vesting of 887,500 RSUs granted March 31, 2021	-	315,950
Vesting of 587,500 RSUs granted March 31, 2021	209,150	-
Vesting of 100,674 RSUs granted June 30, 2021	30,000	-
Vesting of 202,704 RSUs granted September 30, 2021	30,000	-
Vesting of 256,410 RSUs granted December 31, 2021	30,000	-
Vesting of 209,790 RSUs granted March 31, 2022	30,000	-
	<u>\$ 329,150</u>	<u>\$ 677,943</u>

Refer to Notes 11 and 15(c).

There were no stock options granted, issued or outstanding during the years ended March 31, 2021 and 2022.

17. Capital Management

The capital of the Company consists of share capital and reserves. There were no significant changes to the Company's approach to capital management during the years ended March 31, 2021 and 2022, other than the adoption and implementation of the RSU Plan effective March 31, 2021. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its mineral properties. The issuance of common shares requires approval from the Board of Directors. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the Company's management to sustain future development of the business. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore, develop and produce from its Schefferville Projects for the benefit of its stakeholders. The Company uses stock options, DSUs and RSUs to retain and provide incentives to directors, employees and consultants. The granting of stock options, DSUs and RSUs is primarily determined by the Board of Directors. No stock options were granted, issued or outstanding during the years ended March 31, 2021 or 2022.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

18. Commitments and Contingencies

- (a) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- (b) The Company is party to one unresolved claim from 2016 in the amount of approximately \$3.0 million which has been rejected and remains in dispute. The Company has not recognized the unresolved claim as a liability as the outcome of the claim is not determinable at this time and the full amount of the unresolved claim is treated as a contingent liability.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
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19. Assignment of Rights

The Company assigned certain rights in a rail siding to a third party and received cash consideration of \$500,000 during the year ended March 31, 2021. A final additional installment of \$250,000 was recorded in accounts receivable at March 31, 2021 and was received in full in June 2021.

	Year ended March 31, 2022	Year ended March 31, 2021
Assignment of rights	\$ -	\$ 750,000

20. Related Party Transactions

During the year ended March 31, 2022, the Company incurred office rent of \$27,000 (2021 - \$15,000) payable to a corporation with common directors and/or officers. As at March 31, 2021, \$Nil (2021 - \$24,000) was payable to this related party with respect to office rent.

During the year ended March 31, 2022, the Company incurred administrative services costs payable to a company controlled by an officer in the amount of \$30,000 (2021 - \$30,000). As at March 31, 2022, \$95,000 (2021 - \$65,000) remained payable to this related party with respect to administrative services.

All related party balances payable as at March 31, 2022 are included in accounts payable and accrued liabilities. The balances are unsecured, non-interest bearing and have no fixed terms of repayment.

21. Compensation of Key Management Personnel

The remuneration of directors and other key management personnel (i) during the years ended March 31, 2021 and 2022 was as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
Short-term compensation (ii)	\$ 313,986	\$ 328,028
Share based compensation (iii)	262,400	611,193
	<u>\$ 576,386</u>	<u>\$ 939,221</u>

(i) In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

(ii) Short-term compensation includes cash based salaries, bonuses and allowances, employment benefits and directors' fees.

(iii) Share based compensation includes DSU and RSU compensation recognized during the period.

As at March 31, 2022, \$276,214 (2021 - \$264,375) of short-term compensation remained payable to key management personnel. Of the balance of short-term compensation outstanding at March 31, 2022, \$231,250 (2021 - \$231,250) is deferred executive compensation from the years ended March 31, 2016 and 2017, which is unsecured, non-interest bearing and due on or after April 1, 2023. The remaining balance is unsecured, non-interest bearing and due on demand. All such accrued compensation is included in accrued liabilities.

LABRADOR IRON MINES HOLDINGS LIMITED
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22. Impairment Reversal

	Year ended March 31, 2022	Year ended March 31, 2021
Exploration and evaluation assets		
Impairment reversal	-	\$ 25,963,413
Impairment reversal	<u>\$ -</u>	<u>\$ 25,963,413</u>

The Company carried out impairment assessments in the years ended March 31, 2021 and 2022 in accordance with the Company's accounting policies and as required by IFRS and IAS 36.

During the years ended March 31, 2015 and 2017, the carrying value of the Company's exploration and evaluation assets was impaired based on an assessment using then-prevailing economic conditions. The full impairment of the Company's exploration and evaluation assets was maintained through March 31, 2020, pending additional evidence of a sustainable improvement in market conditions.

During the year ended March 31, 2021, the iron ore market continued to improve and the Company commissioned an independent Preliminary Economic Assessment ("PEA") of the Houston Project. The PEA dated February 26, 2021 reported a base case net present value, using a discounted cash flow methodology, of \$109,139,582, which the Company has used as an estimate of the Houston Project's value-in-use. Base case assumptions included a long term iron ore price of US\$90/tonne; production of 2 million tonnes of iron ore per year; a 12 year mine life; a discount rate of 8%; and a USD/CAD foreign exchange rate of 1.33. Based on the results of the PEA, the Company recognized an impairment reversal of \$25,963,413 of the Houston Project, representing the full pre-impairment carrying value of the Houston Project. Refer to Note 7.

In considering the carrying value of the Houston Project at March 31, 2022, the Company noted that the prevailing iron ore market price during the assessment period subsequent to year end was stronger than the assumed long term iron ore price of US\$90/tonne used in the PEA. Based on the foregoing, no impairment of the carrying value of the Houston Project was considered warranted.

As outlined in its accounting policies the Company generally uses the fair value less cost of disposal to determine recoverable amount as it believes that this will generally result in a value greater than or equal to the value-in-use. When there is no binding sales agreement, fair value less costs of disposal is estimated by various valuation methods including the discounted future cash flows expected to be derived from a project, less an amount for costs to sell, estimated based on similar past transactions. In the case of the Houston Project, the Company has used the value-in-use approach to estimate the recoverable amount of the asset, based on a discounted cash flow methodology.

Estimated cash flows based on expected future production, operating costs and capital costs estimates, and forecasts of commodity prices and exchange rate assumptions are included in the estimation of fair value. The inputs used in the fair value measurement constitute Level 3 inputs under the fair value hierarchy. Key estimates and judgments used in the fair value less cost of disposal calculation are estimates of production levels, operating costs and capital expenditures reflected in the project's life of mine plans, a discount rate, as well as economic factors beyond the Company's control, particularly iron ore prices and foreign exchange rates.

Significant judgments and assumptions are required in making estimates of fair value in accordance with IFRS. It should be noted that the valuations are subject to variability in key assumptions including, but not limited to, forecasts of iron ore prices, currency exchange rates, discount rates, production, operating and capital costs. A change in one or more of the assumptions used to estimate fair value could result in a change in fair value.

Any fair value estimate may not be representative of actual net realizable value in an actual transaction.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
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23. Financial Instruments

Fair Value Hierarchy

The Company discloses information related to its financial instruments that are measured at fair value subsequent to initial recognition, based on levels 1 to 3 based on the degree to which the fair value is observable.

- (a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

At March 31, 2021 and 2022, the Company's financial instruments that are carried at fair value, consisting of cash equivalents, have been classified as Level 2 within the fair value hierarchy.

Fair value

Fair value estimates are made at the financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities on the consolidated statement of financial position approximate fair value because of the limited term of the instruments.

Financial risk management

This section provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk and how the Company manages those risks. The Company's objectives and management of risks have not changed significantly during the years ended March 31, 2021 and 2022.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and cash equivalents, restricted cash and accounts receivable. The Company does not currently hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company has never held any asset backed paper instruments. The Company seeks to place its cash and cash equivalents with reputable financial institutions. At March 31, 2021 and 2022, the Company's cash and cash equivalents and restricted cash were held in deposits and in an investment grade short term money market fund at a major Canadian bank. The carrying amount of financial assets represents the Company's maximum credit exposure.

ii) Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they come due. As at March 31, 2022, the Company had a working capital deficit of \$305,366 (2021 - working capital deficit of \$132,087). The Company believes it will be able to settle its current obligations from the proceeds of sale of an equity financing. Refer to Note 1.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

23. Financial Instruments (continued)

iii) Foreign currency risk

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

Revenue from any future sales of iron ore will be denominated in U.S. dollars and, as a result, fluctuations in the U.S. dollar exchange rate relative to the Canadian dollar could create volatility in the Company's cash flows and the reported amounts for revenue in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts.

Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each financial position date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statement of operations and comprehensive loss.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding cash and cash equivalents in Canadian dollars. The Company will monitor the values of net foreign currency cash flow and balance sheet exposures and in the future may consider using derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of any foreign currency cash flows. The Company does not use forward foreign exchange contracts for speculative purposes.

iv) Interest rate risk

Included in net loss for the year ended March 31, 2022 is interest earned on the Company's cash and cash equivalents. If interest rates throughout the year ended March 31, 2022 had been 100 basis points higher (lower) then net loss would have been approximately \$2,000 lower (higher). The Company does not have any variable rate debt obligations which expose it to interest rate risk.

v) Commodity price risk

The future profitability of the Company is directly related to the market price of iron ore. Fluctuations in the iron ore price could create volatility in the Company's future cash flows and the future reported amounts for sales in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts. In addition, a drop in actual iron ore prices or expected long-term iron ore prices could impact the Company's ability to raise additional financing, if required, to complete the development of its properties, and development could also be halted if iron ore prices fall below expected operating costs. The Company had no sales of iron ore during the years ended March 31, 2021 and 2022.

LABRADOR IRON MINES HOLDINGS LIMITED
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24. Income Taxes

Major items causing the Company's effective income tax rates to differ from the approximate combined Canadian federal and provincial statutory rate of 27% (2021 - 27%) were as follows:

a) Provision for Income Taxes

	Year ended March 31, 2022	Year ended March 31, 2021
	\$	\$
Net (loss) income before income taxes	(98,154)	25,666,588
Expected income tax recovery based on statutory rate	(27,000)	6,989,000
Adjustment to expected income tax benefit due to:		
Share based compensation	(90,000)	185,000
Change in benefit of tax assets not recognized	117,000	(7,174,000)
Deferred income tax provision	-	-

b) Deferred Income Tax Balances

Unrecognized Deferred Tax Assets

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2022	March 31, 2021
	\$	\$
Non-capital loss carry-forwards	278,742,000	280,153,000
Capital losses	659,000	659,000
Exploration and evaluation assets	9,792,000	9,792,000
Reclamation	-	1,145,000
Property, plant and equipment	9,171,000	11,955,000

The non-capital loss-carry-forwards of approximately \$278,742,000 expire from 2028 to 2042. The other temporary differences do not expire under current legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

SCHEDULE E

***LABRADOR IRON MINES HOLDINGS LIMITED UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022***

LABRADOR IRON MINES HOLDINGS LIMITED

Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2022

(Unaudited, expressed in Canadian dollars)

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in Canadian dollars)

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 105,472	\$ 309,205
Accounts receivable and prepaid expenses (Note 5)	14,510	23,882
Total current assets	<u>119,982</u>	<u>333,087</u>
Non-current assets		
Restricted cash (Note 6)	28,708	28,703
Prepaid exploration expenses	143,772	102,708
Exploration and evaluation assets (Note 7)	26,566,035	26,497,972
Property, plant and equipment (Note 8)	1	1
Total non-current assets	<u>26,738,516</u>	<u>26,629,384</u>
Total assets	<u>\$ 26,858,498</u>	<u>\$ 26,962,471</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 9, 17 and 18)	\$ 947,123	\$ 638,453
Advance from director (Notes 9 and 17)	100,000	-
Total current liabilities	<u>1,047,123</u>	<u>638,453</u>
Non-current liabilities		
Accrued liabilities (Note 18)	231,250	231,250
CEBA loan (Note 10)	40,000	40,000
Total non-current liabilities	<u>271,250</u>	<u>271,250</u>
Total liabilities	<u>1,318,373</u>	<u>909,703</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	395,687,172	395,687,172
Reserves (Note 13)	1,061,530	1,028,641
Deficit	(383,423,554)	(382,919,850)
Non-controlling interest (Note 11)	12,214,977	12,256,805
Total shareholders' equity	<u>25,540,125</u>	<u>26,052,768</u>
Total liabilities and shareholders' equity	<u>\$ 26,858,498</u>	<u>\$ 26,962,471</u>

Going concern (Note 1)
Commitments and contingencies (Note 16)

The financial statements were approved by the Board of Directors on February 9, 2023 and signed on its behalf by:

Signed "John F. Kearney"	Signed "Danesh Varma"
_____ Director	_____ Director

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

LABRADOR IRON MINES HOLDINGS LIMITED**Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss) Income**
(Unaudited, expressed in Canadian dollars)

	Three months ended		Nine months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	\$	\$	\$	\$
Operating expenses				
Site costs	(2,450)	(92,876)	(93,936)	(260,535)
(Loss) before the undernoted	(2,450)	(92,876)	(93,936)	(260,535)
Corporate and administrative costs (Note 10)	(122,796)	(72,840)	(419,686)	(290,920)
Share based compensation (Note 14)	(20,833)	(77,288)	(32,889)	(191,863)
Accretion	-	-	-	(1,223)
Interest earned	117	713	979	2,179
Rehabilitation provision recovery	-	-	-	1,032,567
	(143,512)	(149,415)	(451,596)	550,740
Net comprehensive (loss) income for the period	(145,962)	(242,291)	(545,532)	290,205
Net comprehensive (loss) income attributable to:				
Shareholders of Labrador Iron Mines Holdings Limited	(146,926)	(232,968)	(503,704)	(146,252)
Non-controlling interest (Note 11)	964	(9,323)	(41,828)	436,457
	(145,962)	(242,291)	(545,532)	290,205
Net (loss) income per share				
Basic and diluted	(0.00)	(0.00)	(0.00)	0.00
Weighted average number of shares outstanding				
Basic	162,364,427	162,364,427	162,364,427	162,364,427
Diluted	162,364,427	162,364,427	162,364,427	165,051,473

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

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)

	Three months ended		Nine months ended	
	December 31, 2022 \$	December 31, 2021 \$	December 31, 2022 \$	December 31, 2021 \$
Cash (used in) operating activities				
Net (loss) income for the period	(145,962)	(242,291)	(545,532)	290,205
Items not involving cash:				
Share based compensation (Note 14)	20,833	77,288	32,889	191,863
Accretion	-	-	-	1,223
Interest receivable	52	(764)	(5)	(1,247)
Rehabilitation provision recovery	-	-	-	(1,032,567)
Changes in working capital	115,557	(27,484)	276,978	233,717
Cash (used in) operating activities	(9,520)	(193,251)	(235,670)	(316,806)
Cash provided by (used in) investing activities				
Investment in exploration and evaluation assets (Note 7)	-	-	(68,063)	(9,595)
Performance of site rehabilitation	-	-	-	(113,723)
Release of restricted cash	-	179,171	-	179,171
Cash provided by (used in) investing activities	-	179,171	(68,063)	55,853
Cash provided by financing activities				
Advance from director (Note 9)	100,000	-	100,000	-
Cash provided by financing activities	100,000	-	100,000	-
Changes in cash and cash equivalents	90,480	(14,080)	(203,733)	(260,953)
Cash and cash equivalents, beginning	14,992	81,183	309,205	328,056
Cash and cash equivalents, ending	105,472	67,103	105,472	67,103
Cash and cash equivalents consist of:				
Cash	105,295	66,901	105,295	66,901
Cash equivalents	177	202	177	202
	105,472	67,103	105,472	67,103

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

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited, expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Non-Controlling Interest	Shareholders' Equity
	Number	Amount	Amount	Amount	Amount	Total
Balance, March 31, 2021	162,364,427	\$ 395,687,172	\$ 699,491	\$ (382,609,000)	\$ 12,044,109	\$ 25,821,772
Vesting of RSUs (Note 13)	-	-	191,863	-	-	191,863
Net (loss) income for the period	-	-	-	(146,252)	436,457	290,205
Balance, December 31, 2021	162,364,427	395,687,172	891,354	(382,755,252)	12,480,566	26,303,840
Vesting of RSUs (Note 13)	-	-	137,287	-	-	137,287
Net (loss) for the period	-	-	-	(164,598)	(223,761)	(388,359)
Balance, March 31, 2022	162,364,427	395,687,172	1,028,641	(382,919,850)	12,256,805	26,052,768
Vesting of RSUs (Note 13)	-	-	32,889	-	-	32,889
Net (loss) for the period	-	-	-	(503,704)	(41,828)	(545,532)
Balance, December 31, 2022	<u>162,364,427</u>	<u>\$ 395,687,172</u>	<u>\$ 1,061,530</u>	<u>\$ (383,423,554)</u>	<u>\$ 12,214,977</u>	<u>\$ 25,540,125</u>

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

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
December 31, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Principles of Consolidation

The accompanying condensed interim consolidated financial statements include the accounts of parent company Labrador Iron Mines Holdings Limited ("LIMH") and its majority owned subsidiaries Labrador Iron Mines Limited ("LIM"), Schefferville Mines Inc. ("SMI"), Centre Ferro Ltd. and Labrail Inc.

LIMH owns 52% (2021 - 52%) of the common shares of LIM and LIM owns 100% of the common shares of SMI.

LIMH owns 100% of the common shares of Centre Ferro Ltd. and Labrail Inc.

Non-controlling interest represents the 48% (2021 - 48%) equity interest in LIM not owned by LIMH. Refer to Note 11.

All significant intercompany accounts and transactions have been eliminated upon consolidation.

Nature of Operations

Labrador Iron Mines Holdings Limited (on a consolidated basis, the "Company") is a mineral resource company engaged in the business of exploration, development and mining of iron ore projects in Canada. The Company's primary exploration and evaluation assets are iron ore projects in western Labrador and northeastern Quebec, near the town of Schefferville, Quebec (collectively, the "Schefferville Projects"). Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

The Company's head office is located at 55 University Avenue, Suite 1805, Toronto, Ontario, Canada M5J 2H7.

The Company did not conduct mining operations, other than standby activities, during the three and nine months ended December 31, 2022 and 2021. The Company is currently focused on advancing the development of its Houston Project and maintaining its other mineral claims and mining concessions. Subject to securing construction financing, the Company plans to commence construction of its Houston Project. There can be no assurance that construction will be commenced or completed.

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that exploration, development and mining will result in profitable mining operations. The recoverability of the carrying value of assets and the Company's continued existence are dependent upon the preservation of the Company's interests in its underlying properties, the development of economically recoverable resources, the achievement of profitable operations or the ability of the Company to raise additional financing, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material impairment of the carrying values of the Company's assets.

Although the Company has taken steps to verify its title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements.

Going Concern

At December 31, 2022, the Company had a working capital deficit of \$927,141, compared to a working capital deficit of \$305,366 at March 31, 2022. Notwithstanding its working capital deficit, the Company believes it has sufficient resources to continue its operations over the next 12 months, based on the Company's expectation that it will generate sufficient proceeds from a private placement or alternative form of financing. Accordingly, the condensed interim consolidated financial statements for the three and nine months ended December 31, 2022 have been prepared on a going concern basis, using the historical cost convention.

On July 5, 2022, the Company entered into an agreement for a US\$4,000,000 strategic investment by Scully Royalty Ltd. ("Scully") consisting of a US\$3,000,000 equity component alongside a US\$1,000,000 convertible credit facility. Closing of the strategic investment was initially expected to occur by the end of July 2022, which was then extended to the end of August to allow time to obtain certain necessary regulatory approvals.

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1. Nature of Operations and Going Concern (continued)

Under the Investment Agreement and the related Asset Acquisition Agreement, the closing Outside Date was initially agreed as August 31, 2022, and subsequently was extended to September 14, 2022. The proposed transactions were not completed by Scully by the agreed Outside Date of September 14, 2022. The Company is exploring various financing alternatives, including a potential private placement of equity.

There are no assurances that the Company will be successful in generating sufficient proceeds from a private placement or alternative form of financing. If the Company is unable to generate sufficient proceeds, the Company could be required to curtail its operations and discontinue as a going concern. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these consolidated financial statements. Such adjustments could be material.

Furthermore, the Company's ability to develop the Houston Project is dependent on completing additional construction financing. Even if the Company is successful in funding its immediate working capital requirements, if the Company is unable to obtain additional construction financing on a timely basis or on reasonable or acceptable terms, the Company will be unable to pursue development of its Houston Project. Development of the Houston Project may not result in profitable commercial production.

2. Basis of Preparation

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The accounting policies set out below were consistently applied to all the periods presented unless otherwise noted.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") on a basis consistent with the accounting policies disclosed in the consolidated financial statements of the Company for the year ended March 31, 2022.

These condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention and using the accrual basis of accounting, except for cash flow information. Refer to Notes 1 and 4.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed interim consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

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3. Significant Accounting Judgments, Estimates and Assumptions (continued)

Mineral resource estimates

The figures for mineral resources are reported in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Impairment of exploration and evaluation assets and property, plant and equipment

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. External sources of information include technical reports and arm's length mineral property transaction values. External sources of information also include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future pre-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation assets.

While assessing whether any indications of impairment exist for property, plant and equipment, management looks at the higher of recoverable amount or fair value less costs of disposal.

Where an impairment is subsequently reversed, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment been previously recognized.

These determinations and their individual assumptions require that management make decisions based on the best available information at each reporting period. Refer to Note 7.

Cash generating units

Cash generating units ("CGUs") represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis. The Company generally considers its Schefferville Projects to represent one CGU, as the Schefferville Projects are in close geographical proximity to each other and all share common management, rail, port, processing and mine support infrastructure.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

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3. Significant Accounting Judgments, Estimates and Assumptions (continued)

Share-based payments

Share based payments may include options, warrants, restricted share units or deferred share units. Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based awards is determined at the date of grant using generally accepted valuation techniques, including market trading price as a reference for valuing restricted share units and deferred share units, and the Black-Scholes model for valuing options and warrants. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include, in the case of the Black-Scholes model, estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Asset lives and depletion and depreciation rates for property, plant and equipment and exploration and evaluation assets

Depletion and depreciation expenses are allocated based on assumed asset lives and depletion and depreciation rates. Should the asset life or depletion and depreciation rate differ from the initial estimate, an adjustment would be made in the consolidated statement of operations and comprehensive loss.

Going concern

Refer to Note 1.

Contingencies

Refer to Note 16.

4. Significant Accounting Policies

Basis of consolidation

The condensed interim consolidated financial statements consolidate the financial statements of Labrador Iron Mines Holdings Limited and its subsidiaries, Labrador Iron Mines Limited, Schefferville Mines Inc., Labrail Inc. and Centre Ferro Ltd. All significant intercompany transactions and balances have been eliminated. Refer to Note 1.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. Refer to Note 1.

Presentation and functional currency

The Company's presentation and functional currency is the Canadian dollar.

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of such transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in operations in the period in which they arise.

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4. Significant Accounting Policies (continued)

Deferred share units

Directors and key senior employees of the Company may receive as partial compensation deferred share units ("DSUs") under the terms of the Company's deferred share unit plan. The fair value of DSUs at the time of award is estimated with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the grant date of the award.

When recognized as a liability account balance, the fair value of DSUs is recognized as a share-based payment expense with a corresponding increase in liabilities, over the period from the date of award to settlement date. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date with a corresponding change in the consolidated statement of operations and comprehensive income.

When recognized as a reserve account balance, the fair value of DSUs is recognized as a share-based payment expense with a corresponding charge to reserves on the date of award and is not revalued at subsequent reporting dates.

Restricted share units

Directors and key senior employees of the Company may receive as partial compensation restricted share units ("RSUs") under the terms of the Company's restricted share unit plan. The fair value of RSUs at the time of vesting is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the vesting date.

RSUs are recognized as a reserve account balance when vested. The fair value of RSUs is recognized as a share-based payment expense with a corresponding charge to reserves upon vesting.

Exploration and evaluation assets

Mineral exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in operations immediately. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) fact and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are stated at cost, less accumulated impairment.

At December 31, 2022 and 2021, all of the Company's properties were categorized as exploration and evaluation assets.

Mineral property interests

The commercial viability of extracting a mineral resource is considered to be determinable when resources are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Upon determination of resources, exploration and evaluation assets attributable to those resources are first tested for impairment and then reclassified from exploration and evaluation assets to mineral property interests. Expenditures deemed to be unsuccessful are recognized in operations immediately.

Upon reclassification into mineral property interests, all subsequent development expenditures on the project are capitalized within mineral property interests.

Mineral property interests are stated at cost, less accumulated impairment.

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4. Significant Accounting Policies (continued)

Producing mines

After commercial production of a part of mineral property interests commences, all assets included in that part of mineral property interests are reclassified into producing mines.

When a mine project moves into the producing mine stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements or mineable resource development.

Producing mines are stated at cost, less accumulated depreciation and accumulated impairment.

Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment.

Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures, mineral property interests, producing mines and property, plant and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. If this is the case, the individual assets of the Company are grouped together into CGUs for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the consolidated statement of operations and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on deposit at a major Canadian bank and holdings in an investment grade short term money market fund.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Revenue Recognition

The Company recognizes revenue when all of the following steps have been met: (i) a contract with a customer has been identified; (ii) the performance obligations (being promises to transfer a product, such as iron ore, to a customer) have been identified; (iii) the transaction price has been determined; (iv) the transaction price has been allocated to each performance obligation in the contract; and (v) the performance obligation has been satisfied by the product having been transferred to the customer. The Company did not recognize any revenue during the three and nine months ended December 31, 2022 and 2021.

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4. Significant Accounting Policies (continued)

Earnings (loss) per share

Earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options, warrants, DSUs and RSUs in the weighted average number of common shares outstanding during the period, if dilutive. The diluted earnings (loss) per share calculation excludes the conversion of common share equivalents that would increase earnings per share or decrease (loss) per share.

5. Accounts Receivable and Prepaid Expenses

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Refundable taxes	\$ 14,510	\$ 16,382
Prepaid expenses	-	7,500
	<u>\$ 14,510</u>	<u>\$ 23,882</u>

6. Restricted Cash

At December 31, 2022, restricted cash consisted of term deposits assigned by the Company to its bank as security for its credit card accounts.

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Non-current restricted cash	\$ 28,708	\$ 28,703

7. Exploration and Evaluation Assets

LIM and SMI collectively hold a 100% interest in the Schefferville Projects. The Schefferville Projects comprise a series of iron ore deposits located in the Menihek area of western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, near the town of Schefferville, Quebec. Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

In December 2016, a royalty was created equal to 2% of the sales proceeds (FOB Port of Sept-Iles) received from sales of iron ore from the Houston Project, with such royalty being payable quarterly in arrears. The value of the royalty was estimated at \$7,000,000 on the grant date, based on management's estimate of the fair value of the royalty, principally based on a discounted cash flow methodology including certain resource estimates and projections for other inputs including commodity prices, exchange rates and expenses.

All of the iron ore properties located in Labrador held by LIM are held subject to an underlying royalty in the amount of 3% of the selling price (FOB Port of Sept-Iles) of iron ore shipped and sold from such properties, subject to such royalty being no greater than USD\$1.50 per tonne.

Six mining claims in Quebec held by SMI are held subject to a royalty of 3% of the selling price FOB port of iron ore shipped and sold from the properties, subject to such royalty being no greater than US\$1.50 per tonne.

SMI holds certain other mining claims in Quebec subject to the payment of a royalty of \$2.00 per tonne of iron ore shipped from the properties.

Certain historical stockpiles are subject to a 50% net profit interest and the Elizabeth Taconite Property is subject to a deferred payment of \$500,000 upon commencement of commercial production.

At March 31, 2021, an impairment of exploration and evaluation assets, specifically the Houston Project, was reversed.

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7. Exploration and Evaluation Assets (continued)

The Company's exploration and evaluation assets are summarized as follows:

	Exploration and Evaluation Assets
Cost at:	
March 31, 2021	\$ 26,400,317
Additions	97,655
March 31, 2022	\$ 26,497,972
Additions	68,063
December 31, 2022	\$ 26,566,035
Accumulated depletion:	
March 31, 2021 and 2022 and December 31, 2022	\$ -
Net book value at:	
March 31, 2021	\$ 26,400,317
March 31, 2022	\$ 26,497,972
December 31, 2022	\$ 26,566,035

All of the Company's mineral properties are categorized as exploration and evaluation assets.

8. Property, Plant and Equipment

	Total
Cost at:	
March 31, 2021 and 2022 and December 31, 2022	\$ 1
Accumulated Depreciation at:	
March 31, 2021 and 2022 and December 31, 2022	\$ -
Net Book Value at:	
March 31, 2021 and 2022 and December 31, 2022	\$ 1

All of the Company's previous property, plant and equipment was disposed of prior to March 31, 2021.

9. Current Liabilities

	December 31, 2022	March 31, 2022
Current		
Trade payables and accruals	\$ 926,224	\$ 623,705
Sales taxes and statutory liabilities	20,899	14,748
Accounts payable and accrued liabilities	947,123	638,453
Advance from director	100,000	-
	\$ 1,047,123	\$ 638,453

During the nine months ended December 31, 2022, a director advanced \$100,000 to the Company on a non-interest bearing basis with no fixed repayment terms for working capital purposes.

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10. Government Assistance

On April 30, 2020, the Company received a loan in the principal amount of \$40,000 under the Canada Emergency Business Account (“CEBA”) program launched by the Government of Canada as a Covid-19 pandemic relief measure. The CEBA loan is unsecured and non-interest bearing during an initial term ending, as revised, December 31, 2023. Thereafter, the CEBA loan will continue to be unsecured but will bear interest of 5% per year during an extended term ending December 31, 2025.

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
CEBA loan	<u>\$ 40,000</u>	<u>\$ 40,000</u>

During the nine months ended December 31, 2022, the Company received \$Nil (nine months ended December 31, 2021 - \$66,997) in wage subsidy from the Government of Canada under the Canada Emergency Wage Subsidy (“CEWS”) program, which was credited against corporate and administrative costs. The CEWS wage subsidy is not repayable.

11. Non-Controlling Interest

Non-controlling interest (“NCI”) represents the 48% (2021 - 48%) equity share of LIMH’s subsidiary LIM not owned by LIMH.

On initial recognition, NCI was measured at the proportionate share of LIM equity when the NCI was established in December 2016. Subsequently, adjustments are made to the carrying amount representing the NCI’s proportionate share of changes to LIM’s equity.

Refer to Note 1.

	<u>Nine months ended December 31, 2022</u>	<u>Year ended March 31, 2022</u>
Beginning balance	\$ 12,256,805	\$ 12,044,109
Net (loss) income of LIM attributable to non-controlling interest	<u>(41,828)</u>	<u>212,696</u>
Ending balance	<u>\$ 12,214,977</u>	<u>\$ 12,256,805</u>

12. Share Capital

Authorized

Unlimited common shares, no par value

Issued

	<u>Shares #</u>	<u>Amount \$</u>
Balance, March 31, 2021 and 2022 and December 31, 2022	<u>162,364,427</u>	<u>395,687,172</u>

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13. Reserves

(a) Deferred Share Units

On April 1, 2012, the Company adopted a DSU Plan under which DSUs may be granted by the Board at the end of each quarter to certain directors and key senior employees. The performance period of each DSU commences on the grant date and expires on the termination date of the participant. The termination date is when the participant ceases to be a director or key senior employee of the Company. On redemption, each DSU entitles the holder to receive, after deduction of any applicable taxes and other required source deductions, at the Company's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

A summary of DSUs in Reserves is presented below:

	DSUs in Reserves	
	Number	Reserves
Balance, March 31, 2021 and 2022 and December 31, 2022	1,077,362	\$ 383,541

Effective March 31, 2014, granting of additional DSUs was suspended. All outstanding DSUs are fully vested.

(b) Restricted Share Units

Effective March 31, 2021, the Company adopted and implemented a rolling Restricted Share Unit Plan ("RSU Plan") whereby the Company may issue up to 5% of its issued capital as Restricted Share Units (each, an "RSU") to eligible directors, officers, employees and consultants.

The RSU Plan was adopted to provide remuneration and long-term incentives to the Company's directors, executives, employees and service providers, while preserving the Company's cash, and to align the interests of such persons with the long term interests of shareholders. Upon vesting, each RSU entitles the grantee the right to receive, on or after the payout election date and until the expiry date, after deduction of any applicable taxes and other required source deductions, at the Company's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

The following table sets out activity details of RSUs granted.

	RSUs Granted	
	Nine months ended December 31, 2022	Year ended March 31, 2022
	Number	Number
Balance, beginning of period	2,244,578	1,475,000
Granted during the period	708,236	769,578
Balance, end of period	2,952,814	2,244,578

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13. Reserves (continued)

(b) Restricted Share Units (continued)

The following table sets out details of RSUs granted as at December 31, 2022:

RSUs Issued				
Number	Grant Date	Vesting Date	Election Period Commencement	Expiry Date
887,500	March 31, 2021	March 31, 2021	January 1, 2022	December 31, 2024
587,500	March 31, 2021	March 31, 2022	January 1, 2023	December 31, 2024
100,674	June 30, 2021	March 31, 2022	April 1, 2023	December 31, 2024
202,704	September 30, 2021	March 31, 2022	April 1, 2023	December 31, 2024
256,410	December 31, 2021	March 31, 2022	April 1, 2023	December 31, 2024
209,790	March 31, 2022	March 31, 2022	April 1, 2023	December 31, 2025
35,791	June 30, 2022	June 30, 2022	June 30, 2022	December 31, 2025
240,385	June 30, 2022	March 31, 2023	April 1, 2024	December 31, 2025
198,415	September 30, 2022	March 31, 2023	April 1, 2024	December 31, 2025
233,645	December 31, 2022	March 31, 2023	April 1, 2024	December 31, 2025
2,952,814				

(c) Reserves

A summary of activity in the Reserves account balance is presented below:

	Nine months ended December 31, 2022	Year ended March 31, 2022
Balance, beginning of period	\$ 1,028,641	\$ 699,491
Vesting of 587,500 RSUs granted March 31, 2021	-	209,150
Vesting of 100,674 RSUs granted June 30, 2021	-	30,000
Vesting of 202,704 RSUs granted September 30, 2021	-	30,000
Vesting of 256,410 RSUs granted December 31, 2021	-	30,000
Vesting of 209,790 RSUs granted March 31, 2022	-	30,000
Vesting of 35,791 RSUs granted June 30, 2022	3,722	-
Vesting of 240,385 RSUs granted June 30, 2022	16,667	-
Vesting of 198,415 RSUs granted September 30, 2022	12,500	-
Balance, end of period	<u>\$ 1,061,530</u>	<u>\$ 1,028,641</u>

The amount recognized in Reserves for RSUs vested during the period equals the market value on the grant date of the corresponding number of common shares.

587,500 RSUs granted on March 31, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was \$0.356.

100,674 RSUs granted on June 30, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was \$0.298.

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13. Reserves (continued)

(c) Reserves (continued)

202,704 RSUs granted on September 30, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was \$0.148.

256,410 RSUs granted on December 31, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022, based on the market value of common shares of the Company on their grant date, which was \$0.117.

209,790 RSUs granted on March 31, 2022, which vested immediately, were fully recognized in Reserves during the year ended March 31, 2022, based on the market value of common shares of the Company on their grant date, which was \$0.143.

35,791 RSUs granted on June 30, 2022, which vested immediately, were fully recognized in Reserves on their grant date, based on the market value of common shares of the Company on their grant date, which was \$0.104.

240,385 RSUs granted on June 30, 2022, which vest on March 31, 2023, were partially recognized in Reserves during the nine months ended December 31, 2022, based on the market value of common shares of the Company on their grant date, which was \$0.104.

198,415 RSUs granted on September 30, 2022, which vest on March 31, 2023, were partially recognized in Reserves during the nine months ended December 31, 2022, based on the market value of common shares of the Company on their grant date, which was \$0.126.

14. Share Based Compensation

Share based compensation consists of compensation to directors, employees and consultants in the form of stock options, DSUs and RSUs.

	<u>Nine months ended December 31, 2022</u>	<u>Nine months ended December 31, 2021</u>
Vesting of 587,500 RSUs granted March 31, 2021	\$ -	\$ 156,863
Vesting of 100,674 RSUs granted June 30, 2021	-	20,000
Vesting of 202,704 RSUs granted September 30, 2021	-	15,000
Vesting of 256,410 RSUs granted December 31, 2021	-	-
Vesting of 209,790 RSUs granted March 31, 2022	-	-
Vesting of 35,791 RSUs granted June 30, 2022	3,722	-
Vesting of 240,385 RSUs granted June 30, 2022	16,667	-
Vesting of 198,415 RSUs granted September 30, 2022	<u>12,500</u>	<u>-</u>
	<u>\$ 32,889</u>	<u>\$ 191,863</u>

Refer to Note 13(c). There were no stock options granted, issued or outstanding during the nine months ended December 31, 2022 and 2021. Effective March 31, 2014, granting of additional DSUs was suspended.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
December 31, 2022 and 2021
(Expressed in Canadian dollars)

15. Capital Management

The capital of the Company consists of share capital and reserves. There were no significant changes to the Company's approach to capital management during the nine months ended December 31, 2022 and 2021. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its mineral properties. The issuance of common shares requires approval from the Board of Directors. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the Company's management to sustain future development of the business. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore, develop and produce from its Schefferville Projects for the benefit of its stakeholders. The Company uses stock options, DSUs and RSUs to retain and provide incentives to directors, employees and consultants. The granting of stock options, DSUs and RSUs is primarily determined by the Board of Directors. No stock options were granted, issued or outstanding during the nine months ended December 31, 2022 and 2021. Effective March 31, 2014, granting of additional DSUs was suspended.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

16. Commitments and Contingencies

- (a) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- (b) The Company is party to one unresolved claim from 2016 in the amount of approximately \$3.0 million which has been rejected and remains in dispute. The Company has not recognized the unresolved claim as a liability as the outcome of the claim is not determinable at this time and the full amount of the unresolved claim is treated as a contingent liability.

17. Related Party Transactions

During the nine months ended December 31, 2022, the Company incurred office rent of \$33,750 (2021 - \$18,000) payable to a corporation with common directors and/or officers. As at December 31, 2022, \$18,750 (March 31, 2022 - \$Nil) was payable to this related party with respect to office rent.

During the nine months ended December 31, 2022, the Company incurred administrative services costs payable to a company controlled by an officer in the amount of \$22,500 (2021 - \$22,500). As at December 31, 2022, \$117,500 (March 31, 2022 - \$95,000) remained payable to this related party with respect to administrative services.

During the nine months ended December 31, 2022, a director advanced \$100,000 to the Company on a non-interest bearing basis for working capital purposes, the full balance of which remained outstanding at December 31, 2022.

All related party balances payable as at December 31, 2022 are included in accounts payable and accrued liabilities. The balances are unsecured, non-interest bearing and have no fixed terms of repayment.

LABRADOR IRON MINES HOLDINGS LIMITED
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18. Compensation of Key Management Personnel

The remuneration of directors and other key management personnel (i) during the nine months ended December 31, 2022 and 2021 was as follows:

	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Short-term compensation (ii)	\$ 232,485	\$ 234,311
Share based compensation (iii)	32,889	141,800
	<u>\$ 265,374</u>	<u>\$ 376,111</u>

- (i) In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.
- (ii) Short-term compensation includes cash based salaries, bonuses and allowances, employment benefits and directors' fees.
- (iii) Share based compensation includes DSU and RSU compensation recognized during the period.

As at December 31, 2022, \$438,757 (March 31, 2022 - \$296,214) of short-term compensation remained payable to key management personnel. Of the balance of short-term compensation outstanding at December 31, 2022, \$231,250 (March 31, 2022 - \$231,250) is deferred executive compensation from the years ended March 31, 2016 and 2017, which is unsecured, non-interest bearing and due on or after January 1, 2024. The remaining balance is unsecured, non-interest bearing and due on demand. All such accrued compensation is included in accrued liabilities.

19. Financial Instruments

Fair Value Hierarchy

The Company discloses information related to its financial instruments that are measured at fair value subsequent to initial recognition, based on levels 1 to 3 based on the degree to which the fair value is observable.

- (a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

At December 31, 2022, the Company's financial instruments that are carried at fair value, consisting of cash equivalents, have been classified as Level 2 within the fair value hierarchy.

Fair value

Fair value estimates are made at the financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities on the consolidated statement of financial position approximate fair value because of the limited term of the instruments.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
December 31, 2022 and 2021
(Expressed in Canadian dollars)

19. Financial Instruments (continued)

Financial risk management

This section provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk and how the Company manages those risks. The Company's objectives and management of risks have not changed significantly during the nine months ended December 31, 2022 and 2021.

i) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and cash equivalents, restricted cash and accounts receivable. The Company does not currently hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company has never held any asset backed paper instruments. The Company seeks to place its cash and cash equivalents with reputable financial institutions. At December 31, 2022, the Company's cash and cash equivalents and restricted cash were held in deposits and in an investment grade short term money market fund at a major Canadian bank. The carrying amount of financial assets represents the Company's maximum credit exposure.

ii) *Liquidity risk*

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they come due. As at December 31, 2022, the Company had a working capital deficit of \$927,141 (March 31, 2022 - working capital deficit of \$305,366). The Company believes it will be able to settle its current obligations from the proceeds of a private placement or alternative form of financing. Refer to Notes 1 and 20.

iii) *Foreign currency risk*

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

Revenue from any future sales of iron ore will be denominated in U.S. dollars and, as a result, fluctuations in the U.S. dollar exchange rate relative to the Canadian dollar could create volatility in the Company's cash flows and the reported amounts for revenue in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts.

Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each financial position date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statement of operations and comprehensive loss.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding cash and cash equivalents in Canadian dollars. The Company will monitor the values of net foreign currency cash flow and balance sheet exposures and in the future may consider using derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of any foreign currency cash flows. The Company does not use forward foreign exchange contracts for speculative purposes.

iv) *Interest rate risk*

Included in net loss for the nine months ended December 31, 2022 is interest earned on the Company's cash and cash equivalents. If interest rates throughout the nine months ended December 31, 2022 had been 100 basis points higher (lower) then net loss would have been approximately \$1,000 lower (higher). The Company does not have any variable rate debt obligations which expose it to interest rate risk.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
December 31, 2022 and 2021
(Expressed in Canadian dollars)

19. Financial Instruments (continued)

v) Commodity price risk

The future profitability of the Company is directly related to the market price of iron ore. Fluctuations in the iron ore price could create volatility in the Company's future cash flows and the future reported amounts for sales in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts. In addition, a drop in actual iron ore prices or expected long-term iron ore prices could impact the Company's ability to raise additional financing, if required, to complete the development of its properties, and development could also be halted if iron ore prices fall below expected operating costs. The Company had no sales of iron ore during the three and nine months ended December 31, 2022 and 2021.

SCHEDULE F

LABRADOR IRON MINES LIMITED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

LABRADOR IRON MINES LIMITED
Consolidated Financial Statements
For the Year Ended March 31, 2022
(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Labrador Iron Mines Limited

Opinion

We have audited the consolidated financial statements of Labrador Iron Mines Limited and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of operations and comprehensive income (loss), consolidated statements of cash flows and consolidated statements of shareholders' (deficiency) equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company requires additional funding on order to fund its ongoing working capital requirements and that it had a working capital deficit as at March 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
June 27, 2022

LABRADOR IRON MINES LIMITED
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	March 31, 2022	March 31, 2021
ASSETS		
Current assets		
Cash	\$ 295,824	\$ 324,199
Restricted cash (Note 6)	-	80,258
Accounts receivable (Note 5)	358	284,363
Due from Labrador Iron Mines Holdings Limited (Note 16)	41,653	-
Total current assets	337,835	688,820
Non-current assets		
Restricted cash (Note 6)	17,688	938,161
Prepaid exploration expenses	95,208	20,683
Exploration and evaluation assets (Notes 7 and 15)	26,497,972	26,400,317
Property, plant and equipment (Notes 8, 13 and 15)	1	1
Total non-current assets	26,610,869	27,359,162
Total assets	26,948,704	\$ 28,047,982
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 9, 16 and 17)	\$ 440,338	\$ 547,745
Due to Labrador Iron Mines Holdings Limited (Note 16)	-	292,990
Total current liabilities	440,338	840,735
Non-current liabilities		
Accrued liabilities (Notes 9 and 17)	231,250	231,250
Rehabilitation provision (Note 10)	-	1,145,067
Total non-current liabilities	231,250	1,376,317
Total liabilities	671,588	2,217,052
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	32,691,192	32,691,192
Deficit	(6,414,076)	(6,860,262)
Total shareholders' equity	26,277,116	25,830,930
Total liabilities and shareholders' equity	\$ 26,948,704	\$ 28,047,982

Going concern (Note 1)
Commitments and contingencies (Note 13)

The financial statements were approved by the Board of Directors on June 27, 2022 and signed on its behalf by:

Signed "John F. Kearney"	Signed "Richard Pinkerton"
_____ Director	_____ Director

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES LIMITED
Consolidated Statements of Operations and Comprehensive Income
(Expressed in Canadian dollars)

	Year ended March 31, 2022	Year ended March 31, 2021
Operating expenses		
Site operations	\$ (320,149)	\$ (367,951)
Loss before the undernoted	(320,149)	(367,951)
Corporate and administrative costs	(267,458)	(217,802)
Accretion (Note 10)	(1,223)	(7,137)
Impairment reversal (Note 15)	-	25,963,413
Interest earned	2,449	4,890
Rehabilitation provision recovery (Note 10)	1,032,567	305,049
Assignment of rights (Note 14)	-	750,000
	<u>766,335</u>	<u>26,798,413</u>
Net income before income taxes	446,186	26,430,462
Deferred income tax (Note 19 (a))	-	-
Net income and comprehensive income for the year	<u>\$ 446,186</u>	<u>\$ 26,430,462</u>
Earnings per share		
Basic and diluted	\$ 0.00	\$ 0.26
Weighted average number of shares outstanding		
Basic and diluted (Note 11)	99,794,925	99,794,925

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES LIMITED
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended March 31, 2022	Year ended March 31, 2021
Cash (used in) operating activities		
Net income for the year	\$ 446,186	\$ 26,430,462
Items not involving cash		
Accretion (Note 10)	1,223	7,137
Accrued interest	(1,518)	1,959
Impairment reversal (Note 15)	-	(25,963,413)
Rehabilitation provision recovery (Note 10)	(1,032,567)	(305,049)
Changes in working capital, excluding related parties	(147,927)	(546,521)
Cash (used in) operating activities	<u>(734,603)</u>	<u>(375,425)</u>
Cash provided by investing activities		
Proceeds from the assignment of rights (Note 14)	250,000	500,000
Investment in exploration and evaluation assets (Note 7)	(97,655)	(436,903)
Performance of site rehabilitation	(113,723)	(150,590)
Release of restricted cash	1,002,249	354,248
Advances (to) Labrador Iron Mines Holdings Limited (Note 16)	(334,643)	-
Advances from Labrador Iron Mines Holdings Limited (Note 16)	-	299,432
Cash provided by investing activities	<u>706,228</u>	<u>566,187</u>
Change in cash	(28,375)	190,762
Cash, beginning of year	324,199	133,437
Cash, end of year	<u>\$ 295,824</u>	<u>\$ 324,199</u>

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES LIMITED
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Share Capital		Deficit	Shareholders' Equity
	Number	Amount	Amount	Amount
Balance, March 31, 2020	99,794,925	\$ 32,691,192	\$ (33,290,724)	\$ (599,532)
Net income for the year	-	-	26,430,462	26,430,462
Balance, March 31, 2021	99,794,925	32,691,192	(6,860,262)	25,830,930
Net income for the year	-	-	446,186	446,186
Balance, March 31, 2022	<u>99,794,925</u>	<u>\$ 32,691,192</u>	<u>\$ (6,414,076)</u>	<u>\$ 26,277,116</u>

The accompanying notes form an integral part of these consolidated financial statements.

LABRADOR IRON MINES LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Labrador Iron Mines Limited ("LIM") and LIM's wholly-owned subsidiary Schefferville Mines Inc. ("SMI").

All significant intercompany accounts and transactions have been eliminated upon consolidation.

Nature of Operations

Labrador Iron Mines Limited (on a consolidated basis, the "Company") is a mineral resource company engaged in the business of exploration, development and mining of iron ore projects in Canada.

The Company's mineral licences located in the Province of Newfoundland and Labrador are held within LIM and the Company's mineral claims located in the Province of Quebec are held within SMI. The Company's primary exploration and evaluation assets are iron ore projects in western Labrador and northeastern Quebec, near the town of Schefferville, Quebec (collectively, the "Schefferville Projects"). Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

The Company's head office is located at 55 University Avenue, Suite 1805, Toronto, Ontario, Canada M5J 2H7.

The Company did not conduct mining operations, other than reclamation and standby activities, during the years ended March 31, 2021 and 2022. The Company is currently focused on development of its Houston Project and maintaining its other mineral claims and mining concessions. Subject to securing construction financing, the Company plans to commence construction of its Houston Project. There can be no assurance that construction will be commenced or completed.

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that exploration, development and mining will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of the Company's interests in its underlying properties, the development of economically recoverable resources, the achievement of profitable operations or the ability of the Company to raise additional financing, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material impairment of the carrying values of the Company's assets.

Although the Company has taken steps to verify its title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements.

Going Concern

At March 31, 2022, the Company had a working capital deficit of \$102,503, compared to a working capital deficit of \$151,915 at March 31, 2021. Notwithstanding its working capital deficit, the Company believes it has sufficient resources to continue its operations over the next 12 months, based on the Company's expectation that it will generate sufficient proceeds from an equity financing. Accordingly, the consolidated financial statements for the year ended March 31, 2022 have been prepared on a going concern basis, using the historical cost convention.

There are no assurances that the Company will be successful in generating sufficient proceeds from an equity financing to fund its ongoing working capital requirements. If the Company is unable to generate sufficient proceeds, the Company could be required to curtail its operations and discontinue as a going concern. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these consolidated financial statements. Such adjustments could be material.

LABRADOR IRON MINES LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern (continued)

Going Concern (continued)

Furthermore, the Company's ability to develop the Houston Project is dependent on completing additional construction financing. Even if the Company is successful in funding its immediate working capital requirements, if the Company is unable to obtain additional construction financing on a timely basis or on reasonable or acceptable terms, then the Company will be unable to pursue development of its Houston Project. Development of the Houston Project may not result in profitable commercial production.

The Company's operations and financial condition could be adversely affected by the effects of the Covid-19 pandemic. The Company cannot accurately predict the impact the pandemic will have on its operations, schedules and timelines for planned development or exploration programs. In addition, the pandemic has disrupted the economies and financial markets of many countries, which could adversely affect the market for the Company's products and/or the Company's ability to secure financing.

2. Basis of Preparation

These consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below were consistently applied to all the periods presented unless otherwise noted.

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention and using the accrual basis of accounting, except for cash flow information. Refer to Notes 1 and 4.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Mineral resource estimates

The figures for mineral resources are reported in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

LABRADOR IRON MINES LIMITED
Notes to the Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in Canadian dollars)

3. Significant Accounting Judgments, Estimates and Assumptions (continued)

Impairment of exploration and evaluation assets and property, plant and equipment

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. External sources of information include technical reports and arm's length exploration and evaluation asset transaction values. External sources of information also include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future pre-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation assets.

While assessing whether any indications of impairment exist for property, plant and equipment, management looks at the higher of recoverable amount or fair value less costs of disposal.

Where an impairment is subsequently reversed, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment been previously recognized.

These determinations and their individual assumptions require that management make decisions based on the best available information at each reporting period. Refer to Notes 7, 8 and 15.

Cash generating units

Cash generating units ("CGUs") represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis. The Company generally considers its Schefferville Projects to represent one CGU, as the Schefferville Projects are in close geographical proximity to each other and all share common management, rail, port, processing and mine support infrastructure. During the years ended March 31, 2020 and 2021 the Company completed impairment assessments of its exploration and evaluation assets based on a discounted cash flow analysis. Refer to Notes 7 and 16.

Estimation of rehabilitation provision

The rehabilitation cost estimates are updated annually during the life of a mine to reflect known developments (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Rehabilitation costs, including decommissioning, restoration and similar liabilities, are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Refer to Note 10.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Asset lives and depletion and depreciation rates for property, plant and equipment and exploration and evaluation assets

Depletion and depreciation expenses are allocated based on assumed asset lives and depletion and depreciation rates. Should the asset life or depletion and depreciation rate differ from the initial estimate, an adjustment would be made in the consolidated statement of operations and comprehensive loss.

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3. Significant Accounting Judgments, Estimates and Assumptions (continued)

Going concern

Refer to Note 1.

Contingencies

Refer to Note 13.

4. Significant Accounting Policies

Basis of consolidation

The financial statements consolidate the accounts of LIM and, since December 19, 2016, SMI. All significant intercompany transactions and balances have been eliminated. Refer to Note 1.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions. Refer to Note 1.

Presentation and functional currency

The Company's presentation and functional currency is the Canadian dollar.

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of such transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in operations in the period in which they arise.

Interest earned

Interest earned is recognized when it is probable that the economic benefits will flow to the Company and the amount of interest can be measured reliably. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Exploration and evaluation assets

Mineral exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in operations immediately. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) fact and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are stated at cost, less accumulated impairment.

At March 31, 2021 and 2022, all of the Company's properties are categorized as exploration and evaluation assets.

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4. Significant Accounting Policies (continued)

Mineral property interests

The commercial viability of extracting a mineral resource is considered to be determinable when resources are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Upon determination of resources, exploration and evaluation assets attributable to those resources are first tested for impairment and then reclassified from exploration and evaluation assets to mineral property interests. Expenditures deemed to be unsuccessful are recognized in operations immediately.

Upon reclassification into mineral property interests, all subsequent development expenditures on the project are capitalized within mineral property interests.

Mineral property interests are stated at cost, less accumulated impairment.

Producing mines

After commercial production of a part of mineral property interests commences, all assets included in that part of mineral property interests are reclassified into producing mines.

When a mine project moves into the producing mine stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements or mineable resource development.

Producing mines are stated at cost, less accumulated depreciation and accumulated impairment.

Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment.

Depletion/depreciation/amortization

Accumulated mine development costs are depleted/depreciated/amortized on a unit-of-production basis over the economically recoverable resources of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied.

Processing equipment, pumping facilities, silver yard track, port improvements, settling ponds, capitalized stripping costs, dewatering costs and roads are amortized using the units-of-production basis.

Buildings and mine camp	5% declining balance / straight line
Beneficiation plant and equipment	Units of production basis / 30% declining balance
Office equipment	30% declining balance
Transportation infrastructure and equipment	Units of production basis / straight line / 30% declining balance

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations and comprehensive loss when the asset is derecognized.

Residual values, useful lives and methods of depletion/depreciation/amortization of assets are reviewed at each reporting period, and adjusted prospectively if appropriate.

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4. Significant Accounting Policies (continued)

Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures, mineral property interests, producing mines and property, plant and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. If this is the case, the individual assets of the Company are grouped together into CGUs for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the consolidated statement of operations and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations and comprehensive loss.

Financial assets and financial liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

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4. Significant Accounting Policies (continued)

Financial assets (continued)

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion in the consolidated statements of operations. The Company measures cash, accounts receivable, due from Labrador Iron Mines Holdings Limited and restricted cash at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company measures cash equivalents at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company’s only financial assets subject to impairment are other accounts receivable and amounts due from Labrador Iron Mines Holdings Limited, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company’s financial liabilities include accounts payable and accrued liabilities and due to Labrador Iron Mines Holdings Limited, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

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4. Significant Accounting Policies (continued)

Financial assets (continued)

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Cash

Cash in the statement of financial position and statement of cash flows comprises cash on deposit at a major Canadian bank.

Provisions

General

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations and comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provisions

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and waste sites, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining asset to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations and comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations.

Onerous contracts

Onerous contracts are present obligations arising under onerous contracts that are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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4. Significant Accounting Policies (continued)

Revenue Recognition

The Company recognizes revenue when all of the following steps have been met: (i) a contract with a customer has been identified; (ii) the performance obligations (being promises to transfer a product, such as iron ore, to a customer) have been identified; (iii) the transaction price has been determined; (iv) the transaction price has been allocated to each performance obligation in the contract; and (v) the performance obligation has been satisfied by the product having been transferred to the customer.

Earnings per share

Earnings per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The diluted earnings (loss) per share calculation excludes the conversion of options and warrants that would increase earnings per share or decrease (loss) per share. The Company did not have any stock options or warrants outstanding during the years ended March 31, 2021 and 2022.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations and comprehensive loss except to the extent they relate to items recognized directly in equity or in other comprehensive income, in which case the related taxes are recognized in equity or other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, which may differ from earnings reported in the statement of operations and comprehensive loss due to items of income or expenses that are not currently taxable or deductible for tax purposes, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Government assistance

Upon qualification for government mineral exploration assistance programs, recoverable amounts are offset against costs incurred when the Company has complied with the terms and conditions of the program and the recovery is reasonably assured.

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a reduction of the non-current assets in the consolidated balance sheet, and transferred to the consolidated statement of operations on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognized as a reduction of the related expenses over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the consolidated statement of operations in the period in which they become receivable.

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4. Significant Accounting Policies (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

5. Accounts Receivable

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Accounts receivable (i)	\$ -	\$ 250,000
Refundable taxes	<u>358</u>	<u>34,363</u>
	<u>\$ 358</u>	<u>\$ 284,363</u>

- (i) The accounts receivable balance at March 31, 2021 was the final instalment of \$250,000 due on the assignment of certain rights to a rail siding. The full amount of the final instalment was received in June 2021. Refer to Note 14.

6. Restricted Cash

At March 31, 2022, restricted cash consisted of a term deposit assigned by the Company to its bank as security for its credit card accounts.

At March 31, 2021, restricted cash consisted of term deposits assigned by the Company to its bank, mainly as security for letters of credit issued to government regulatory authorities for rehabilitation and closure obligations. Such restricted cash was released during the year ended March 31, 2022. Refer to Note 10.

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Current	\$ -	\$ 80,258
Non-current	<u>17,688</u>	<u>938,161</u>
Restricted cash	<u>\$ 17,688</u>	<u>\$ 1,018,419</u>

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7. Exploration and Evaluation Assets

LIM and SMI collectively hold a 100% interest in the Schefferville Projects. The Schefferville Projects comprise a series of iron ore deposits located in the Menihek area of western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, near the town of Schefferville, Quebec. Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

In December 2016, a royalty was created equal to 2% of the sales proceeds (FOB Port of Sept-Iles) received from sales of iron ore from the Houston Project, with such royalty being payable quarterly in arrears. The value of the royalty was estimated at \$7,000,000 on the grant date, based on management's estimate of the fair value of the royalty, principally based on a discounted cash flow methodology including certain resource estimates and projections for other inputs including commodity prices, exchange rates and expenses.

All of the iron ore properties located in Labrador held by LIM are held subject to an underlying royalty in the amount of 3% of the selling price (FOB Port of Sept-Iles) of iron ore shipped and sold from such properties, subject to such royalty being no greater than USD\$1.50 per tonne.

Six mining claims in Quebec held by SMI are held subject to a royalty of 3% of the selling price FOB port of iron ore shipped and sold from the properties, subject to such royalty being no greater than US\$1.50 per tonne.

SMI holds certain other mining claims in Quebec subject to the payment of a royalty of \$2.00 per tonne of iron ore shipped from the properties.

Certain historical stockpiles are subject to a 50% net profit interest and the Elizabeth Taconite Property is subject to a deferred payment of \$500,000 upon commencement of commercial production.

At March 31, 2021, an impairment of exploration and evaluation assets was reversed. Refer to Note 15.

The Company's exploration and evaluation assets are as follows:

	Exploration and Evaluation Assets
Cost at:	
March 31, 2020	\$ 1
Impairment reversal (Note 15)	25,963,413
Additions	436,903
March 31, 2021	26,400,317
Additions	<u>97,655</u>
March 31, 2022	<u>26,497,972</u>
Accumulated depletion and depreciation:	
March 31, 2020, 2021 and 2022	<u>-</u>
Net book value at:	
March 31, 2020	<u>\$ 1</u>
March 31, 2021	<u>\$ 26,400,317</u>
March 31, 2022	<u>\$ 26,497,972</u>

All of the Company's properties are currently categorized as exploration and evaluation assets.

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8. Property, Plant and Equipment

	Total
Cost at:	<u>\$</u>
March 31, 2020, 2021 and 2022	<u>1</u>
Accumulated Depreciation at:	<u></u>
March 31, 2020, 2021 and 2022	<u>-</u>
Net Book Value at:	<u></u>
March 31, 2020, 2021 and 2022	<u><u>1</u></u>

All of the Company's previous property, plant and equipment was disposed of prior to March 31, 2022.

9. Accounts Payable and Accrued Liabilities

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Current		
Trade payables and accruals	\$ 433,426	\$ 541,061
Sales taxes and statutory liabilities	6,912	6,684
	<u>440,338</u>	<u>547,745</u>
Non-current		
Accrued liabilities	<u>231,250</u>	<u>231,250</u>
	<u>\$ 671,588</u>	<u>\$ 778,995</u>

Refer to Note 17.

10. Rehabilitation Provision

Rehabilitation provision represents the regulatory obligations associated with rehabilitation and closure of the Company's previous mining operations. These obligations consisted of costs associated with reclamation and the removal of tangible assets from the Company's previous mine site.

At March 31, 2021, the total undiscounted amount of the Company's rehabilitation provision was \$907,919 and was expected to be satisfied between calendar 2021 and 2022. The rehabilitation provision was recognized as \$1,145,067 at March 31, 2021 using a discount rate of 1.46% and an inflation rate of 2.0%.

The Company satisfied or transferred to a third party all remaining rehabilitation and closure obligations during the year ended March 31, 2022, which fully extinguished the related rehabilitation provision during the year.

A summary of the Company's rehabilitation provision balance is presented below:

	<u>Year ended March 31, 2022</u>	<u>Year ended March 31, 2021</u>
Balance, beginning of year	\$ 1,145,067	\$ 1,593,569
Accretion	1,223	7,137
Recovery	(1,032,567)	(21,134)
Reduction	<u>(113,723)</u>	<u>(434,505)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 1,145,067</u>

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11. Share Capital

Authorized

Unlimited common shares, no par value

Issued

	Shares #	Amount \$
Balance March 31, 2020, 2021 and 2022	99,794,925	32,691,192

12. Capital Management

The capital of the Company consists of share capital. There were no significant changes to the Company's approach to capital management during the years ended March 31, 2021 and 2022. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its mineral properties. The issuance of common shares requires approval from the Board of Directors. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the Company's management to sustain future development of the business. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore, develop and produce from its Schefferville Projects for the benefit of its stakeholders. The Company uses stock options primarily to retain and provide incentives to employees and consultants. The granting of stock options is primarily determined by the Board of Directors.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

13. Commitments and Contingencies

- (a) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- (b) The Company is party to one unresolved claim from 2016 in the amount of approximately \$3.0 million which has been rejected and remains in dispute. The Company has not recognized the unresolved claim as a liability as the outcome of the claim is not determinable at this time and the full amount of the unresolved claim is treated as a contingent liability.

14. Assignment of Rights

The Company assigned certain rights in a rail siding to a third party and received cash consideration of \$500,000 during the year ended March 31, 2021. A final additional installment of \$250,000 was recorded in accounts receivable at March 31, 2021 and was received in full in June 2021.

	Year ended March 31, 2022	Year ended March 31, 2021
Assignment of rights income	\$ -	\$ 750,000

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15. Impairment Reversal

	Year ended March 31, 2022	Year ended March 31, 2021
Exploration and evaluation assets		
Impairment reversal	\$ -	\$ 25,963,413
Total	\$ -	\$ 25,963,413

The Company carried out impairment assessments in the years ended March 31, 2021 and 2022 in accordance with the Company's accounting policies and as required by IFRS and IAS 36.

During the years ended March 31, 2015 and 2017, the carrying value of the Company's exploration and evaluation assets was impaired based on an assessment using then-prevailing economic conditions. The full impairment of the Company's exploration and evaluation assets was maintained through March 31, 2020, pending additional evidence of a sustainable improvement in market conditions.

During the year ended March 31, 2021, the iron ore market continued to improve and the Company commissioned an independent PEA of the Houston Project. The PEA dated February 26, 2021 reported a base case net present value ("NPV") of the Houston Project of \$109,139,582, using a discounted cash flow methodology. Base case assumptions included a long term iron ore price of US\$90/tonne; production of 2 million tonnes of iron ore per year; a 12 year mine life; a discount rate of 8%; and a USD/CAD foreign exchange rate of 1.33. Based on the results of the PEA, the Company recognized an impairment reversal of \$25,963,413 of the Houston Project, representing the full pre-impairment carrying value of the Houston Project. Refer to Note 7.

In considering the carrying value of the Houston Project at March 31, 2022, the Company noted that the prevailing iron ore market price during the assessment period subsequent to year end was stronger than the assumed long term iron ore price of US\$90/tonne used in the PEA. Based on the foregoing, no impairment of the carrying value of the Houston Project was considered warranted.

As outlined in its accounting policies the Company generally uses the fair value less cost of disposal to determine recoverable amount as it believes that this will generally result in a value greater than or equal to the value in use. When there is no binding sales agreement, fair value less costs of disposal is estimated by various valuation methods including the discounted future cash flows expected to be derived from a project, less an amount for costs to sell, estimated based on similar past transactions. In the case of the Houston Project, the Company has used the value-in-use approach to estimate the recoverable amount of the asset, based on a discounted cash flow methodology.

Estimated cash flows based on expected future production, operating costs and capital costs estimates, and forecasts of commodity prices and exchange rate assumptions are included in the estimation of fair value. The inputs used in the fair value measurement constitute Level 3 inputs under the fair value hierarchy. Key estimates and judgments used in the fair value less cost of disposal calculation are estimates of production levels, operating costs and capital expenditures reflected in the project's life of mine plans, a discount rate, as well as economic factors beyond the Company's control, particularly iron ore prices and foreign exchange rates.

Significant judgments and assumptions are required in making estimates of fair value in accordance with IFRS. It should be noted that the valuations are subject to variability in key assumptions including, but not limited to, forecasts of iron ore prices, currency exchange rates, discount rates, production, operating and capital costs. A change in one or more of the assumptions used to estimate fair value could result in a change in fair value.

Any fair value estimate may not be representative of actual net realizable value in an actual transaction.

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16. Related Party Transactions

Labrador Iron Mines Holdings Limited ("LIMH") holds a 52% equity interest in the Company. During the year ended March 31, 2022, LIMH provided management services at cost in the amount of \$409,621 (2021 - \$398,933) to the Company.

During the year ended March 31, 2022, the Company advanced \$334,643 to LIMH (2021 - \$299,432 advanced from LIMH).

As at March 31, 2022, \$41,653 was receivable (2021 - \$292,990 was payable) on a net basis by the Company to LIMH and its wholly-owned subsidiary Centre Ferro Limited ("CF"). The amounts are unsecured, non-interest bearing and due on demand.

17. Compensation of Key Management Personnel

The remuneration of directors and other key management personnel during the years ended March 31, 2021 and 2022 was as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
Short-term compensation (i)	\$ 239,402	\$ 253,320

(i) In accordance with IAS 24, short-term compensation includes salaries, bonuses and allowances, employment benefits and directors' fees. No bonuses, allowances or directors' fees were paid in either year. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

As at March 31, 2022, \$276,214 (2021 - \$259,375) of short-term compensation remained payable to key management personnel. A balance of \$231,250 of such short-term compensation outstanding as at March 31, 2022 and 2021 is deferred executive compensation with respect to the years ended March 31, 2016 and 2017, which is unsecured, non-interest bearing and due on or after April 1, 2023. All such accrued compensation is included in accrued liabilities.

18. Financial Instruments

Fair Value Hierarchy

The Company discloses information related to its financial instruments that are measured at fair value subsequent to initial recognition, based on levels 1 to 3 based on the degree to which the fair value is observable.

- (a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

At March 31, 2021 and 2022, the Company's financial instruments that are carried at fair value, consisting of cash equivalents, have been classified as Level 2 within the fair value hierarchy.

Fair value

Fair value estimates are made at the financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash, restricted cash, accounts receivable, accounts payable and accrued liabilities and due to Labrador Iron Mines Holdings Limited on the consolidated statement of financial position approximate fair value because of the limited term of the instruments.

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18. Financial Instruments (continued)

Financial risk management

This section provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk and how the Company manages those risks. The Company's objectives and management of risks have not changed significantly during the years ended March 31, 2021 and 2022.

i) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash, restricted cash and accounts receivable. The Company does not currently hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company has never held any asset backed paper instruments. The Company seeks to place its cash with reputable financial institutions. At March 31, 2020 and 2021, the Company's cash and restricted cash were held in deposits at a major Canadian bank.

At March 31, 2022, \$41,653 was receivable (2021 - \$292,990 was payable) on a net basis by the Company to LIMH and its wholly-owned subsidiary CF. Effective December 19, 2016, LIMH and CF agreed to offset any amounts owing to the Company. The amounts are unsecured and non-interest bearing. The carrying amount of financial assets represents the Company's maximum credit exposure.

ii) *Liquidity risk*

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they come due. At March 31, 2022, the Company had a working capital deficit of \$102,503 (2021 - working capital deficit of \$151,915). Notwithstanding its working capital deficit, the Company believes it will be able to settle its current obligations from the proceeds of an equity financing. Refer to Note 1.

iii) *Foreign currency risk*

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

Revenue from any future sales of iron ore will be denominated in U.S. dollars and, as a result, fluctuations in the U.S. dollar exchange rate relative to the Canadian dollar could create volatility in the Company's cash flows and the reported amounts for revenue in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts.

Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each financial position date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statement of operations and comprehensive loss.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding cash in Canadian dollars. The Company will monitor the values of net foreign currency cash flow and balance sheet exposures and in the future may consider using derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of any foreign currency cash flows. The Company does not use forward foreign exchange contracts for speculative purposes.

iv) *Interest rate risk*

Included in net income for the year ended March 31, 2022 is interest earned on the Company's cash. If interest rates throughout the year had been 100 basis points lower (higher) then net income would have been approximately \$3,000 lower (higher). The Company does not have any variable rate debt obligations which expose it to interest rate risk.

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18. Financial Instruments (continued)

v) Commodity price risk

The future profitability of the Company is directly related to the market price of iron ore. Fluctuations in the iron ore price could create volatility in the Company's future cash flows and the future reported amounts for sales in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts. In addition, a drop in actual iron ore prices or expected long-term iron ore prices could impact the Company's ability to raise additional financing, if required, to complete the development of its properties, and development could also be halted if iron ore prices fall below expected operating costs. The Company had no sales of iron ore during the years ended March 31, 2021 and 2022.

19. Income Taxes

Major items causing the Company's effective income tax rates to differ from the approximate combined Canadian federal and provincial statutory rate of 27% (2021 - 27%) were as follows:

a) Provision for Income Taxes

	Year ended March 31, 2022	Year ended March 31, 2021
	\$	\$
Net income before income taxes	446,186	26,430,462
Expected income tax expense based on statutory rate	121,000	7,197,000
Adjustment to expected income tax expense due to:		
Change in benefit of tax assets not recognized	(121,000)	(7,197,000)
Deferred income tax provision	-	-

b) Deferred Income Tax Balances

Unrecognized Deferred Tax Assets

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	March 31, 2022	March 31, 2021
	\$	\$
Non-capital loss carry-forwards	250,990,000	249,201,000
Capital losses	659,000	659,000
Property, plant and equipment	8,553,000	11,337,000
Exploration and evaluation assets	9,792,000	9,792,000
Reclamation	-	1,145,000

The non-capital loss carry-forwards of approximately \$250,990,000 expire from 2034 to 2042. The other temporary differences do not expire under current legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

SCHEDULE G

LABRADOR IRON MINES HOLDINGS LIMITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

LABRADOR IRON MINES HOLDINGS LIMITED

Pro Forma Consolidated Statement Of Financial Position

as at December 31, 2022

LABRADOR IRON MINES HOLDINGS LIMITED
Pro Forma Consolidated Statement of Financial Position
as at December 31, 2022
(Unaudited, prepared by Management)
(Expressed in Canadian dollars)

ASSETS	Notes	LIMH Consolidated (Pre-amalgamation)	Pro Forma Adjustments	Pro Forma LIMH Consolidated (Post-amalgamation)
Current assets				
Cash and cash equivalents		\$ 105,472	\$ -	\$ 105,472
Accounts receivable and prepaid expenses		14,510	-	14,510
Total current assets		119,982	-	119,982
Non-current assets				
Restricted cash		28,708	-	28,708
Prepaid exploration expenses		143,772	-	143,772
Exploration and evaluation assets		26,566,035	-	26,566,035
Property, plant and equipment		1	-	1
Total non-current assets		26,738,516	-	26,738,516
Total assets		\$ 26,858,498	\$ -	\$ 26,858,498
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 947,123	\$ -	\$ 947,123
Advance from director		100,000	-	100,000
Total current liabilities		1,047,123	-	1,047,123
Non-current liabilities				
Accrued liabilities		231,250	-	231,250
CEBA loan		40,000	-	40,000
Total non-current liabilities		271,250	-	271,250
Total liabilities		\$ 1,318,373	\$ -	\$ 1,318,373
SHAREHOLDERS' EQUITY				
Share capital	3(a), 4	\$ 395,687,172	\$ 12,214,977	\$ 407,902,149
Reserves		1,061,530	-	1,061,530
Deficit		(383,423,554)	-	(383,423,554)
Non-controlling interest	3(a), 4	12,214,977	(12,214,977)	-
Total shareholders' equity		25,540,125	-	25,540,125
Total liabilities and shareholders' equity		\$ 26,858,498	\$ -	\$ 26,858,498

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Pro Forma Consolidated Statement of Financial Position
as at December 31, 2022
(Unaudited, prepared by Management)
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1. Basis of Preparation

The unaudited pro forma consolidated statement of financial position of Labrador Iron Mines Holdings Limited ("LIMH") as at December 31, 2022, prepared by Management, presents the effect of the Amalgamation Agreement, as described below, on the assumption that the effective date of the Amalgamation Agreement had been December 31, 2022.

Pursuant to the Amalgamation Agreement among LIMH, Labrador Iron Mines Limited ("LIM") and 5035020 Ontario Limited ("Subco"), LIM shares will be exchanged by the holders thereof, other than LIMH, for LIMH Shares on the basis of 3.1136546 LIMH shares for each LIM share held; LIM and Subco will amalgamate and continue as Amalco (a new corporation incorporated under the *Business Corporations Act* (Ontario)); and Amalco, to be named Labrador Iron Mines Limited, will become a wholly-owned subsidiary of LIMH.

The unaudited pro forma consolidated statement of financial position of LIMH as at December 31, 2022 has been prepared by Management by adjusting the unaudited consolidated statement of financial position of LIMH as at December 31, 2022 (which already consolidates LIMH's 52.25% equity holding in LIM as at that date) by application of the terms of the Amalgamation Agreement described above.

The unaudited pro forma consolidated statement of financial position of LIMH as at December 31, 2022 is not necessarily indicative of LIMH's financial position after completing the Amalgamation Agreement. Actual amounts recorded upon approval of the transactions will likely differ from those recorded in the unaudited pro forma consolidated statement of financial position.

2. Significant Accounting Policies

The unaudited pro forma consolidated statement of financial position of LIMH as at December 31, 2022 should be read in conjunction with the audited consolidated financial statements of LIMH and LIM for the year ended March 31, 2022 and the unaudited interim consolidated financial statements for the three and nine months ended December 31, 2022.

The accounting policies used in the preparation of the unaudited pro forma consolidated statement of financial position of LIMH as at December 31, 2022 are consistent with those set out in the notes to the audited consolidated financial statements of LIMH and LIM for the year ended March 31, 2022 and in the notes to the unaudited interim consolidated financial statements of LIMH for the three and nine months ended December 31, 2022.

3. Pro Forma Adjustment

The unaudited pro forma consolidated statement of financial position of LIMH was prepared on the assumption that the following was completed on December 31, 2022:

- (a) The issuance from treasury of 148,362,500 LIMH shares to holders of LIM shares, other than LIMH, on the basis of 3.1136546 LIMH shares for each LIM share not already held by LIMH (assuming an aggregate of 99,794,925 LIM shares issued and outstanding immediately prior to the effective date of the transaction, of which 47,648,991 LIM shares are not already held by LIMH). The deemed issue price is \$0.082332 per LIMH share, representing in aggregate the book value (\$12,214,977) of the non-controlling interest in LIMH held by LIM shareholders in the unaudited consolidated financial statements of LIMH as at December 31, 2022.

LABRADOR IRON MINES HOLDINGS LIMITED
Notes to the Pro Forma Consolidated Statement of Financial Position
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(Unaudited, prepared by Management)
(Expressed in Canadian dollars)

4. Share Capital

Authorized

Unlimited LIMH common shares, no par value

Issued	LIMH Shares #	Amount \$
Balance on December 31, 2022 of LIMH shares issued and outstanding, prior to completion of the amalgamation	162,364,427	395,687,172
LIMH shares issued to LIM shareholders, other than LIMH, on the basis of 3.1136546 LIMH shares for each LIM share not already held by LIMH, in exchange for 47,648,991 LIM shares (47.75%) not already held by LIMH, pursuant to the Amalgamation Agreement	148,362,500	12,214,977
Balance on December 31, 2022 of LIMH shares issued and outstanding, on a pro forma basis, assuming completion of the amalgamation	310,726,927	407,902,149