

LABRADOR IRON MINES HOLDINGS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020

Dated: July 27, 2020

GENERAL

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes thereto of Labrador Iron Mines Holdings Limited (collectively, with its subsidiaries, the "Company") for the year ended March 31, 2020.

All currency amounts in this discussion are expressed in Canadian dollars, unless otherwise indicated. All references to tonnes are dry metric tonnes ("dmt"), unless otherwise indicated. All numerical references to years are "calendar" years, unless otherwise indicated.

This MD&A contains forward-looking statements.

OVERVIEW

Labrador Iron Mines Holdings Limited ("LIMH"), through its majority owned subsidiaries Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI"), is engaged in the exploration and development of iron ore projects in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world, situated in the Menihek area in the Province of Newfoundland and Labrador and in the Province of Quebec, centered near the town of Schefferville, Quebec.

LIM owns extensive iron ore resources as well as mineral exploration claims in Newfoundland and Labrador and in Quebec (collectively, the "Schefferville Projects"). LIM holds measured and indicated DSO mineral resources of approximately 55 million tonnes at an average grade of 56.8% Fe and inferred resources of 5.0 million tonnes at an average grade of 55.6% Fe on its Schefferville Projects. LIM also holds approximately 50 million tonnes in historical resources in various deposits. [See "Qualified Persons and Technical Reports" section below].

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 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.

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

The Company's original plans for its Schefferville Projects envisioned 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 rail siding and 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 Sept Iles and sold in 23 cape-size shipments into the China spot market.

In 2013, the Company announced a framework arrangement with Tata Steel Minerals Canada ("TSMC"), a subsidiary of Tata Steel Limited, to establish a strategic relationship between LIM and TSMC for mutual cooperation in various aspects of their respective adjacent DSO iron ore operations. As part of the agreements, the companies rebuilt the rail line from the Tshuétin Rail Transportation Inc. ("TSH") main Schefferville rail line through LIM's Silver Yards facilities to TSMC's Timmins Area processing plant. In 2013, LIM sold a 51% interest in its Howse deposit located in Labrador about 25 km north of the James Mine and adjacent to TSMC's Timmins Area mines and processing plant to TSMC for \$30 million. The remaining 49% interest in Howse was sold to TSMC for \$5 million in 2015.

LIM has not undertaken mining operations since 2013, primarily due to volatile and generally unfavourable iron ore market conditions, but maintains its properties on a stand-by care and maintenance basis and, subject to securing financing, plans to resume mining operations as soon as economic conditions warrant.

In the first half of 2019, the price of iron ore jumped to a five year high of over US\$120 per tonne (62% Fe CFR China basis), following developments affecting the Brazilian operations of Vale. The price reached US\$126 per tonne in July 2019, before facing headwinds which continued for the balance of 2019. In early 2020 the Covid-19 pandemic completely altered the market landscape leading to a drop in the price of iron ore to US\$80 per tonne at the end of January because of a curb in China's steel production as a result of measures introduced to contain the corona virus. In the spring the market experienced another Brazilian supply disruption due to Covid-19 issues, the net effect of which was a supply deficit in the global iron ore market. China's imports of iron ore were up 10% in the first half of 2020 and the price of iron ore increased almost 21% to over US\$100 per tonne by June.

As for the second half of 2020, it is dependent on how the Covid-19 pandemic unfolds, particularly as it may affect demand in China and production in Australia and Brazil. Analysts expect the sustainability of China's demand will be the main factor determining the direction of iron ore prices in the second half of the year and beyond.

Meanwhile, the Company continues to conduct the expenditures required to maintain its mineral claims in good standing, although a number of non-core mineral claims have been dropped or surrendered. LIM's former James Mine and the Silver Yards processing facility have been in progressive reclamation since the termination of mining at the James Mine at the end of 2013. LIM has now substantially completed its environmental regulatory requirements relating to rehabilitation of the former James Mine, Redmond Mine and the Silver Yards processing site and related infrastructure.

A modest rehabilitation program of top-soil spreading with seeding and re-vegetation is planned for the summer of 2020. The schedule and timelines for this program will depend on the evolving Covid-19 pandemic and associated developments. LIM is following the instructions and advice of Provincial and Federal health authorities, as well as industry-wide best practice guidelines, to help limit the spread of Covid-19 and protect local communities.

Stage 2 of LIM's planned direct shipping ore mining operations comprises deposits in an area located about 20 km south of Silver Yards, and is planned to involve the development of the Houston, Malcolm and other adjacent deposits.

Development of the Houston Project, which is planned as LIM's next project, is subject to the availability of development financing, and securing such development financing requires market confidence that an improved level of iron ore prices will be sustained.

HOUSTON IRON ORE PROPERTY

The Houston property ("Houston"), is situated in Labrador about 25 km southeast of the town of Schefferville. Together with the Malcolm Deposit, considered to be its northwest extension, the Houston deposits are estimated to contain a resource of 40.6 million tonnes grading 57.6% iron ("Fe"). [Refer to "Qualified Persons" section below.]

The capital investment to put Houston into production is relatively modest, and the lead time for development relatively short, compared with most other iron ore projects under development in the Labrador Trough. Subject to securing financing, the Company plans to pursue development of the Houston Project and resume mining operations when economic conditions warrant.

The revised development plan is based on lower-cost dry crushing and screening only. LIM has identified a higher-grade component of this resource, 20 million tonnes at an average grade of 62% Fe, at a 58% cut-off grade, that is amenable to dry crushing and screening. The initial mine plan will focus on this higher-grade component. The Houston deposits also contain harder ore than the James mine and are anticipated to produce a larger proportion of premium lump product. When in full production, the Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 million tonnes per year, with an initial mine-life of 10 years.

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 the Company 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.

LIM has existing life-of-mine rail agreements with Quebec North Shore and Labrador Railway ("QNS&L") and TSH 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 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 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 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 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.

Development of the Houston Project is subject to the availability of development financing. There are no assurances that LIM will be successful in obtaining the required financing and if LIM is unable to obtain such financing, the development of Houston will be postponed.

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.

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.

ONGOING OPERATIONAL ACTIVITIES

Notwithstanding the challenging environment during the past several years, LIM has continued to conduct a variety of necessary operational activities with the objective of preserving its assets, maintaining its mineral properties on a standby basis and fulfilling environmental and regulatory obligations. Site activities consist mainly of property maintenance, site standby activities and reclamation programs.

2019 Exploration Program

In the summer of 2019, LIM carried out its first exploration program in a number of years. The focus of the program was to:

- maintain the selected mineral licences in good standing;
- examine potential extensions to known mineralization; and
- identify the potential for buried iron ore deposits in areas of glacial till cover.

Exploration activities included reconnaissance soil, rock and till geochemistry and geological investigations, in part, at or near historical trenching and drilling sites. In addition to geological, the exploration program assessed the potential of locating buried, high-grade iron (\pm manganese) mineral potential on LIM's mineral claims using soil and rock geochemistry.

Sampling was carried out on 13 of LIM’s mineral licences in the Menihek region of western Labrador, including licence numbers 011541M (Fleming 3), 011542M (Elross 3), 011543M (Timmins 5), 011544M (Timmins 6), 012894M (Howells River), 016502M (Timmins), 016531M (Timmins 6), 016669M (Kivivic 1), 018230M (Timmins), 018235M (Elross/Timmins), 018638M (Timmins 6), 020317M (Timmins 6) and 020321M (Timmins 6/Barney).

The program's conclusions included a recommendation to conduct further field exploration on licences 011541M, 011542M, 011543M, 016669M and 018230M. Elevated iron content in rock samples suggest potential buried mineralization on these licences, whereas elevated iron content in soils supports additional work on licences 011541M, 016669M and 018230M.

The program also recommended trenching at licences 011541M, 016669M and 018230M. The program also recommended building a comprehensive petrographic and microprobe database to enhance LIM's targeting parameters to explore for high-grade buried deposits.

2019 Rehabilitation Program

In the fall of 2019, LIM substantially completed the rehabilitation of the former James Mine and Silver Yards plant site. The rehabilitation program consisted of dismantling and removing LIM's wet processing plant, which was previously used to process ore from the James Mine but is not planned to be used for Houston. LIM contracted a Montreal-based demolition/recycling firm to complete the project, under the supervision of on-site LIM management. Nearby service buildings were also dismantled and all remaining debris (wood, concrete, etc.) from the surrounding area was removed and disposed.

Following demolition, approximately 1,500 tonnes of structural steel and scrap metal were transported from site by rail and recycled, with the proceeds subsidizing the project costs.

Following a government inspection performed after completion of the 2019 program, \$0.51 million of restricted cash set aside as financial assurance for such rehabilitation was released to LIM. The released cash along with the sale of scrap metal covered most of the costs incurred in the 2019 rehabilitation program.

At the commencement of production from the James mine in 2010, the original estimated cost of rehabilitation of LIM's Stage 1 mining operations and related infrastructure was approximately \$3.5 million. Following completion of several years of progressive reclamation, including the 2019 program, the remaining estimated cost of rehabilitation of LIM's Stage 1 mining operations and related infrastructure is now approximately \$1.3 million. Of this amount, approximately \$420,000 relates to rehabilitation of mine sites and approximately \$900,000 relates to rehabilitation of rail lines and camp infrastructure. The Company has approximately \$1.4 million in restricted cash set aside as financial assurance for completion of such rehabilitation.

Sale of Camp Equipment

In October 2019, LIM completed the sale of its site accommodation camp for net proceeds of \$0.05 million. The purchaser also agreed to take on responsibility for future site reclamation obligations in place of LIM. The purchaser intends to renovate the camp and recommence operation to service the accommodation needs of the mining industry in the area, including potentially LIM in the future. As a result of the sale LIM was relieved of the camp upkeep, security, and insurance obligations.

Sale of Centre Ferro Facility

In March 2020, the Company completed the sale of its Centre Ferro railcar repair facility to Tshuetin Railway TSH. The sale price was \$1.2 million, of which \$1.0 million was paid on closing and \$0.2 million was placed in trust pending the performance of an independent Phase 2 environmental site assessment. In the event the Phase 2 assessment recommends mandatory reclamation of the property, the cost of such reclamation (up to a maximum of \$0.2 million) will be funded from the funds in trust, with the unspent balance, if any, paid to the Company. The results of the Phase 2 assessment are expected later in the summer of 2020.

Near-Term Company Focus

Development of the Houston Project, which is planned as LIM's next DSO project, is subject to the availability of development financing, and securing such development financing requires market confidence that the current level of iron ore prices will be sustained. As described further under the "Iron Ore Market Conditions" section below, some uncertainty exists about the iron ore market beyond 2020. LIM will continue to monitor iron ore market conditions as they relate to the availability of development financing.

In the summer of 2020, LIM plans to undertake further rehabilitation of the James mine area and the Silver Yards processing plant site, largely involving top-soil spreading and seeding and re-vegetation. Upon completion of this rehabilitation work, LIM expects a further release of restricted cash set aside as financial assurance for such rehabilitation.

In June 2020, the Minister of Natural Resources announced measures to assist the mining, and mineral exploration industries in Newfoundland and Labrador during the Covid-19 global pandemic, including deferring rental and fee payments and waiving mineral expenditure requirements for 2020. The measures include deferral of rental and fee payments associated with land tenure issued under the Mineral Act until December 31, 2020 and waiver of mineral assessment expenditure requirements for mineral licences for one year – from March 18, 2020 to March 17, 2021. LIM's obligations deferred as a result of this relief include mining and surface lease rentals and mineral licence renewal fees. Additionally, LIM's mineral expenditure requirement planned for 2020 has been waived.

The Province of Quebec also announced Covid-related relief measures to assist the mining and minerals industry in Quebec. All claim renewals and work commitments have been waived for one year beginning April 9, 2020. This measure will waive Schefferville Mines Inc. expenditure requirements and will keep SMI's mineral claims in Quebec in good standing until 2021.

REQUIREMENT FOR WORKING CAPITAL AND DEVELOPMENT FINANCING

From a corporate perspective, the Company is cognizant that its operations will need to be funded on a care and maintenance basis. The Company is funding its ongoing site standby and general corporate and administrative activities from the proceeds of sale of surplus non-core assets and the release of restricted cash. If the Company is unable to generate sufficient proceeds from the sale of surplus non-core assets or the release of restricted cash, or otherwise obtain adequate financing, the Company may be required to curtail all its operations and activities.

While the ability to continue corporate and site standby activities over the next 12 months is not dependent on securing additional development financing, the Company will need to secure additional financing to continue as a going concern due to its working capital deficiency on March 31, 2020. Even if the Company is successful in funding its general working capital needs, if the Company is unable to obtain additional development financing on a timely basis or on reasonable or acceptable terms, then the Company will be unable to pursue development of its iron ore projects.

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: 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 person of the Company within the meaning of NI 43-101, filed on SEDAR, may be viewed under the Company's profile at www.sedar.com.

Technical Report entitled “*Technical Report Mineral Resource Update of the Houston and Malcolm 1 Property, Labrador West Area, Newfoundland and Labrador and North Eastern Quebec Canada, for Labrador Iron Mines Holdings Limited*” dated effective April 24, 2013 by Maxime Dupéré, P.Geo. of SGS Canada Inc. and Justin Taylor P.Eng. of DRA Americas Inc., both of whom are Qualified Persons and independent persons of the Company within the meaning of NI 43-101, filed on SEDAR, may be viewed under the Company’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 the Company and within the meaning of NI 43-101, filed on SEDAR, may be viewed under the Company’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.

The deposits with historical resources only have estimated historical resources based on work carried out by IOC prior to the closure of its Schefferville operations in 1984. The historical resources were not part of IOC’s producing properties. This historical estimate was prepared according to the standards used by IOC prior to 1983 and, while still considered relevant, was not prepared in accordance with NI 43-101. The IOC classification reported all resources (measured, indicated, and inferred) within the total mineral resource. These historical estimates are not current and are not compliant with the categories set out in NI 43-101 and should not be relied upon.

IRON ORE MARKET CONDITIONS

The global sea-borne iron ore market is dominated by demand from China, the world’s largest steel producer and consumer of iron ore, and supply by Australia and Brazil, the world’s largest iron ore producing countries.

In 2019 the market experienced significant supply disruptions due to the suspension of several mines in Brazil for tailing dam safety reasons, which contributed to a rapid rise in the price of iron ore during the first half of the year. After beginning 2019 at US\$70/tonne (62% Fe CFR China), the price rose to a five year high of US\$126/tonne in early July, at which point it began to face headwinds which continued for the balance of the year. The Platts index for 62% Fe, CFR China (“62% Fe index”), averaged US\$93 per tonne in 2019 compared to US\$69 per tonne in 2018.

As the first half of 2020 unfolded, the emerging Covid-19 pandemic altered the market landscape. The immediate impact was a drop in the price of iron ore to US\$80/tonne at the end of January, because of a curb in China’s steel production as a result of measures introduced to contain the virus. This decline in China’s steel production turned out to be short-lived. By mid-February, steel production in China began to increase again, based on both government stimulus programs and an improving domestic public health situation. In the spring the market experienced another Brazilian supply disruption. Brazil has been particularly hard-hit by Covid-19, which has significantly interrupted the country’s iron ore production. The net effect of Brazil’s production disruption has been another supply deficit in the global iron ore market.

As a result, the price of iron ore once again started another upward climb driven by China demand. As part of plans to reinvigorate its economy, China announced plans to boost spending on infrastructure through an increase in local government borrowing. The average price for the Platts index for 62% Fe Iron Ore, increased 8% to US\$89 per tonne in the first quarter of 2020 compared to the average price of US\$83 per tonne in the first quarter of 2019. China’s imports of iron ore were up 10% in the first half of 2020 and climbed in June to the second highest on record.

Coupled with resurgent steel production, the price of iron ore rose to over US\$100/tonne by June and reached above \$112 per tonne in mid-July. The price has risen almost 21% in 2020. Iron ore has outpaced gold to rank as the best-performing major commodity to date in 2020.

As for the second half of 2020, it is dependent on how the Covid-19 pandemic unfolds, particularly as it may affect demand in China and production in Australia and Brazil. Chinese demand for iron ore has proven to be relatively robust, despite the impact of Covid-19 and the shutdown of significant sectors of the Chinese manufacturing industry. Analysts expect the sustainability of China's demand to be the main factor determining the direction of prices in the second half of the year. It is not expected that Chinese demand will fall significantly though the ongoing decline of consumer spending in the OECD nations will increase the dependence of the Chinese steel industry on domestic stimulus measures.

As of July 2020, China's steel production and Australia's iron ore production continue to be strong, however Brazil's iron ore production continues to be disrupted, with no immediate end in sight. The extent to which these conditions persist is expected to determine market dynamics for the remainder of 2020. Beyond 2020, it is expected that iron ore prices may retreat as supplies are restored, though a significant global economic recovery expected in 2021 should create a supportive price floor for iron ore.

SELECTED ANNUAL FINANCIAL DATA

(\$000's except for per share data)

	March 31, 2018	March 31, 2019	March 31, 2020
Revenue	\$ -	\$ -	\$ -
Net (loss) before income taxes	(1,185)	(558)	(441)
Net (loss)	(1,185)	(558)	(441)
(Loss) per share	(0.01)	(0.00)	(0.00)
Cash and cash equivalents	345	76	254
Total assets	3,572	2,561	1,897
Total long-term liabilities	2,253	2,134	1,714
Cash dividends declared per share	\$ -	\$ -	\$ -

RESULTS OF OPERATIONS

The former James Mine and the Silver Yards processing facility have been in a progressive reclamation stage since 2014. The Company did not conduct any mining activities in the year ended March 31, 2020. Rather, the Company's focus was on activities required to maintain its mineral properties in good standing, including site reclamation and exploration activities, and controlling costs. These activities were funded by the sale of surplus assets and the release of restricted cash. The Company made no capital expenditures on property, plant and equipment on its mining properties during the year ended March 31, 2020.

Year ended March 31, 2020

On a consolidated basis, the Company reported a net loss of \$0.44 million, or \$0.00 per share during the year ended March 31, 2020, compared to a net loss of \$0.56 million, or \$0.00 per share, during the previous year.

The net loss of \$0.44 million in the current year was mainly attributable to site costs of \$0.62 million and corporate and administrative costs of \$0.58 million, offset by a gain of \$0.70 million on the sale of property and equipment and a rehabilitation provision recovery of \$0.04 million relating to a change in estimated rehabilitation and closure costs. The net loss of \$0.56 million in the previous year was mainly attributable to site costs of \$0.45 million and corporate

and administrative costs of \$0.67 million, offset by a gain of \$0.45 on the sale of property and equipment and a rehabilitation provision recovery of \$0.12 million.

During the current year the Company sold its Centre Ferro railcar repair facility in Sept-Iles, Quebec for \$1.20 million (including a \$0.20 million hold back for potential reclamation) as well as its site accommodation camp, for net proceeds of \$0.05 million.

Site expenditures during the current year consisted mainly of reclamation and exploration activities. During the previous year less reclamation work was performed and no exploration was performed. Site costs in both the current year and the previous year were partly offset by third party income earned by the Company at its Centre Ferro facility before its sale in March 2020.

Corporate and administrative costs continue to decline, reflecting a reduction in staff levels and a continuing rationalization of office space and related costs.

The Company continues to conduct the expenditures required to maintain its core mineral claims in good standing.

SUMMARY OF QUARTERLY RESULTS

(\$000s, except per share data)	Quarter Ended							
	June 30, 2018	Sept 30, 2018	Dec 31, 2018	Mar 31, 2019	June 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020
Net income (loss)	(365)	124	124	(441)	(265)	(364)	(220)	408
Earnings (loss) per share	(0.00)	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	3,139	3,225	2,796	2,561	2,492	2,533	2,107	1,897

Net income in the quarter ended September 30, 2018 included a gain on sale of surplus property and equipment of \$0.45 million. Net income in the quarter ended December 31, 2018 included a rehabilitation provision recovery of \$0.3 million. Net income in the quarter ended March 31, 2020 included a gain of \$0.70 on the sale of property.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2020, the Company had current assets of \$0.59 million, consisting of \$0.25 million in unrestricted cash, \$0.11 million in restricted cash and \$0.23 million in accounts receivable. As at March 31, 2020, the Company also held \$1.30 million in non-current restricted cash. The Company's cash and cash equivalents are invested in an investment grade short-term money market fund and deposits with a major Canadian bank.

Current liabilities, which consisted mainly of accounts payable and accrued liabilities and a rehabilitation provision, were in aggregate \$0.73 million at March 31, 2020.

The Company had a working capital deficit of \$0.14 million at March 31, 2020. The Company had no current or long-term bank debt as at March 31, 2020.

The Company is funding its ongoing site standby and general corporate and administrative activities from the proceeds of sale of surplus non-core assets and the release of restricted cash. The Company needs to generate sufficient proceeds from such activities or secure alternative financing to continue as a going concern. During the year ended March 31, 2020 the Company received an advance of \$0.40 million from a director, which was fully repaid before year end.

While the ability to continue corporate and site standby activities over the next 12 months is not dependent on securing additional development financing, the Company's ability to further explore and develop any of its projects is dependent on completing such additional development financing. The Company will need to secure development financing to

fund the development of the Houston Project. If the Company is unable to obtain additional development financing on a timely basis or on reasonable or acceptable terms, then the Company will be unable to pursue its Houston Project.

There are no assurances that the Company will be successful in generating sufficient proceeds from the sale of surplus non-core assets, the release of restricted cash or the completion of an alternative financing to continue as a going concern. If the Company is unable to obtain adequate additional financing or liquidity in the immediate term, the Company will be required to curtail all its operations and activities and may be required to conduct a liquidation process. 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 from the going concern basis.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

OBLIGATIONS AND CONTRACTUAL COMMITMENTS

The Company has suspended its principal rail transportation contracts and any ongoing financial commitments under such transportation contracts until LIM's mining operations resume.

The Company has suspended its impact benefit agreements with various First Nations communities, including a suspension of the ongoing commitments in accordance with the terms of such agreements, until LIM's mining operations resume.

Notwithstanding that LIM has suspended or terminated its major commercial contracts, the Company 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.

In 2016, the Naskapi Nation of Kawawachikamach submitted a claim in the amount of \$3.0 million against LIM as part of the Company's CCAA process, which this 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 in December 2016. 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.

FINANCIAL INSTRUMENTS

The Company's treasury policy is to invest its cash and cash equivalents in investment grade short-term money market funds and deposits with a major Canadian bank. The Company monitors these investments and is satisfied with the credit rating and liquidity of its bank. The Company has never held any asset backed financial instruments.

The Company has designated its cash and cash equivalents as "held for trading", which are measured at fair value. Fair value estimates of financial assets are made at the statement of financial position date based on relevant market information and information about the financial instruments.

As at March 31, 2020, the carrying amounts and fair value of the Company's financial instruments were considered to be the same, primarily because of the short term nature and liquidity of these instruments. As at March 31, 2020, the Company did not hold any balances in foreign currencies, other than United States dollars.

The Company has included disclosure concerning some of the risk factors relating to its financial instruments in Note 21 to its audited consolidated financial statements for the year ended March 31, 2020.

OUTSTANDING SHARE CAPITAL

The Company's authorized share capital is an unlimited number of common shares.

The following is the outstanding share capital of the Company as at March 31, 2020 and the date of this MD&A.

Security	Number
Common shares	162,364,427
Deferred share units	1,077,362

The deferred share units represent stock-based compensation previously granted to independent directors under the Company's Deferred Share Unit Plan. The grant of new deferred share units was waived by directors and suspended effective March 31, 2014.

The Company did not have any share purchase options or share purchase warrants outstanding as at March 31, 2020 and the date of this MD&A.

The common shares of the Company trade under the symbol LBRMF on the "No Information" tier of the OTC Pink Open Market. The Company continues in good standing as a Reporting Issuer in all the Provinces of Canada, and in compliance with all of the requirements of the Securities Acts and Securities Regulations in Canada. All public filings of the Company may be inspected under the Company's profile on SEDAR at www.sedar.com.

Additionally, the Company intends to seek a new stock exchange listing on either the TSX or an alternative stock exchange at an appropriate time.

TRANSACTIONS WITH RELATED PARTIES

The related parties with which the Company transacted during the year ended March 31, 2020 were Energold Minerals Inc. ("Energold"), a corporation controlled by John F. Kearney, Buchans Resources Limited ("Buchans"), a company in which John F. Kearney, Neil J.F. Steenberg and Danesh Varma serve as directors and officers, and Steenberglaw Professional Corporation ("Steenberglaw"), a legal professional services corporation controlled by Neil J.F. Steenberg. John F. Kearney is an officer and director of the Company, Neil J.F. Steenberg is an officer of the Company and Danesh Varma is a director of the Company.

During the year ended March 31, 2020, the Company had an office sharing arrangement with Buchans pursuant to which the Company incurred office rent of \$36,000 (2019 - \$75,000). As at March 31, 2020, \$18,000 (2019 - \$6,000) of office rent remained payable.

During the year ended March 31, 2020, the Company incurred costs payable to Energold in the amount of \$30,000 (2019 - \$30,000) for administrative service. As at March 31, 2020, \$35,000 (2019 - \$5,000) remained payable for such services. Separately during the year, Energold made advances to the Company totaling \$400,000 (2019 - \$Nil) to the Company on a temporary basis to fund short term working capital, which was repaid in full prior to the end of the year.

During the year ended March 31, 2020, the Company incurred professional fees in respect of legal services provided by Steenberglaw in the amount of \$3,570 (2019 - \$8,820). As at March 31, 2020, \$966 (2019 - \$1,470) of these legal fees remained payable.

The amounts payable at March 31, 2020 are unsecured and non-interest bearing.

These related party transactions were in the normal course of operations and are measured at fair value, which is the amount of consideration established and agreed to by the related parties. It is management's estimation, other than the advance from Energold, that these transactions were undertaken at market rates under the same or similar terms and conditions as transactions with non-related parties.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates. During the periods presented, management has made a number of significant estimates and valuation assumptions, including the recoverability of investments in mineral property interests, property, plant and equipment, the fair value of stock options and the valuation of capital lease obligations and asset retirement obligations. These estimates and valuation assumptions are based on historical experience, present conditions and management's planned course of action, as well as assumptions about future business and economic conditions. The use of different assumptions could result in different estimates. Should future business and economic conditions deteriorate, or the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

Mineral property interests

The Company evaluates the carrying amount of its mineral properties when events or changes in circumstances warrant and tests for recoverability of the long life asset value. A test for recoverability is performed to determine if the estimated fair value exceeds the carrying amount of the asset. Measurement of any impairment loss is determined by the estimated fair value of the assets based on the best information available at the time, including a discounted cash flow methodology and estimates of comparable asset values in the market. 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.

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 determination of fair value. In assessing the future estimated cash flows, management uses various estimates including, but not limited to, future operating and capital costs as well as future iron ore prices and estimates based upon measured, indicated and historical resources. By their very nature, there can be no assurance that these estimates will actually be reflected in the future operation of the Schefferville Projects.

Significant judgments and assumptions are required in making estimates of fair value. 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 estimate of future cash flows is subject to risks and uncertainties and it is reasonably possible that changes in estimates could occur which may affect the expected recoverability of investments in mining properties. The ultimate recoverability of amounts deferred for mineral property interests is dependent upon, among other things, obtaining the necessary development financing.

Rehabilitation Provision

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 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.

The Company has established a rehabilitation provision relating to its Stage 1 mining operations. The present value of this rehabilitation provision has been estimated under IFRS as approximately \$1.59 million as at March 31, 2020.

In determining the present value of the rehabilitation provision as at March 31, 2020, the Company has assumed an inflation rate of 2% and a discount rate of 1.46%. Elements of uncertainty in estimating this amount include changes in the projected life of mining operations, reclamation expenditures incurred during ongoing operations and reclamation and remediation requirements and alternatives.

NEW ACCOUNTING STANDARDS

The Company is not aware of any new accounting standards that have a material impact on the Company's consolidated financial statements for year ended March 31, 2020.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties. A summary of the principal risks and uncertainties which the Company faces is set out below.

Financing and Going Concern

As at March 31, 2020, the Company had a working capital deficit of \$0.14 million.

The continued operation and successful development of the Company's 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.

There is a significant risk that additional 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.

Covid-19 Pandemic

The Company's operations could be significantly adversely affected by Covid-19 which was declared a pandemic by the World Health Organization on March 11, 2020. The Covid-19 pandemic is presenting unprecedented challenges to individual health, communities, jobs, businesses and economies. The Company cannot predict the impact the Covid-19 pandemic will have on its operations. In addition, this widespread health crisis has adversely affected the economies and financial markets of many countries, resulting in an economic and financial downturn that could further affect the Company's ability to finance its operations.

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 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 Tshiuetin 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.

In January 2016, as part of the Cliffs' CCAA proceedings, the Court approved the sale of Cliffs' port assets at the Pointe Noire area of the Port of Sept-Iles to Investissement Quebec, the investment arm of the Government of Quebec, for a purchase price of \$68 million plus the assumption of environmental liabilities. The port assets were 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 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.

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 Operating Officer, the Chief Financial 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. 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.

Given growing concerns with respect to containing the spread of Covid-19, many indigenous communities have declared a local community state of emergency or taken other measure to protect community health and safety including restricting access that may disrupt normal site maintenance, exploration and / or aboriginal consultation or engagement activities.

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 advance payment off-take financing activities and iron ore sales have been 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.

ADDITIONAL INFORMATION

Additional information regarding the Company is available under the Company's profile on SEDAR at www.sedar.com, including the audited consolidated financial statements for the year ended March 31, 2020.

FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in iron ore prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. There can be no assurance that the Company will be successful in maintaining any agreement 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. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.