

ANNUAL GENERAL MEETING OF SHAREHOLDERS
SEPTEMBER 18, 2014

Remarks of John F. Kearney, Chairman and Chief Executive

As LIM has previously disclosed, we have not recommenced mining operations for the 2014 operating season, due to a combination of the prevailing low price of iron ore and an assessment of the current economics of our Labrador iron ore projects.

This has proven to have been a fortuitous decision. Since January 2014, the spot price of iron ore has fallen 40% to almost US\$80 per tonne today, compared to an average price of US\$131 per tonne in 2013.

In response to the prevailing iron ore price outlook, and based on our experience over the past three operating seasons, we have made a strategic shift in corporate focus towards establishing a lower cost operating framework, while concurrently re-negotiating the commercial terms of major contracts.

2014 is a development year for LIM. Our focus in 2014 is on advancing the development of our new Houston Mine and seeking additional capital investment and working capital.

On the operations side, we are completing an exploration program on the Howse Deposit and moving that project to feasibility, as well as completing the extension and expansion of our Silver Yards rail facilities, both of which projects are funded by our joint venture partner, Tata Steel Minerals Canada (TSMC).

In addition to our DSO deposits, we are also moving ahead with assessment and initial planning of LIM's Elizabeth Taconite Project by preparing an internal concept study. Elizabeth represents an exceptional opportunity for LIM to develop a major new concentrate operation in the Schefferville region of the Labrador Trough. There are clear competitive and cost advantages for the Elizabeth Project, compared to other proposed iron ore projects in the Labrador Trough, which I will speak more about later in my presentation.

Finally, I will conclude my remarks by discussing my own thoughts on current iron ore market conditions and the need for a rethink and restructuring of the iron ore business in the Labrador Trough in order for Canada to remain competitive globally and to realise its potential to become a major iron ore producing region.

HOUSTON MINE

Our Houston Project is planned to form the core of LIM's operations for at least the next ten years. The Project is situated in Labrador about 15 km southeast of our James Mine and Silver Yards processing plants.

Together with the Malcolm Deposit, considered to be its northwest extension, the deposits are estimated to contain an NI 43-101 resource of 40.6 million tonnes grading 57.6% Fe. When in full production, the Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year for about a 10-year mine-life. We expect the ore at Houston to be upgradable to a 60% to 62% Fe iron product.

The development plan for Houston is relatively simple. The major component consists of constructing an 8 km haul road, including a bridge over a river crossing. The new road will connect to an existing road located near Redmond Mine, which leads to our Silver Yards facility. The overall one-way distance by road from Houston to Silver Yards is approximately 20 km. Including initial mine development, the initial capital investment to develop the Houston Mine is expected to be approximately \$20 million.

The Houston development plan was recently revised in response to lower iron ore prices and in order to reduce up-front capital. The revised plan is based on lower-cost dry crushing and screening only, with deferral of the originally proposed new wet plant. The Silver Yards wet plant will be maintained in standby condition and may be re-commissioned to process lower grade plant feed from Houston and, potentially, production from other deposits in later years.

We also plan to construct a new rail siding near the Houston Mine. When the rail siding is complete it will be used in conjunction with the Silver Yards rail siding to increase our train loading capacity to up to approximately 3 million tonnes per year, and will reduce the operating cost of overland haulage from the Houston open pit mine to the rail head.

Development of the Houston Project is subject to the availability of financing. We are negotiating additional off-take related financing arrangements and other potential financing structures to fund the planned first phase Houston development and related transportation expenditures.

Our other development activities in 2014 include the extension of our rail spur line to connect to TSMC's Timmins Area plant and the Howse deposit, and the expansion of the Silver Yards rail siding.

HOWSE (JOINT VENTURE WITH TSMC)

We are pleased to report positive drill results from LIM's \$5 million exploration program on the Howse Deposit, held in joint venture with TSMC. (LIM 49% / TSMC 51%).

The Howse Deposit has a historical resource of 28 million tonnes at a grade of 58% Fe. This resource estimate is not NI 43-101 compliant.

LIM's Howse exploration program, which commenced in late 2013, comprised of 19 drill holes: six diamond and 13 RC holes totalling 2,014 metres. 17 holes returned ore-type intersections demonstrating consistent results over the entire area drilled. Of note, hole **HW-DD14-05** returned **84.1 m grading 65.9% iron ("Fe")** and **HW-DD13-01A** returned **79.5 m grading 64.52% Fe**, demonstrating significant widths of high-grade direct shipping hematite mineralization.

A follow-up exploration program commenced in the summer of 2014 and is continuing today with a further 3,500 m of diamond and RC drilling planned. LIM's remaining financial commitment of \$1.8 million for the 2014 Howse exploration program is fully funded.

The objective of the exploration program was to carry out infill drilling to define our first NI 43-101 compliant resource and to collect metallurgical, geotechnical, hydrogeological, and hydrology information in support of a Preliminary Economic Assessment. The PEA is scheduled for completion around the end of 2014, leading to the completion of a Feasibility Study in 2015.

An environmental assessment of Howse is also advancing in 2014, designed to support a production decision. Project Registration Notices were submitted to the Provincial and Federal governments earlier in the year. The Federal government has referred the Howse Project for Environmental Assessment and Environmental Impact Statement Guidelines were issued in June 2014.

The Howse Deposit is located in Labrador, about 25 km north of LIM's James Mine and Silver Yards processing facility and adjacent to TSMC's Timmins Area mines and processing plant. TSMC, the operator, is targeting a 3 million tonne per year direct shipping iron ore operation with development of an open pit and initial production anticipated in 2016 followed by full commercial production in 2017.

Under the terms of the joint venture agreement, TSMC acquired an initial 51% participating interest for a total cash payment to LIM of \$30 million. Following completion of LIM's \$5.0 million exploration program TSMC shall contribute the next \$23.5 million and thereby increase its participating interest in the Howse Project to 70%, following which the Howse Property will be held 70% by TSMC and 30% by LIM, with each party contributing and participating pro rata.

ELIZABETH TACONITE

Elizabeth represents an exceptional opportunity for LIM to develop a major new taconite operation in the Schefferville region of the Labrador Trough. Elizabeth is not well recognised because, being a potential concentrate producer and not DSO, it has not been the focus of our attention over the past few years.

During the 2011 and 2012 field seasons, LIM's exploration and drill programs identified a large iron orebody, leading to our first independent NI 43-101 mineral resource estimate 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.

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. Airborne and ground geophysics have also highlighted the Gagnon taconite target, located in Québec, a few km from the Elizabeth Taconite Project.

The property location is advantageous, situated in Labrador approximately 2 kilometers from LIM's Silver Yard facilities, next to the former producing Wishart Mine and about 5.5 km from the town of Schefferville. The Project benefits from direct access to existing roads, rail bed and power line corridor, in addition to LIM's existing infrastructure at Silver Yards.

We have prepared an internal concept study using the Elizabeth No. 1 deposit's 620 million tonnes as a starting point for planning and design. Conceptually, the Elizabeth Taconite Project is being designed as an open pit with a mining capacity of 18 mtpa over an expected 30-year mine life.

While still in an internal preliminary assessment stage, the Elizabeth Project appears to be very attractive when compared to similar magnetite/taconite projects in the Labrador Trough.

For example, the Kami Iron Ore Project located next to Labrador City is targeting 8 mtpa @ 65.2 % Fe over a 30-year mine-life. Using a long-term iron ore price of US\$110/tonne, the NPV (discounted at 8%) has been calculated at US\$3.24 billion, with a payback of less than 4 years.¹

The Fire Lake North Project located in Quebec near Fermont is targeting 9.3 mtpa @ 66% Fe over a 19.6 year mine-life. Using a long-term iron ore price of between US\$110 and US\$115 per tonne, the NPV (discount of 8%) has been calculated at C\$3.3 billion, with a payback of 3.4 years.¹

Our neighbours, New Millennium and Tata Steel, have completed feasibility studies on the large LabMag and KeMag Taconite Deposits, located further to the north of Schefferville. While the Elizabeth Project is not as large in terms of scope and scale, or capital cost, our advantage would come from utilizing existing infrastructure and rail line to transport the concentrate to Port. The LabMag and KeMag Deposits are currently planning for a slurry pipeline to transport the ore from the mine site to the Port through a 600+ km long ferro-duct system.¹

To give you an idea of potential scale, conceptually, over the projected life-of-mine, total production from Elizabeth would be about 170 million tonnes, which equates to approximately 5 million tonnes of iron ore concentrate per year.

CURRENT IRON ORE MARKET CONDITIONS

Since January 2014, the benchmark price for 62% Fe iron ore has declined 40% to almost US\$80 per tonne. The spot price of iron ore has averaged approximately US\$106 per tonne in 2014 year-to-date compared to an average price of US\$131 per tonne in 2013 (62% Fe fines on a CFR China basis).

Iron ore exports from Australia to China increased significantly in the first half of 2014, pushing benchmark prices to the lowest levels in five years and contributing to a growing global surplus.

By July 2014, inventories at Chinese ports climbed 28%, reaching a record 113.7 million tons (data from Shanghai Steelhome Information Technology Co) increasing supply and leading to lower prices.

The explanation for the increase in supply is that the world's top iron ore producers significantly increased production this year. Iron ore output from Vale, Rio Tinto, BHP Billiton and Fortescue is forecast to rise 15% this year, adding about 130 million tonnes, in an apparent effort to squeeze out higher-cost producers. If this is their strategy, driving down prices results in much lower revenue and profits for these "big three" producers, and one would hope they have a more sophisticated strategy and a more optimistic outlook for the medium and long term prices.

The immediate market outlook for iron ore is somewhat uncertain. Chinese steel mills and traders are being pressed to sell inventories as banks demand loan repayments. Robust steel production and iron ore demand from China have underpinned the iron ore price over the past seven years. Chinese preliminary trade data for August shows iron ore imports up 9% YoY in August with YTD imports up 17%. Chinese steel production continues to increase and China will need to import more iron ore to replace the shutdown of domestic production, which should help iron ore price stability.

¹ Source: Various Company Reports.

In the longer-term, the cost curve plays an integral role in establishing an effective ‘floor’ for iron ore prices. Higher marginal cost Chinese capacity is needed to meet growing iron ore demand in China in the medium term. Lower prices will force the closure of higher cost domestic Chinese producers. As higher-cost mines in China close, demand for seaborne supply will also increase. It is reported that China buys 67% of seaborne iron ore supply. The resultant shortfall in Chinese domestic production is currently being displaced by lower cost Australian imports. The estimated average marginal cost of Chinese iron ore production was widely reported at approximately US\$120 per tonne in 2013, but already with the closure of some high cost Chinese production is now reported to have decreased to approximately US\$100 per tonne in mid-2014. The average marginal cost of Chinese iron ore production provides a level of support for long term iron ore prices.

My own view is that the long-term iron prices will be influenced by the following factors:

- China demand is still strong overall. China continues to import more iron ore year-over year. In 2014 to August, China imported 17% more iron ore than in 2013. Strong steel and iron ore demand growth from China will continue to be supported by Chinese Government stimulus spending as well as structural factors, such as the urbanization of China’s population;
- Demand growth in the medium to long-term from the United States and Europe, and emerging markets including Brazil, India, Russia, CIS countries, southeast Asia and the Middle East;
- Outside Australia and the “big three”, many of the new projects and production expansions previously planned by other companies are experiencing increased costs and delays, or have been postponed, which, coupled with the expected mine closures resulting from current low prices, can be expected to delay or reduce the long-term growth of iron ore supply leading to a flat supply curve by 2016–2017. A significant portion of the forecasted increase in mine supply outside Australia is forecast to come from higher risk jurisdictions such as Africa.
- Mining curbs in India in states such as Goa and Karnataka along with mine closures in top producing Odisha have limited iron ore availability in that country, opening the door to more imports this year, which could help absorb some of the surplus in global supply.

Growth in iron ore demand has been dominated by China, whose steel production and consumption has been steadily increasing over the past decade. The country’s rapidly increasing steel intensity (steel usage per capita) has been driven by rapid economic growth and continued urbanization, leading to significant increases in the rate of residential construction, public infrastructure development and durable goods production. Economic growth in China will continue unabated, even if from time to time China takes its foot off the gas pedal to avoid overheating. This continuing growth in demand, coupled with the expected flat supply position by 2016-2017, should return supply-demand to a balanced situation similar to the situation prevailing throughout 2013 when iron ore prices averaged around US\$130 per tonne. Provided the “big three” show some market discipline, I believe the price of iron ore will recover from current low levels as the temporary current oversupply is absorbed. I recall that in 2009 the price of iron ore increased from US\$80 in September to US\$186 in April 2010 in only eight months.

There was significant price volatility in iron ore prices over the past few years. We are seeing this again in 2014 due to increased supply and apparent changes in Chinese stock levels, and there will be further volatility in the future. However, I believe that we have seen the impact of the increase in supply from Australia. This is over. The current increase in port inventory levels in China is primarily a financial and liquidity issue. Demand for steel, and thus for iron ore, will remain strong in China and will increase in the rest of the world. Meanwhile, higher cost Chinese production will close and outside China many fourth quartile projects will shut down. To survive and ultimately prosper, iron ore mining in Canada, including LIM, needs to move down the cost curve.

LABRADOR TROUGH OVERALL RESTRUCTURE

To compete globally with the rest of the world, we need to bring down costs for Canadian iron ore companies in the Labrador Trough. This is largely a function of infrastructure: transport and power. While extensive and existing infrastructure is in place, access to this infrastructure at reasonable commercial terms remains a huge challenge.

Canada is on the opposite side of the world from the main iron ore market in China. It is difficult to compete globally if more than two thirds of your operating costs are incurred on power, transport and ocean freight. Australia not only has a huge ocean freight advantage to China, but their operating costs are generally lower than Canada.

The Labrador Trough has vast reserves of iron ore. We read and hear a lot about Ontario's "Ring of Fire", with "billions" in the ground. The Labrador Trough has at least the same value in untapped resources but needs enlightened government policy (Federal, Provincial and Aboriginal) to see it fully developed for the benefit of all. The Ontario government has announced one billion dollar support for the "ring of fire" and called on the Federal government to match. The Labrador Trough is equally if not more deserving of similar Provincial and Federal government support.

Access to infrastructure is key to bringing down high costs.

New infrastructure and investment will allow us to develop and operate our projects more effectively and cheaply. Both government participation and private sector investment is crucial to the establishment of necessary infrastructure.

In our own area, road access to Schefferville, by building a new road in Labrador to connect Eskar to Menehik, just 50 km, and upgrading the existing road from Churchill to Eskar would open up the entire Schefferville/ Menehik area for development.

Similarly connecting a new hydro line from Churchill to Schefferville, only 200 km, compared to the approximately 2,100 Km proposal to run the Churchill power under the water to New Brunswick and New York, would be greatly beneficial to the Province of Newfoundland and Labrador.

At the Port of Sept-Îles, the Province of Quebec needs to improve port access and enable the establishment of port terminals and facilities. The new Quebec government has taken a step in the right direction in sponsoring a feasibility study of a proposed new rail link to the port.

These investments are too big for any single mining company and, in my opinion, rightfully the responsibility of Government, which is in the best position to accomplish this and the country is ultimately the long-term beneficiary.

NEAR-TERM FOCUS

In response to weak market conditions, we have been forced to take hard decisions so that we can preserve the long term future of LIM's iron ore operations.

LIM's DSO projects were conceived and developed in 2010 and 2011 in an environment of much higher iron ore prices that we have today. For example, when we signed some of our supply contracts in March 2011 the price of iron ore was US\$194 dmt CFR China.

To survive and ultimately prosper in today's economic environment, LIM needs to "re-set" its projects.

In LIM we are pursuing longer term strategic initiatives aimed at necessary permanent structural reductions in operating costs and revenue deductions. These include: focusing on dry processing only for our DSO projects, maintaining product quality, improving recoveries, alternative port arrangements at Sept-Îles, sharing facilities with other companies and developing alternative destination markets with lower freight for the Company's products.

LIM is seeking to negotiate revised commercial terms with its major contractors and suppliers. Operating cost saving initiatives are required and achievable all across the board, including with respect to mining costs, rail transportation, fuel procurement, aviation services, hydro-electric power, human resources and man power and corporate and administration costs.

We have implemented major reductions in staff levels and compensation across the organisation and directors' fees have been waived.

All non-essential capital expenditure has been deferred and no significant exploration activity is planned for 2014 outside of exploration at the Howse joint venture that is already funded.

At June 30, 2014, LIM had a significant working capital deficit. The Company will need to secure additional financial resources in order to address its current working capital deficit and fund our planned business objectives. An operational and financial restructuring and refinancing is required. We are working very hard and making every effort to try to achieve this.

LIM is currently negotiating certain financing opportunities and we are continually evaluating the situation with respect to the current price of iron ore and the timing and conditions associated with potential financing proposals.

Subject to completing these financings, we believe we will have sufficient working capital to continue in operations and I am personally optimistic that with the co-operation of our stakeholders we will be able to restructure our operations and our finances.

However, this statement comes with a legal disclaimer and warning that there are no assurances that the Company will be successful in obtaining any required financing, or in obtaining financing on a timely basis or on reasonable or acceptable terms. If the Company is unable to obtain adequate additional financing on a timely basis, the Company would be required to curtail all operations and development activities.

September 18, 2014