LABRADOR IRON MINES HOLDINGS LIMITED

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ANNUAL INFORMATION FORM

("AIF")

as at June 24, 2013

for the Fiscal Year ended

March 31, 2013

LABRADOR IRON MINES HOLDINGS LIMITED
ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

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LABRADOR IRON MINES HOLDINGS LIMITED

ANNUAL INFORMATION FORM

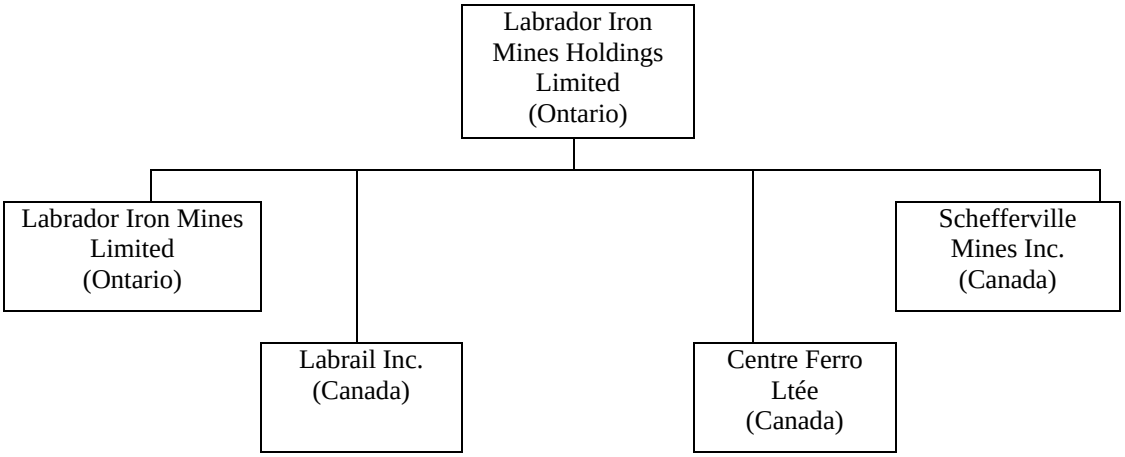
FOR THE FISCAL YEAR ENDED MARCH 31, 2013

ITEM 3 – CORPORATE STRUCTURE

Labrador Iron Mines Holdings Limited ("the Company") was incorporated by Articles of Incorporation dated May 17, 2007 under the *Business Corporations Act* (Ontario).

The Company's head and registered office is located at Suite 700, 220 Bay Street, Toronto, Ontario, Canada, M5J 2W4.

The Company carries on its business through several wholly-owned subsidiaries incorporated under the laws of Ontario or Canada as follows:



ITEM 4 – GENERAL DEVELOPMENT OF THE BUSINESS

The Company is Canada's newest iron ore producer, engaged in the mining of iron ore and in the exploration and development of direct shipping ("DSO") iron ore projects (the "Schefferville Projects") in the central part of the prolific Labrador Trough region. Situated in the Menihek area in the Province of Newfoundland and Labrador and in the Province of Québec, the Labrador Trough is one of the major iron producing regions in the world. The Company's Schefferville Projects are centered around the town of Schefferville, Québec.

The Company is currently the only independently-owned iron ore producer listed on the Toronto Stock Exchange, where it trades under the symbol "*LIM*".

Initial production commenced at the James Mine in June 2011 and the Company achieved sales of 400,000 tonnes of iron ore in its start-up 2011 season (June – December). In accordance with the Company's seasonal mine plan, full-scale production re-commenced on April 2, 2012 and during the 2012 season, the Company completed 10 shipments totaling approximately 1.56 million dry tonnes of iron ore.

The Company commenced commercial production for accounting purposes effective April 1, 2012 and recognized revenue of $95.8 million (FOB Port of Sept-Îles) from its sales during the 2012 season.

Production operations re-commenced in March, 2013 and the Company is targeting saleable iron ore production of 1.75 to 2.0 million tonnes of iron ore in calendar 2013. Permitting of the development of the Houston deposit is ongoing, with the objective of ramping up the Company's production towards five million tonnes of iron ore annually.

The Schefferville Projects consist of the James Mine and adjacent Stage 1 deposits and Silver Yards processing plants ("Silver Yards"), which is considered an "advanced property" within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"), the Houston property, which includes the Malcolm 1 deposit, ("Houston"), which is not considered an "advanced property", and, subject to further exploration and development, other iron ore properties in the vicinity of Schefferville.

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

The Schefferville Projects comprise 20 different iron ore deposits, which were part of the original Iron Ore Company of Canada ("IOC") direct shipping operations conducted from 1954 to 1982 and formed part of the 250 million tonnes of historical reserves and resources previously identified by IOC. These historical resources estimates are based on work completed and estimates prepared by IOC prior to 1983 and were not prepared in accordance with NI 43-101. The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. A Qualified Person has not completed sufficient work to classify the historical estimates as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. However, the historical estimates should not be relied upon.

The iron ore deposits which comprise the Schefferville Projects are divided into two separate portions, one within the Province of Newfoundland and Labrador and the other within the Province of Québec. Each portion is held by a separate, wholly-owned subsidiary of the Company as follows:

- Labrador Iron Mines Limited ("LIM") holds four mining leases covering approximately 511 hectares, eleven surface leases covering approximately 2,008 hectares and 26 mineral rights licences (reduced from 60 licences due to the grouping of 40 licences into six new grouped licences) in Newfoundland and Labrador, covering approximately 16,625 hectares in western Newfoundland and Labrador. These licences are subject to a royalty in favour of former holders of 3% (to a maximum of US$1.50 per tonne) of the selling price free on board ("FOB") port of iron ore produced and shipped from such properties; and
- SMI holds 447 mining claims in Québec, covering approximately 14,341.81 hectares. SMI also holds an exclusive operating licence over 146 of these mining claims (refer to Table 4-3) which cover approximately 2,070.75 hectares formerly contained in a mining lease. This lease expired in 2013 and was replaced by the 146 mining claims which cover all of the land previously subject to the lease. These mining claims and the exclusive operating license in Québec are held subject to a royalty of $2.00 per tonne of iron ore produced, shipped and sold from the properties covered by the claims and license.

Resources

The resources that comprise the Schefferville Projects consist of both historical and NI 43-101 compliant resources.

The Company has confirmed a total of approximately 59.5 million tonnes at an average grade of 56.7% Fe of NI 43-101 compliant, measured and indicated mineral resources on the Schefferville Projects as at March 31, 2013. Of this total, approximately 36.9 million tonnes are measured mineral resources and

approximately 22.5 million tonnes are indicated iron ore resources. In addition, the Company has identified a total of approximately 4.7 million tonnes of inferred resources at an average grade of 55.8% Fe.

The resource tables set out below are Extracted from technical reports summarized in this AIF under the heading "Item 5 – DESCRIPTION OF THE BUSINESS – Technical Reports" and incorporated into this AIF by reference.

Measured and Indicated Mineral Resource Estimates, by Deposit, as at March 31, 2013*

Deposit	Classification	Tonnes (x1000)	Fe %	SiO_2 %	Mn %	P %	Al_2O_3 %
James – Fe[(1)]	**Indicated**	**3,480**	**56.2**	**16.3**	**0.7**	**0.02**	**0.42**
Redmond 2B – Fe	**Indicated**	**849**	**59.9**	**5.1**	**0.4**	**0.12**	**2.09**
Redmond 5 – Fe	**Indicated**	**2,084**	**55.0**	**11.0**	**1.2**	**0.05**	**0.81**
Knob Lake – Fe	Measured (M)	2,836	55.0	10.2	1.0	0.07	0.48
	Indicated (I)	2,266	54.3	11.2	1.1	0.06	0.46
	Total (M+I)	**5,102**	**54.7**	**10.6**	**1.0**	**0.07**	**0.47**
Denault – Fe	Measured	4,417	54.9	9.8	0.8	0.07	1.11
	Indicated	572	53.2	12.0	1.0	0.08	0.95
	Total (M+I)	**4,989**	**54.7**	**10.0**	**0.8**	**0.08**	**1.09**
Houston – Fe	Measured	24,385	57.9	13.1	0.8	0.06	0.75
	Indicated	5,736	56.8	14.8	0.8	0.06	0.69
	Total (M+I)	**30,121**	**57.7**	**13.4**	**0.8**	**0.06**	**0.74**
Malcolm-1 – Fe	Measured	2,374	60.2	9.8	0.8	0.05	0.51
	Indicated	6,686	57.1	12.3	0.8	0.07	0.53
	Total (M+I)	**9,060**	**57.9**	**11.6**	**0.8**	**0.06**	**0.52**
Total Resource – Fe	Measured	**34,012**	**57.4**	**12.2**	**0.8**	**0.06**	**0.76**
	Indicated	**21,673**	**56.4**	**13.1**	**0.8**	**0.06**	**0.65**
	Total (M+I)	**55,685**	**57.0**	**12.5**	**0.8**	**0.06**	**0.71**
Knob Lake – Mn	Measured	377	50.6	8.4	5.6	0.09	0.68
	Indicated	214	49.4	9.5	4.9	0.08	0.79
	Total (M+I)	**591**	**50.2**	**8.8**	**5.3**	**0.08**	**0.72**
Denault – Mn	Measured	1,448	52.1	6.0	6.4	0.08	1.09
	Indicated	362	51.7	6.6	6.5	0.07	0.97
	Total (M+I)	**1,810**	**52.0**	**6.1**	**6.4**	**0.08**	**1.07**
Houston – Mn	Measured	1,099	53.7	10.1	5.2	0.08	1.17
	Indicated	106	53.4	11.7	4.6	0.08	0.94
	Total (M+I)	**1,205**	**53.6**	**10.3**	**5.1**	**0.08**	**1.15**
Malcolm-1 – Mn	Measured	13	58.4	7.7	4.3	0.04	0.47
	Indicated	149	54.1	11.9	4.6	0.06	0.47
	Total (M+I)	**162**	**54.5**	**11.6**	**4.5**	**0.06**	**0.47**

Total Resource – Mn	Measured	**2,937**	**52.5**	**7.9**	**5.8**	**0.08**	**1.06**
	Indicated	**831**	**51.8**	**9.0**	**5.5**	**0.07**	**0.83**
	Total (M+I)	**3,768**	**52.2**	**8.3**	**5.7**	**0.08**	**0.97**
Total Resource – Fe and Mn	Measured	**36,949**	**57.0**	**11.9**	**1.2**	**0.07**	**0.78**
	Indicated	**22,504**	**56.2**	**12.9**	**1.0**	**0.06**	**0.65**
	Total (M+I)	**59,453**	**56.7**	**12.3**	**1.1**	**0.06**	**0.73**

Inferred Mineral Resource Estimates, by Deposit, as at March 31, 2013

Deposit	**Classification**	**Tonnes** (x1000)	**Fe** %	**SiO_2** %	**Mn** %	**P** %	**Al_2O_3** %
James – Fe[(1)]	Inferred	83	53.5	19.5	0.1	0.04	0.49
Redmond 2B – Fe	Inferred	30	57.3	5.9	0.6	0.13	4.09
Redmond 5 – Fe	Inferred	78	52.3	10.8	2.0	0.07	0.96
Knob Lake – Fe	Inferred	655	51.8	13.5	1.2	0.09	0.45
Houston – Fe	Inferred	2,707	57.5	13.7	0.9	0.07	0.74
Malcolm-1 – Fe	Inferred	520	56.4	12.9	0.8	0.06	0.44
Knob Lake – Mn	Inferred	138	49.1	9.8	4.8	0.05	0.40
Houston – Mn	Inferred	455	53.4	11.2	4.9	0.11	1.09
Total Inferred Resource – Fe & Mn		**4,666**	**55.8**	**13.2**	**1.4**	**0.07**	**0.71**

Note 1: As at March 31, 2013, after giving effect to depletion due to 2011 and 2012 mining operations at the James Mine and reconciliation due to revised dry bulk density measurement of the James ore.

As part of its independent review of LIM's year end resources, SGS Canada Inc. examined the average dry bulk density ("DBD") of ore from the James Mine, calculated from the total volume of ore extracted in 2011 and 2012 (from June 2011 to November 2012) to the total tonnes of ore railed during that period, plus ending inventories. The review calculated an average DBD of 2.85 tonnes per cubic metre ("t/m3"), which is 18% less than the average DBD of 3.46 t/m3 that was estimated in the previous SGS resource model.

Accordingly, SGS recommended that predicted volumes and grades for ore at the James Mine be maintained, but also recommended that predicted densities in ore blocks be reduced by another 15% (to 25%) to account for greater porosity than originally anticipated. After depletion during the 2012 operating season and the above DBD reconciliation, the measured and indicated mineral resource at the James Mine at March 31, 2013, is estimated to be 3.5 million tonnes at a grade of 56.2% Fe compared to 6.67 million tonnes at a grade of 57.4% Fe at March 31, 2012.

In addition to the foregoing, the Company also holds some historical stockpiles with a confirmed NI 43-101 compliant, indicated resource of approximately 3.5 million tonnes with an average grade of 49.1% Fe and an inferred resource of approximately 2.9 million tonnes with an average grade of 48.8% Fe. These previously-mined stockpiles are located within 15 km of the Silver Yards processing plant and form part of LIM's Stage 1 deposits.

Stockpiles Mineral Resource Estimates, by Deposit, as at March 31, 2013

TRX Stockpiles	Classification	Tonnes (x1000)	Fe %	SiO_2 %	Mn %	P %	Al_2O_3 %
Wishart	**Indicated**	**1,151**	**48.6**	**27.1**	**0.1**	**0.04**	**0.50**
	Inferred	1,280	48.2	27.5	0.1	0.04	0.50
Ferriman 1 (C&D)	**Indicated**	**2,394**	**49.3**	**21.6**	**1.2**	**0.05**	**1.01**
	Inferred	1,616	49.3	22.1	1.2	0.05	0.87
Total Resource	**Indicated**	**3,545**	**49.1**	**23.4**	**0.8**	**0.05**	**0.84**
	Inferred	**2,896**	**48.8**	**24.5**	**0.7**	**0.05**	**0.71**

The Company also announced an initial independent NI 43-101 compliant mineral resource estimate for the Elizabeth Taconite Project, (as at June 15, 2013) comprising two adjacent deposit areas, located approximately four km from the Company's currently producing James Mine. 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. Taconites require further upgrading through a concentrator involving a major capital investment to produce a saleable iron ore product.

Elizabeth Taconite Mineral Resource Estimate (NI 43-101 compliant) as at June 15, 2013

Inferred Mineral Resource	Zone Solids	Million Tonnes	Fe %	Satmagan %[2]	Al_2O_3 %	CaO %	MgO %	SiO_2 %	Mn %	P %
Magnetite Taconite	200	410	32.8	29.2	0.08	1.8	2.1	43.6	0.8	0.01
Hematite Taconite	100; 300	210	29.8	3.4	0.6	0.9	2.6	39.3	1.15	0.04
Total Inferred	**100; 200; 300**	**620**	**31.8**	**20.5**	**0.3**	**1.5**	**2.3**	**42.1**	**0.9**	**0.02**

Note 1: Tonnage is based on dry tonnes. The resources are not reported within an economic pit shell. Based on a cut-off of 26% Fe for hematite taconite and 14% Satmagan for magnetite taconite.

Note 2: Satmagan: Saturation magnetization analyzer – an instrument used for measuring the magnetic material (usually in the form of % magnetite) content of the sample.

Elizabeth Taconite No. 2 Potential Tonnages and Grades [1]

Potential Tonnage	Zone Solids	Million Tonnes	Fe %	Satmagan % [2]	Al_2O_3 %	CaO %	MgO %	SiO_2 %	Mn %	P %
Magnetite Taconite	**400**	300 – 500	32.4	32.7	0.3	1.8	2.4	43.8	0.9	0.01
Hematite Taconite	**500**	50 – 100	29.5	1.4	0.3	1.0	4.0	34.6	1.6	0.05
Total Potential	**400; 500**	**350 – 600**	**31.9**	**27.8**	**0.3**	**1.7**	**2.65**	**42.3**	**1.0**	**0.02**

Note 1: Figures in the table of potential tonnage do not comprise NI 43-101 defined mineral resources, however, they do provide an inventory of exploration potential tonnage and grade per ore type, based on a cut-off of 26% Fe for hematite taconite and 14% Satmagan for magnetite taconite. This potential tonnage and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in such potential being delineated, in whole or in part, as a mineral resource. The range of tonnage has been outlined based on the lateral extent of ground and airborne magnetic and gravity anomalies, surface mapping and two drill hole intercepts which define the width and estimated grade at its southeastern extent.

Note 2: Satmagan: Saturation magnetization analyzer – an instrument used for measuring the magnetic material (usually in the form of % magnetite) content of the sample.

The Company also controls other deposits with an estimated combined historical resource of approximately 108 million tonnes. These historical resources estimates are based on work completed and estimates prepared by IOC prior to 1983 and were not prepared in accordance with NI 43-101. The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. A Qualified Person has not completed sufficient work to classify the historical estimates as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. However, the historical estimates should not be relied upon.

Background

In December 2007, the Company closed its Initial Public Offering ("IPO") resulting in the issuance of 11,473,000 Units for gross proceeds of $45,892,000, following which its common shares were listed on the Toronto Stock Exchange ("TSX"). Each Unit in the IPO comprised one common share and one-half of a share purchase warrant exercisable at $5.00 per share for a period of two years. A further 1,720,950 Units were issued in January 2008 pursuant to the exercise of the over-allotment option granted to the agent in the IPO for additional gross proceeds of $6,883,800.

Concurrent with closing its IPO, the Company acquired LIM in exchange for 24,000,000 common shares of the Company, and LIM became a wholly-owned subsidiary of the Company. LIM was previously a wholly-owned subsidiary of Labrador Iron plc. a company incorporated under the laws of the Isle of Man and a wholly-owned subsidiary of Anglesey Mining plc. ("Anglesey"), a public company incorporated under the laws of England and Wales listed on the London Stock Exchange under the trading symbol "LSE: AYM".

During the following fiscal years ended March 31, 2009 and March 31, 2010, the Company advanced the development of the Schefferville Projects through various exploration, development, permitting and community relations initiatives.

Three Year History

Year Ended March 31, 2011

During May 2010, the Company commenced construction of a railway spur line between the processing site at Silver Yards and the existing Tshiuetin Rail line, which runs to the Port of Sept-Îles.

Throughout the fiscal year ended March 31, 2011, the Company was engaged in the development of James Mine, the construction of the Silver Yards processing plant and the Bean Lake accommodation camp.

On July 28, 2010, the Company received Certificates of Approval for the construction of its mining facilities from the Government of Newfoundland and Labrador.

In September 2010, an agreement was reached with the Innu Nation of Matimekush-Lac John to remove the barriers placed in June 2010 that had restricted normal access from the town of Schefferville to adjacent mining properties in Labrador and to enter into negotiations towards an Impact Benefits Agreement ("IBA"). Under that agreement, the Company and New Millennium Capital Corp. committed to jointly support a number of local social activities, including some education, training, health and youth programs and, with Government participation, improvements to the community arena facility in Schefferville.

On September 9, 2010, the Company signed an IBA with the Naskapi Nation of Kawawachikamach under which the Company committed to the development of the Schefferville Projects in an environmentally and socially responsible manner, and to address and mitigate any environmental, cultural, economic and spiritual concerns of the Naskapi Nation. The Company has undertaken to make best efforts to employ Naskapi members in the Project workforce and to engage Naskapi aboriginal businesses for Project contracts. The Company has also agreed to provide some support for education, training and social programs.

In December 2010, the Company signed an Agreement in Principle with the Innu Takuaikan Uashat Mak Mani–Utenam (Sept-Îles), which stipulated the principal terms to be included in an IBA, which was targeted to be concluded in March 2011. Negotiations with the Innu Takuaikan Uashat Mak Mani–Utenam Québec towards the completion of an IBA were concluded by the end of March 2011, with the intention that the agreement would be submitted to the community of Takuaikan Uashat Mak Mani–Utenam later in 2011.

On February 21, 2011, the Company signed a memorandum of understanding with Tshiuetin Rail Transportation Inc. ("TSH") for the transportation of iron ore over the Menihek Division of the main Schefferville to Sept-Îles railway, which runs from Schefferville to Emeril Junction with an agreed tariff rate for the calendar year 2011.

On March 10, 2011, the Company entered into a life-of-mine, confidential rail transportation contract with Quebec North Shore and Labrador Railway Company Inc. ("QNS&L") for the transportation of the Company's products from the end of the Menihek Division to Sept-Îles. This contract provides for a confidential tariff, with various capacity and volume commitments on the part of each party.

Year Ended March 31, 2012

On April 26, 2011, the Company completed a bought deal financing pursuant to a short form prospectus raising gross proceeds of $110,000,500. The financing resulted in the issuance of 8,000,000 common shares at an issue price of $12.50 per share and 666,700 flow-through shares at an issue price of $15.00 per flow-through share.

On May 26, 2011, the underwriters of the Company's April 26, 2011 bought deal financing exercised the over-allotment option granted in connection with such financing and purchased 900,000 additional common shares of the Company at the offering price of $12.50 per share for gross proceeds of $11.25 million.

On April 28, 2011, the Company signed a rail services agreement with Western Labrador Rail Services ("WLRS"), a wholly owned subsidiary of Genesee & Wyoming Inc. ("GWI") for WLRS to operate the Company's newly constructed six kilometre ("km") spur railway which connects the Company's Silver Yards processing facility in western Labrador to the main Schefferville to Emeril Junction rail line. WLRS also provides, operates and maintains up to five SD 40-3 locomotives, which are used to haul the Company's iron ore from Silver Yards, over the TSH railway, to Emeril Junction.

On June 6, 2011, the Company signed an IBA with the Innu Nation of Matimekush-Lac John ("MLJ") under which the Company agreed to the equitable participation of the MLJ in the Schefferville Projects through employment, training, contract opportunities and financial benefits, including some community infrastructure projects, and has agreed to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects on MLJ families and traditional activities. Under the IBA, the MLJ consented to the Company's Schefferville Projects proceeding in accordance with the IBA and has agreed to provide the Company continuing and unobstructed access to and equitable enjoyment of the iron ore projects and its properties.

Mining at the James deposit commenced in June 2011 and in accordance with the Company's seasonal mining plan continued until December. A total of approximately 1.2 million tonnes of ore and 3.0 million tonnes of waste were mined at an average rate of approximately 16,000 tonnes per day. Of the total production to the end of December, approximately 440,000 tonnes were direct rail ore, at an average grade of approximately 65% iron, of which approximately 340,000 tonnes were shipped by rail directly to the Port of Sept-Îles without further processing. The Company considers the 2011 operating season as having been a short, start-up and testing year during which the Schefferville Projects had not yet reached commercial production.

On August 12, 2011, the Company entered into a confidential agreement with IOC for the sale of all of the Company's 2011 iron ore production. The Company's iron ore sales agreement with IOC enabled utilization of cape-size ocean going ships, where current freight rates were lower than the alternative Panamax vessels. In February 2012, the Company entered into a new agreement with IOC for the sale of all of the Company's 2012 iron ore production. This 2012 confidential sales contract with IOC was similar, in operational and financial terms, to the Company's sales agreement with IOC in 2011.

In February 2012, the Company signed an IBA with the Innu Takuaikan Uashat Mak Mani-Utenam (Sept-Îles) replacing the Agreement in Principle signed in December 2010. The Company had previously entered into an IBA with each of the Innu Nation of Matimekush-Lac John (June 2011), the Naskapi Nation of Kawawachikamach (September 2010) and the Innu Nation of Labrador (July 2008) with respect to the development and operation of the Schefferville Projects. The two IBAs with each of the Naskapi Nation and the Innu Nation of Labrador currently cover that portion of the Company's projects located in Labrador and it is expected that these two agreements will be amended and extended to cover all of the Company's Schefferville Projects.

In February 2012, the Company reached a memorandum of understanding with the NunatuKavut Community Council representing the Southern Inuit of Labrador, who also assert claims for traditional aboriginal rights in Labrador, setting out the basic understandings and positions of each party and addressing such matters as environmental and cultural protection, employment, training, aboriginal contracting and other financial aspects with respect to the Schefferville Projects, as a first step towards negotiating a co-operation agreement later in 2012.

On March 20, 2012, the Company completed a bought deal financing pursuant to a short form prospectus, raising gross proceeds of $71,625,000. The financing resulted in the issuance of 11,500,000 common shares at an issue price of $5.30 per share and 1,750,000 flow-through shares at an issue price of $6.10 per flow-through share.

On March 26, 2012, following the 2011 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 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.

Year Ended March 31, 2013

During the year ended March 31, 2013 the Company accomplished many operational achievements and responded to severe market conditions with necessary decisive action.

- For fiscal 2013 the Company met its reduced production target of 1.7 million wet tonnes of iron ore production and sold a total of 1.56 million dry tonnes of iron ore products, a substantial improvement from the 385,898 dry tonnes sold in fiscal 2012. The reduction of the Company's original planned target of 2 million tonnes was in response to market conditions and weaker spot iron ore prices during the second half of calendar 2012.
- The Company demonstrated its mine site to port operational ability to produce, rail and sell over 1.5 million tonnes of from its James Mine. Prior to the decision in September to curtail production and sales due to market conditions, the Company was on track to meet its mine production and sales target of 2 million tonnes in 2012, its first full season of commercial production.
- The experience of a full scale operating season has strengthened the Company's working relationship with its key operational stakeholders and suppliers, in particular IOC, TSH and QNS&L, local First Nations groups, its mining contractor Innu-Municipal, IOC and the Port of Sept-Iles.

- The Company accumulated valuable marketing intelligence from the completion of ten cape size shipments during 2012. The Company will leverage this marketing intelligence to strategically plan mine production and product specifications to maximize product revenue in future years.
- The Company fully established its Centre Ferro railcar repair and maintenance facility in Sept-Iles, which demonstrated its ability to successfully maintain the Company's fleet of railcars throughout the operating season and contributed to the significant improvement in the Company's rail operations compared to the 2011 start-up season.
- The Company completed the expansion of its mine camp near Silver Yards, which accommodates 140 people. The mine camp is expected to be sufficient to fully accommodate all necessary mine site personnel for the duration of the Company's Stage 1 (Central Zone) production.
- The Company secured 5 million tonnes of ship loading capacity at the new multi-user berth being built by the Port of Sept-Iles, providing the Company with the opportunity to load cape size shipments when the multi-user berth and a suitable terminal handling facility are completed.
- The Company completed a very successful exploration season, which included extensive drilling of Houston, Malcolm, James North and James South, as well as bulk sampling historic stockpiles. The Company also completed very promising exploration work which resulted in an initial resource of 620 million tonnes on the Elizabeth taconite deposit located near the currently producing James Mine.

Despite the many operational accomplishments, the year ended March 31, 2013 was adversely impacted by the rapid and severe drop in spot iron ore prices which occurred in August 2012 and continued through November 2012. Iron ore spot prices and transaction volumes suffered a sharp decline in August 2012, with spot prices dropping 33% during that quarter to below US$90 per tonne on a 62% Fe CFR China basis. The Company responded decisively with revised strategies in the mine, process plant and rail transport to optimize production at the lowest possible cost. In response to these challenging iron ore market conditions, the Company also undertook a critical review of its operating and capital spending and implemented the following decisive measures in 2012:

- A focus on cost reduction and cash conservation in order to prudently manage the Company's cash resources and requirements;
- Utilization of the new lower cost dry classifying system to produce sinter and lump ore only;
- All non-committed capital expenditures relating to the Silver Yards processing plant were deferred until the spring or early summer of 2013;
- Approximately $52 million of additional planned capital investment originally budgeted for 2012, and largely on the Houston project, was deferred; and
- A $30 million equity financing was completed in November 2012 and a further $29 million equity financing was completed in February 2013.

In June 2012, the Company completed a life-of-mine agreement with TSH, replacing its previous annual agreement. This confidential agreement provides for a confidential tariff, with various capacity and volume commitments on the part of each of TSH and the Company. Pursuant to this long-term confidential rail transportation contract with TSH, the Company has agreed to make approximately $25 million in contributions (inclusive of the $8.5 million in upgrade contributions already made of which $3.5 million was made in 2011, $2.5 million was made in April 2012 and a further $2.5 million in July 2012), over the next four to five years towards the costs of the TSH rail line upgrade program.

The agreement does not provide for a fixed financial contribution in any particular year. The upgrade program for the next one to two years is largely to accommodate the increased traffic from projects, other than those of the Company, which are scheduled to commence production in 2013. If these upgrades are

not fully implemented, the impact on the Company's operations may be a slight efficiency decrease in anticipated rail service in 2014.

Future contributions will be repaid to the Company over an expected period of about four years commencing in 2017, subject to the Company maintaining normal annual transportation operations on the TSH railway. The Company has also paid TSH a refundable capacity reservation deposit of $1.5 million, of which $750,000 was paid in 2011 and $750,000 was paid in April 2012 and has committed to minimum annual tonnages over its eight month annual operating season.

In July 2012, the Company entered into a long-term customer contract with the Port of Sept-Îles securing ship loading capacity of 5 million tonnes per year, with the right to secure additional residual capacity, in a new multi-user deep water dock in the Port of Sept-Îles dedicated exclusively to iron ore shipments. The new multi-user dock in the Pointe-Noire area of the Port of Sept-Îles is a $220 million project comprising two berths equipped with two ship loaders as well as two conveyer lines, with an annual capacity of 50 million tonnes per year, which the Port expects to be completed by March 31, 2014. The new multi-user dock will allow users to directly load large cape-size vessels. In February 2012, the Government of Canada announced that it would invest up to $55 million and would contribute to the construction of the new multi-user deep water dock in the Port of Sept-Îles.

Under this contract, the Company paid a preliminary instalment of $6.4 million towards its buy-in payment and guaranteed a final buy-in payment instalment of $6.4 million in July 2013. These advance payments will be credited as discounts against future port wharfage and shipping fees until such time as the cumulative discounts amount to the Company's buy-in payments. The Company also entered into long-term commitments with the Port Sept-Îles in terms of annual volume of ship loading at the multi-user facility.

In August 2012, the Company entered into an agreement with the Canadian National Railway Corporation ("CN") to work with CN and La Caisse de dépôt et placement du Québec, as well as a group of mining companies, on a feasibility study to develop a new, continuous multi-user rail line from the northern Labrador Trough to the Port of Sept-Îles and to evaluate a new terminal handling facility located at the Port of Sept-Îles. The Company paid a one-time contribution of $1.5 million towards the cost of the feasibility study. CN subsequently announced the suspension of feasibility study activities on February 12, 2013. The Company has received a full refund of its $1.5 million contribution towards the feasibility study and has been given access to the data compiled by CN prior to suspension of the feasibility study.

On November 6, 2012, the Company completed an equity financing by way of a short form prospectus raising gross proceeds of $30,000,000. The financing resulted in the issuance of 30,000,000 common shares at an issue price of $1.00 per share.

In December 2012, the Company entered into an Economic Partnership Agreement with the NunatuKavut Community Council representing the Southern Inuit of Labrador. This agreement, which sets out the basic understandings and positions of each party and addresses such matters as environmental and cultural protection, employment, training, aboriginal contracting and other financial aspects with respect to the Schefferville Projects, replaces the memorandum of understanding between the parties entered into in February, 2012.

On February 13, 2013, the Company completed an equity financing by way of a short form prospectus raising gross proceeds of $29 million. The financing resulted in the issuance of an aggregate of 27,600,000 Units at an issue price of $1.05 per Unit. Each Unit consisted of one common share and one-half a three year common share purchase warrant exercisable at $1.35 per share.

On March 12, 2013, the Company announced a framework arrangement with TSMC, a subsidiary of Tata Steel Limited, to establish a strategic relationship between the Company and TSMC for mutual co-operation in various aspects of their respective adjacent DSO iron ore operations in the Labrador Trough and enter into definitive agreements to formalize this arrangement in due course.

The strategic relationship includes multi-part cooperation agreements in areas of logistics, property rationalization and various ancillary mutual support and potential off-take arrangements. As part of the logistics agreements, the companies are currently formalizing arrangements for development of the rebuilt rail line that will pass through LIM's Silver Yards facilities from TSMC's new Timmins Area processing plant to the TSH main rail line.

The Company and TSMC also agreed to continue their cooperation on the upgrade of the TSH railway and on other areas of future logistics operations such as camp accommodations, the sharing of ore cars, flat bed freight cars and rail car repair facilities.

The cooperation agreement is also expected to include respective participation in developing infrastructure at the Port of Sept-Iles, with the objective of establishing access and terminal facilities for both companies to the Port's new deep sea multi-user dock.

As part of the strategic relationship, the Company and TSMC have agreed to enter into a transaction for the development of LIM's Howse deposit, whereby the Company will sell a 51% interest in its Howse deposit to TSMC for $30 million. In the future, TSMC may increase its interest to 70% by spending $25 million in the Howse project. The Howse deposit is located about 4 km from TSMC's Timmins Area mining and processing facilities and it is expected that significant cost savings and synergies can be achieved by processing Howse ore through TSMC's adjacent Timmins Area plant.

The multi-part cooperation arrangement with TSMC has the potential to provide significant cost synergies, position the Company to address key logistics and infrastructure issues and expedite the development of the Howse deposit. In addition, subject to fulfillment of certain conditions precedent, the Company will receive a cash injection of $30 million, which will be used by the Company to fund its working capital, capital expenditure and exploration requirements for the 2013 operating season.

The definitive agreements to formalize the strategic arrangements with TSMC are subject to ongoing negotiations and have not yet been completed and there can be no assurance that such agreements will be completed or completed in full.

Subsequent Developments

Since the fall of 2012, the Company has actively pursued financing arrangements for the seasonal start-up of operations in the first quarter of its 2014 fiscal year (April to June 2013). Such potential financing arrangements included an operating line of credit or working capital facility, or product off-take arrangements, and/or credit or debt facilities, or a combination of same.

On May 14, 2013, the Company entered into a new iron ore sales agreement with IOC for the sale of all of the Company's iron ore production for the calendar years 2013 and 2014.

At the same time, the Company entered into an off-take financing agreement with RB Metalloyd Limited ("RBM"), a leading international commodity trading house, under which LIM received an advance payment of US$35 million to be credited against future sales of a minimum of 3.5 million tonnes of iron ore during 2013 and 2014.

RBM has also entered into an iron ore purchase agreement with IOC under which RBM has agreed to buy the Company's iron ore from IOC on a FOB Sept-Îles basis.

ITEM 5 – DESCRIPTION OF THE BUSINESS

Technical Reports

Technical information concerning the properties which comprise the Schefferville Projects in this AIF regarding Silver Yards, Houston and the Elizabeth Taconite project is summarized or extracted from the following technical reports:

1. *Technical Report dated effective April 12, 2013 and entitled "Technical Report: Schefferville Area Direct Shipping Iron Ore Projects Resource Update in Western Labrador and North Eastern Québec, Canada for Labrador Iron Mines Holdings Limited" by Maxime Dupéré, P.Geo., SGS Canada Inc., Justin Taylor, P.Eng., DRA Americas Inc. and Michel Dagbert, Eng.,SGS Canada Inc. concerning the exploitation of the James, Redmond 2B, Redmond 5, Gill, Ruth Lake 8 and Knob Lake deposits and the Wishart property in Labrador and the Denault 1 deposit and the Ferriman Property in Québec filed on SEDAR on July 2, 2013 (the "Silver Yards Report");*

2. *Technical Report dated April 24, 2013 and entitled "Technical Report Mineral Resource Update of the Houston and Malcolm Property, Labrador West Area, Newfoundland and Labrador and North Eastern Québec Canada, for Labrador Iron Mines Holdings Limited" by Maxime Dupéré, P.Geo., SGS Canada Inc., and Justin Taylor, P.Eng., DRA Americas Inc. concerning the Houston property in Labrador and filed on SEDAR July 2, 2013 (the "Houston Report"); and*

3. *Technical Report dated effective June 15, 2013 and entitled Mineral Resource Technical Report Elizabeth Taconite Project Labrador (the "Elizabeth Report") by George H. Wahl, P.Geo, GH Wahl & Associates Consulting and filed on SEDAR July 2, 2013.*

Messrs. Dupéré, Taylor, Dagbert and Wahl, the individuals responsible for the Silver Yards Report, the Houston Report and the Elizabeth Report are each a "Qualified Person" as such term is defined in NI 43-101.

Portions of the information in this section are based on assumptions, qualifications and procedures which are more fully described in the Silver Yards, Houston and Elizabeth Reports, the full text of which is available for review on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed online at www.sedar.com. The full text of the Silver Yards, Houston and Elizabeth Reports are hereby incorporated by reference and form an integral part of this AIF.

General

The Company's plans for the Schefferville Projects envision the development and mining of the various deposits in stages. Stage 1, which is being undertaken in phases, comprises the deposits closest to existing infrastructure located at or near Silver Yards in an area identified as the Central Zone. The first phase of Stage 1 involves mining of the James deposit in Labrador. Mining of the James deposit commenced in 2011. The second phase of Stage 1 will involve the sequential development, subject to detailed assessment, mine planning and permitting, of the Redmond and Gill deposits in Labrador, the Denault deposit in Québec and the Ferriman and Wishart stockpiles in Québec and Labrador, respectively. The third phase of Stage 1 will potentially involve the development, subject to detailed assessment, mine planning and permitting, of the Knob Lake and Ruth Lake deposits in Labrador and the Star Creek, Lance Ridge, Squaw Woolett and Fleming 9 deposits in Québec.

Stage 2, which will also be undertaken in phases, comprises deposits in an area identified as the South Central Zone located about 20 km south of Schefferville, and will involve the development, subject to assessment and permitting, of the Houston, Malcolm and any other adjacent deposits. Some development of the first phase of Houston has begun. Commencement of full development and construction activities for the Houston project is subject to market conditions, the availability of financing and the receipt of the remaining permits.

A feasibility study has not been conducted on any of the Schefferville Projects and the Company's decision to undertake commercial production from the James and Houston deposits has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability.

Project Description

Silver Yards – James Mine

Mining at James commenced in June 2011 and in accordance with the Company's seasonal mining plan continued until December. The James Mine re-commenced full-scale operations in April 2012 and consistently achieved its planned mining rate of 28,000 tonnes per day (ore and waste) in the months of June through August until the cutbacks in September as part of the Company's cost reduction program. Complementing the Company's ramp up in production, monthly railway volumes increased almost threefold from the beginning of the season with up to four train sets in operation. Approximately 1.83 million tonnes of iron ore with an average grade of 61.3% Fe was produced during the 2012 operating season.

Once mined, Iron ore is then trucked to the nearby processing facility at Silver Yards where it is either screened, or screened and washed to optimize grade and minimize impurities.

The Silver Yards facility, located one km from the James deposits and three km by road from Schefferville, includes a 6 km railway spur connected to the Schefferville to Sept-Îles railway line. The processing facility, which includes the dry and wet process plants, operates on a seasonal, weather dependent, basis.

The Company holds the necessary permits for mining of the James deposit and processing at Silver Yards. The Company also holds surface use leases for all of those additional areas required for mining the James and Redmond deposits, processing and beneficiation operations at Silver Yards, the camp area and the rail spur line to Silver Yards.

The ore in the James deposits continues to be soft high grade and lends itself to simple processing. To enhance productivity and reduce costs, in the later part of 2012 the Company utilized its new, lower cost dry classifying system to produce lump and sinter products and did not use the higher cost wet processing plant, which was winterized by the end of September 2012. The lower cost dry classifying system also complemented the Company's product shift to sinter fines and some lump for its remaining sales in 2012. The Company discontinued the sale of direct rail ore in 2012 which, due to its non-standard size specification, was receiving a discount in the market place.

The James ore continues to be generally free digging, with very little ore requiring the use of explosives. As previously reported, the bulk density of the James ore is lower than originally anticipated resulting in most of the deposit being of a higher grade but lower tonnage than predicted by the geological model.

A diamond drilling program in the James open pit, undertaken in August 2012 succeeded in recovering drill core for the first time. Analysis of this diamond drill core has allowed a more accurate determination of in-situ bulk density than was possible from chip samples previously recovered from reverse circulation drilling, or from the historical IOC regional formulas used in the initial resource estimation process. As anticipated, a downward adjustment to bulk density has resulted in a reduction to the initial resource tonnage estimated (see Mineral Projects – Silver Yards below).

For 2013 and following years, operations will be focused on the Company's Stage 1 deposits which include the James Mine (currently operating) and five smaller satellite deposits and some historical stockpiles that have been upgraded to an indicated mineral resource located within a 15 km radius of the James Mine and the Silver Yards processing plants. The Company is currently targeting production for the 2013 season at a similar level as in 2012 of between 1.75 million and 2 million tonnes of iron ore produced.

Cash operating costs, consisting of mining, processing, rail and transportation and general and administrative costs, unloaded at the Port of Sept-Îles, are expected to be approximately $65 to $70 per tonne of product sold.

The Silver Yards wet processing plant restarted for the 2013 operating season in June which includes the Phase 3 upgrade and expansion which was commissioned in June. The wet plant is expected to ramp up to its design capacity by the end of June and will operate with the dry plant, which has been processing ore since April. Connection to the hydro grid power which is substantially complete will be operational in July 2013. Other improvements planned for Silver Yards in 2013 include installation of a new dry screen, upgrades to the accommodation camp and enhanced maintenance facilities.

Houston Project

The Houston and Malcolm deposits together were estimated to contain 40.6 million tonnes grading 57.6% Fe as at March 31, 2013, and currently comprise the Company's planned Stage 2 DSO operations.

The Houston deposits have a combined measured and indicated resource of 31.3 million tonnes at an average grade of 57.5% Fe and an inferred resource 3.2 million tonnes at an average grade of 56.9% Fe. The Houston deposits remain open along strike, particularly to the southeast, and further drilling is planned in future exploration programs to test for possible extensions and to upgrade the inferred resource.

The Company has also identified a new measured and indicated mineral resource estimate for its Malcolm 1 deposit of 9.2 million tonnes grading 57.8% Fe, which has more than tripled the previous historical resource estimate. The Malcolm 1 deposit is located approximately four km from Houston and is considered to be its northwest extension.

Following the Company's submission in 2011, 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 railway siding. the Minister of Environment and Conservation informed the Company on March 26, 2012, that, in accordance with the Environmental Protection Act, the Houston 1 and 2 Deposits Mining Project was released from further environmental assessment, subject to a number of conditions. The Company has subsequently received surface and mining leases, and a construction permit for the haul road and rail siding. Basic engineering is complete and a civil contractor has been selected for the road and bridge construction.

In March 2012, the Minister of Environment and Conservation the Government of Newfoundland and Labrador informed the Company that, in accordance with the *Environmental Protection Act*, the Houston 1 and 2 Deposits Mining Project, including the haul road and railway siding, was released from further environmental assessment, subject to a number of conditions.

All major capital expenditure programs relating to the development of the Houston deposits were suspended in September 2012. The Company has continued to process applications for permits and regulatory approvals required for the construction of mine infrastructure and related facilities to enable the development and construction at the Houston deposits. Ongoing drill programs and hydrological and metallurgical testing were continued in 2012 in order to generate the technical information required for detailed mine planning. The construction permit for the Houston haulage road was issued by the Government of Newfoundland and Labrador in January 2013.

In February 2013, the Company filed registration documents with the Government of Newfoundland and Labrador and with the Federal Canadian Environmental Assessment Agency ("CEAA") for the second phase of development of the Houston #1 and #2 deposits, which includes the construction of a wet process plant incorporating crushing, screening, washing and magnetic separation. This plant will be capable of upgrading lower grade ore (50% to 59% Fe) into saleable sinter and lump products.

In April 2013, CEAA notified LIM that a Federal Environmental Assessment was not required and in May, the Minister of Environment and Conservation for Newfoundland and Labrador released this second phase of the Houston Project from the provincial environmental assessment process, subject to conditions. This environmental release of the second phase of the Houston Project will allow the Company to complete the applications for permits and regulatory approvals required for the construction of the wet processing plant for the Houston project.

It is expected that initial mine development at the Houston deposit, will include construction of the haulage road and railway siding, mine infrastructure and related facilities, with initial production of Houston ore coming from in-pit dry crushing and screening.

Commencement of construction activities for the Houston project is subject to the availability of financing and the receipt of remaining permits. Development costs for the first phase of the Houston project are estimated to be approximately $37 million on haulage road and rail siding access, with an additional approximately $20 million of mine development costs which would enable initial production from Houston utilising in-pit dry crushing and screening. These estimates do not include the capital cost of a new wet processing plant which may be required in about the third year of Houston operations.

The Company is evaluating various potential strategic options or off-take arrangements and/or credit facilities and other financing alternatives to fund the planned Houston development and related transportation and port infrastructure expenditures.

When in full production, the Houston project is expected to produce about 2.5 million tonnes of iron ore annually.

Other Iron Ore Deposits

Beyond 2013, it is planned that operations in Silver Yards will continue with mining the remaining portions of the James deposits and, subject to permitting and detailed engineering assessment, a number of adjacent Stage 1 (Central Zone) deposits, including the Redmond and Gill deposits and Wishart stockpiles, all in Labrador, and the Denault deposit and Ferriman stockpiles in Québec.

The Company continues to evaluate other Stage 1 (Central Zone) deposits, including Ruth and Knob Lake in Labrador, and Star Creek in Quebec.

It is intended that during the mining and development of the Stage 1 and Stage 2 deposits, planning will be undertaken for the future operation of the other deposits in subsequent stages as follows:

- Stage 3 comprising the Howse (Labrador) and Barney (Québec) deposits located approximately 25 km northwest of Schefferville (North Central Zone) and relatively close to existing infrastructure. The Howse deposit, located about 25 km north of the James Mine and Silver Yards processing plant, has a historical resource of 28 million tonnes. In March 2013 the Company entered into a framework arrangement with TSMC, as part of which the Company and TSMC have agreed to enter into a transaction for the joint development of the Howse deposit, whereby the Company will sell a 51% interest in Howse to TSMC. In the future, TSMC may increase its interest to 70%. It is hoped that the agreement with TSMC will expedite the development of the Howse deposit and it is expected that significant cost savings and synergies can be achieved by processing Howse ore through TSMC's adjacent Timmins Area plant.
- Stage 4 comprising the Astray and Sawyer deposits in Labrador, located approximately 50 km to 65 km southeast of Schefferville (South Zone) and currently accessible by float plane or by helicopter; and
- Stage 5 comprising the Kivivic deposit in Labrador and the Eclipse, Partington and Trough deposits in Québec located between 40 km to 70 km northwest of Schefferville (North Zone).

The resources that comprise Stages 3, 4 and 5 of the Schefferville Projects consist of non NI 43-101 compliant historical resources. There is currently insufficient detailed information available on these deposits to make any long-term estimate of future production schedules. Substantial additional exploration, infrastructure and road access will be required for the development of these stages.

Currently the Company holds approximately 108 million dry tonnes in historical resources. These are all part of the 250 million tonnes of historical reserves and resources previously identified by IOC.

The Company plans to bring the historical resources on these other deposits into NI 43-101 compliant status sequentially in line with their intended phases of production. Further exploration programs have been recommended for all the remaining deposits in Stages 1 to 4 to convert historical resources to current compliant mineral resources estimates.

Transportation

Iron ore from the James Mine is transported by rail from the Silver Yards plant site, via the Company's six km spur line, the TSH railway and the QNS&L railway, to the Port of Sept-Îles, where the ore is unloaded and stockpiled for shipping. During the short 2012 operating season, a total of approximately 1.6 million tonnes of iron ore was railed to the Port of Sept-Îles.

The 560 km main rail line between Schefferville and Sept-Îles was originally constructed for the shipment of iron ore from the Schefferville area and has been in continuous operation for over fifty years. The 200 km northern section of the railway known as the Menihek Division between Schefferville and Emeril Junction has been owned since 2005 by TSH, which operates passenger and light freight service between Schefferville and Sept-Îles twice per week. TSH is owned equally by a consortium of three local Aboriginal First Nations, the Naskapi Nation of Kawawachikamach, the Innu of Matimekush-Lac John and the Innu Takuaikan Uashatmak Mani-Utenam.

The Company's June 2012 agreement with TSH provides for approximately $25 million in contributions (inclusive of the $8.5 million in upgrade contributions already made), over the next four to five years towards the costs of the TSH rail line upgrade program. The agreement does not provide for a fixed financial contribution in any particular year. The upgrade program for the next one to two years is largely to accommodate the increased traffic from projects, other than those of the Company, which are scheduled to commence production in 2013. Future contributions will be repaid to the Company over an expected period of about four years commencing in 2017, subject to the Company maintaining normal annual transportation operations on the TSH railway. The Company has also paid TSH a refundable capacity reservation deposit of $1.5 million and has committed to minimum annual tonnages over its eight month annual operating season.

Under the Company's confidential rail transportation contract signed with QNS&L in 2011, advance payments by the Company totaling $25 million were required, of which $10 million was paid in 2011, $5 million was paid in 2012 and $10 million remains to be paid, to secure the locomotive equipment and infrastructure capacity to meet anticipated increases in production and shipment volumes. These advance payments will be repaid to the Company by QNS&L by means of a special credit of $3.50 per tonne hauled, commencing July 2012. The Company is committed to minimum tonnages per month over the anticipated eight month annual operating season. QNS&L provides the locomotives and operating personnel for LIM's ore haulage on the QNS&L railway.

Under the Company's April 28, 2011 rail services agreement with WLRS, a wholly owned subsidiary of GWI, WLRS, operates and maintains up to five SD 40-3 locomotives which will be used to haul the Company's iron ore from Silver Yards, over the TSH Railway, to Emeril Junction. WLRS also operates the six km rail spur which connects the Company's Silver Yards processing facility to the main Schefferville to Emeril Junction rail line.

At the end of the 2012 operating season, the Company had three full train sets in operation, each consisting of 120 railcars. The Company began the 2013 operating season with one train set of 164 cars in April and added a second train set of 164 cars in May. A third and fourth train set may also be introduced later in the operating season. The railcars currently in use by the Company are newly built rotary dumper compatible ore gondolas leased from TSMC. The modification program of 142 used railcars, purchased in 2012, remained ongoing as at the end of March 2013. The train sets available to the Company will provide sufficient capacity to complete the anticipated rail requirements for the 2013 operating season.

The Company's Centre Ferro maintenance and repair facility in Sept-Îles has been operating on a full-time basis maintaining the Company's fleet of rail cars. The Centre Ferro shop was organized by the Métallos (United Steelworkers) union in the fourth quarter of 2012. Negotiations towards a first collective agreement began in February, 2013 and are progressing satisfactorily.

Port Facilities

The port of Sept-Îles, situated 650 km down river from Québec City on the North Shore of the Gulf of St. Lawrence on the Atlantic Ocean, is a large, year round natural harbour, more than 80 metres in depth and an international marine hub. It is the most important port for the shipment of iron ore in North America, serving the Québec and Labrador mining industry. Each year, approximately 23 million tonnes of merchandise, mainly iron ore, is handled, approximately 80% of which is destined for the international market.

All iron ore railed to Sept-Îles in 2012 was sold to the Iron Ore Company of Canada under a February 13, 2012 confidential sales contract under which all shipments were handled by IOC through its port facilities at Sept-Îles.

Under its May 14, 2013 iron ore sales agreement with IOC, all of the Company's iron ore production for the calendar years 2013 and 2014 will be sold to IOC. Under a concurrent iron ore purchase agreement between RBM and IOC, RBM has agreed to buy from IOC, on an FOB Sept-Îles basis, all iron ore produced by the Company for the calendar years 2013 and 2014.

The port handling arrangements for the shipment of the Company's iron ore production for 2015 and future years remain subject to ongoing evaluation and finalization. On February 13, 2012, the Government of Canada announced that it will invest up to $55 million and will contribute to the construction to a new multi-user deep water dock at Pointe-Noire in the Port of Sept-Îles dedicated exclusively to iron ore shipments. The new multi-user dock in the Pointe-Noire area of the Port, which is being proposed and sponsored by the Sept-Îles Port Authority, is a $220 million project comprising two berths equipped with two ship loaders as well as two conveyer lines, with an annual capacity of 50 million tonnes of iron ore per year which the Port expects to be completed by March 31, 2014.

Pursuant to its July 2012 long-term customer contract with the Port of Sept-Îles, the Company has secured ship loading capacity of 5 million tonnes per year, with the right to secure additional residual capacity, at this new multi-user facility. Under this contract, the Company has paid a preliminary instalment of $6.4 million towards its buy-in payment and guaranteed a final buy-in payment instalment of $6.4 million in July 2013. These advance payments will be credited as discounts against future port wharfage and shipping fees until such time as the cumulative discounts amount to the Company's buy-in payments. The Company also entered into long-term commitments with the Port Sept-Îles in terms of annual volume of ship loading at the multi-user facility.

The Company is currently in discussions with the Sept-Îles Port Authority, and with other port operators, regarding rail transportation, storage, reclaim and ship-loading and trans-shipment of its iron ore products in the Port. There can be no assurance that arrangements on acceptable terms will be concluded or concluded on a timely basis.

Subsequent to the withdrawal of CN Rail from its feasibility study for a new port terminal at Pointe Noire, the Company completed a scoping level study of a port terminal capable of handling 10 million tonnes per annum of iron ore products, with stockpiling capacity of 1 million tonnes. The facility includes a rail loop, rotary car dumper, stacker-reclaimer system, and an overland conveyor designed to connect to the Port's multi-user deep water dock. Subject to final design, permitting and financing, the facility could be in operation by the 2016 operating season. A surface lease application has been submitted to the Province of Quebec to secure the land required for this facility.

First Nations

The properties comprising the Schefferville Projects are located in an area over which claims for traditional aboriginal rights are asserted by four First Nations groups, namely the Innu of Matimekush-Lac John (Schefferville), the Innu of Uashat Mak Mani-Utenam (Sept-Îles), the Naskapi Nation of Kawawachikamach (near Schefferville) and the Innu Nation of Labrador.

The Company has entered into IBAs with the Innu Nation of Labrador (July 2008) and with the Naskapi Nation of Kawawachikamach (September 2010), with the Innu of Matimekush-Lac John (Schefferville) (June 2011), and with the Innu Takuaikan Uashat Mak Mani-Utenam (Sept-Îles) (February, 2012) replacing the Agreement in Principle signed in December 2010 with respect to the development and operation of the Schefferville Projects. The Company has also entered into an Economic Partnership Agreement (December 2012) with the NunatuKavut Community Council representing the Southern Inuit of Labrador.

Under the various Agreements, the Company has agreed to the equitable participation these first nations groups in the Schefferville Projects and to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects. By entering into these Agreements, the first nations groups have given their consent to the Company's Projects proceeding in accordance with the applicable agreements and agreed to provide the Company continuing and unobstructed access to and equitable enjoyment of the iron ore projects and its properties.

Marketing

The iron ore produced by the Company in fiscal 2013 was sold to IOC and then re-sold by IOC through the Rio Tinto marketing organization into the Chinese spot market on a shipment-by-shipment basis. The net proceeds (FOB Port of Sept-Iles) received by LIM for iron ore sold to IOC was calculated based on the actual realized price (i.e. CFR China spot price plus or minus value-in-use adjustments) of a shipment sold in China, less shipping costs and IOC's participation, which included product handling, ship loading and sales costs. Under the sales agreement in place with IOC in 2012 and 2011, the price calculated was based on the daily China spot price, subject to varying selling discounts, and consequently the sales price of the Company's iron ore experienced unpredictable variations based on prevailing market conditions.

Iron ore spot prices suffered a sharp decline in August 2012, dropping 33% from June 30, 2012 to below US$90 per tonne on a 62% Fe CFR China basis in early September due to a number of factors that included historically high port inventories, de-stocking of plant inventories by Chinese steel mills and traders withdrawing from the spot market. Non-standard or off-specification products, including the Company's direct rail ore, proved difficult to sell, resulting in delays and/or lower than expected prices. Spot iron ore prices rebounded materially between November and January and reached a high of approximately US$159 per tonne on a 62% Fe CFR China basis in early January 2013. Since January, spot iron ore prices have softened and are currently in the US$110 to US$116 range.

The actual realized price for a shipment of the Company's iron ore in 2012 and 2011 was based on the prevailing spot price in China at the time the cargo is priced, adjusted for value-in-use adjustments based on the cargo's specifications. The spot market in China is tracked daily by such organizations as Platts, which publishes a widely referenced spot price index. The typical market referenced in connection with

sales of the Company's iron ore products is the Platts 62% Fe CFR China Index, which tracks the price, on a CFR China price per dry tonne basis, of sinter fine iron ore product up to 10 millimetres in size, with an iron content of 62.0%, a moisture content of 8.0%, a silica content of 4.5%, an alumina content of 2.0%, a phosphorus content of 0.075% and a sulphur content of 0.02%. To the extent a shipment's cargo deviates from the standard specifications, in terms of iron ore content, percentage of specific non-iron elements in the ore, or sizing of the product, a value-in-use adjustment to the prevailing normalized spot price may apply. Value-in-use adjustments result in the actual realized price for a cargo being at a premium or a discount compared to the reported spot price.

In the 2012 operating season, the Company experienced some value-in-use adjustments in the determination of the actual realized price (on a CFR China basis) on several of its cargos. The value-in-use adjustments for the Company's DRO cargos related mainly to the mixed size nature of this product, which requires further crushing and screening by the purchaser before being used in the steelmaking process. The value-in-use adjustments for the Company's sinter ore shipments in the 2012 operating season related to the silica content of the cargos, which was a few percentage points higher than the standard of 4.5% silica. The Company expects the silica level to be lower in fiscal 2014 subsequent to commissioning of Phase 3 of the wet processing plant in June 2013.

Marketing discussions carried out during the financial year ended March 31, 2013 with potential customers, both in Europe and in Asia resulted in the consummation of the Company's financing agreement with RBM and its related off-take agreement with IOC for the Company's iron ore production in the 2013 and 2014 calendar years.

Over the past two years, the Company sold all of its iron ore to IOC, amounting to approximately two million tonnes. The iron ore was then resold in China, at prices calculated based on the daily China spot price, subject to varying selling discounts, which resulted in the Company experiencing unpredictable variations based on prevailing market conditions. Under the Company's new sales agreement, IOC will pay for the iron ore progressively, as the ore is resold, with the price calculation based on the monthly average of the market index, which should decrease LIM's exposure to previously experienced market volatility. IOC payments will be later reconciled based on IOC's net actual aggregate resale price, adjusted for any product quality specification premiums or penalties, after ocean freight and IOC's price participation.

The Company will continue to review its options for marketing its future iron ore production and the optimum route to achieve these sales, while still maintaining maximum flexibility and independence.

Iron Ore Price Outlook

The viability of the Company's Schefferville Projects is dependent on the sale price of iron ore.

Robust steel production and iron ore demand from emerging economies have underpinned the rise in iron ore prices over the past seven years. In addition, supply constraints, such as falling ore grades at major mines and increasing capital expenditures to build new capacity, have resulted in iron ore production consistently falling short of market expectations.

Growth in iron ore demand has been dominated by China, whose steel production and consumption (rate of steel usage per capita) 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, durable goods production and public infrastructure development.

There has been significant price volatility in iron ore prices over the past year due to apparent changes in Chinese stock levels and there may be further short term volatility in the future. Nevertheless the Company is of the view that the long term iron prices will remain firm due to the following factors:

- strong steel and iron ore demand growth from China, which will continue to be supported by Chinese Government stimulus spending as well as structural factors, such as the urbanization of China's population;
- strong demand growth in the medium to long-term from the United States and emerging markets including Brazil, India, Russia, CIS countries, southeast Asia and the Middle East;
- efforts to increase the average grade of steel production, which necessitates the use of high-grade iron ore, will increase China's demand for higher grade iron ore imports;
- long-term supply constraints, as many of the new projects and production expansions previously planned by major companies are experiencing increased costs and delays or have been postponed, which is expected to delay or reduce the long-term growth of iron ore supply; and
- supply growth will continue to fall significantly short of market expectations.

Iron ore supply growth has consistently fallen below market expectations due to a number of factors including:

- the increase in capital costs by over 400% over the last decade;
- the substantial increase in operating costs;
- new projects have increasingly required high-cost greenfield infrastructure development;
- governments have demanded higher ownership stakes and taxes;
- labour supply has been severely limited; and
- governments have focused increasingly on environmental concerns.

The largest three iron ore producers (Rio Tinto, BHP Billiton and Vale) continue to face significant capital and operating cost inflation which has resulted in the deferral of many new projects and mine expansions. In addition, a significant portion of the forecasted increase in industry capacity is expected to come from higher risk jurisdictions such as Africa where higher geopolitical risk requires higher returns to warrant capital investment.

In the longer-term, the cost curve comes plays an integral role in establishing an effective 'floor' for iron ore prices. Higher marginal cost Chinese capacity is expected to be needed to meet growing iron ore demand in the medium term. The average marginal cost of Chinese iron ore production is approximately US$120/tonne, which provides a strong support level for future iron ore prices (China import 62% Fe fines).

Competitive Conditions

The mining industry is intensely competitive in all its phases, and the Company competes with other mining companies in connection with the acquisition of properties, the recruitment and retention of qualified personnel and contractors, the supply of equipment, and, ultimately, customers for its direct shipping iron ore. Many of the companies the Company competes with have greater financial resources, operational experience and technical facilities than the Company. Consequently, the Company's future revenue, operations and financial condition could be materially adversely affected by competitive conditions.

Cycles and Seasonality

The Company may be affected by medium and long-term cycles in the market price of iron ore. While the Company believes the near-term outlook for the market price of iron ore is healthy, to the extent that the market price of iron ore declines materially in the future, some or all of the deposits which comprise the Schefferville Projects may not be able to be mined profitably.

Due to severe weather conditions in the Schefferville area in the winter, the Company does not currently believe it will be feasible to transport its iron ore by rail during the winter without complications due to expected freezing of the iron ore during rail transportation. Accordingly, the Company's current plan is to operate mining production of the Schefferville Projects for approximately eight months of each calendar year, from approximately April to mid-December of each year.

Environmental Protection

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.

The Company has established letters of credit for $2,958,190 as financial assurance related to reclamation and remediation of the first phase of Stage 1 of its mining operations. The Company has assigned guaranteed investment certificates, included in cash equivalents, to its bank in the aggregate principal amount of its letters of credit as security for the letters of credit. It is anticipated that additional financial assurances will be required in connection with future operational phases. The future effect of environmental protection and employee health and safety regulations on the Company`s operations and financial results will be similar to that applicable to other, similar mining operations in the area.

As part of the permitting process for the Company's operations, an Environmental Protection Plan ("EPP") has been submitted to the Minister of Environment and Conservation, Province of Newfoundland and Labrador, and the Minister's approval of the EPP has been received. The EPP addresses process effluent treatment and monitoring procedures, settling pond design and operation for storm water and pit dewatering discharges, as well as caribou monitoring and mitigation in the vicinity of the Schefferville Projects and forms a part of the Company's ongoing policy of environmental compliance.

Subsequent phases and stages of the Schefferville Projects will be subject to further environmental assessments. A continuing program of environmental baseline work is being undertaken on those deposits designated for the next phases and stages of the Projects including archeology, terrestrial biology, wildlife (including fish), hydrology and noise and air quality.

Employees

At March 31, 2013, the Company and its subsidiaries had approximately 150 employees, including contract employees. In addition, the Company utilizes the services of contractors to carry out mining and processing operations. In accordance with the seasonal mine plan, the number of employees increases to approximately 230, including contractors, during the peak production months of June to October.

Social or Environmental Policies

The Company has a policy of full compliance with the various local, provincial and federal environmental regulations that govern the mining industry in the Province of Newfoundland and Labrador and the Province of Québec.

The Company also has a policy of respecting and cooperating with the local communities, including the various First Nations peoples, who live in the areas in the vicinity of the Schefferville Projects.

Environmental and Social Responsibility Policy

Labrador Iron Mines Limited and its management are committed to conducting operations in an environmentally and socially responsible manner. The Company has adopted an Environmental and Social Responsibility Policy to express its commitment to the environment and the local communities in which it works. This commitment to sustainable development is achieved through the undertaking of its programs in a manner which balances environmental, economic, technical, and social issues.

To implement this policy and its commitment to such principles and practices, the Company applies appropriate pollution prevention principles and environmental risk management practices throughout its activities on its mineral properties.

The Company and its contractors conduct their work and operate the facilities in compliance with all applicable laws and regulations. In the absence of legislation, the Company applies professional best management practices to support environmental protection at all sites, minimize risks to human health and the environment, and achieve environmental protection to levels at or above industry standards or best practices. To support the development of responsible environmental laws, policies and regulations, the Company works cooperatively with the local communities, industry and regulators.

The Company has developed and will implement closure and reclamation plans to advance long-term environmental recovery and provide suitable post-closure land-use incorporating consideration of the long-term vision of local communities. Where possible the Company encourages economic and educational development in the communities, during project assessment, development, operation and post-closure and supports initiatives to design and implement operating practices which advance the efficient sourcing and use of materials and energy.

The Company includes environmental performance as an important factor of its management and employee review process and provides training, resources and staffing so that all employees, contractors and suppliers understand, and are able to conduct their work, in accordance with the Environmental and Social Responsibility Policy. To encourage continual improvement, the Company conducts routine assessments of projects to identify areas of non-compliance with the Environmental and Social Responsibility Policy, and creates and implements corrective action.

The Company commits to the establishment of effective communications relating to environmental and social issues with employees, regulators, stakeholders and communities and to addressing environmental and social concerns in a timely and effective manner.

Aboriginal Engagement Policy

Under its agreements with Aboriginal communities, the Company has committed to the development of the Schefferville Projects in an environmentally and socially responsible manner, and to address and mitigate any environmental, cultural, economic and spiritual concerns of the local Aboriginal communities.

The Company has agreed to the equitable participation of the Aboriginal communities in the Schefferville Projects through employment, training, contract opportunities and financial benefits, including certain community infrastructure projects.

The Company has undertaken to make best efforts to employ community members in the Project workforce and to engage Aboriginal businesses for Project contracts. The Company has also agreed to provide support for education, training and social programs.

The Company has agreed to take certain social and environmental protection measures to mitigate the impact of the Company's Projects on the Aboriginal communities, families, and traditional activities. The Company has agreed to make annual contributions to Aboriginal traditional activities funds for the benefit of the traditional Aboriginal activities of members of relevant First Nations. It is intended that the funds shall be used for the purposes of traditional, cultural and subsistence activities and the protection and preservation of Aboriginal values and shall contribute to the aim of protecting the rights, interests and traditional activities of Aboriginals.

Women's Employment Plan

The Company has established overall goals for women's employment during construction and operations of the Project, consistent with the approach adopted in the Energy Plan of the Province of Newfoundland and Labrador. Project goals have been established based on recent occupational and industry data, adjusted to reflect the nature of the Project. These goals will be communicated to all potential and selected contractors.

The Company has adopted a Women's Employment Plan which covers the construction and operations phases of the Schefferville Projects. It describes how the Company will ensure that the employment of women on the Project is fully promoted and supported throughout the Project. The encouragement of women in the workplace is an important goal of the Company.

The Company and each of its main contractors will identify actions for achieving the goal levels of employment for women. When new main contractors are identified, they will be asked, as part of the tendering process, to provide information concerning their programs to promote employment equity for women.

The Company has a policy with respect to all employees to ensure zero tolerance for discrimination on the basis of race ethnicity, gender, sexual orientation or origin. The Company's Women's Employment Plan requires the involvement of the Company and its Project contractors. The Plan describes the involvements and responsibilities of contractors; equity goals and initiatives; and, monitoring and reporting.

Newfoundland and Labrador Benefits Plan

Labrador Iron Mines Limited understands the importance of the Schefferville Area Iron Ore Mine Project in Western Labrador to the people of the Province of Newfoundland and Labrador (the "Province"). The Company is committed to the maximization of associated benefits including employment, procurement, education, training and economic development to the Province, and, in particular to Labrador, and is committed to providing full and fair opportunity and giving first consideration to residents and businesses of the Province to participate in, and benefit from, the Project.

The Company has established a Labrador Iron Mines Limited Newfoundland and Labrador Benefits Policy (Benefits Policy) that will apply to the Company and to all Project contractors and subcontractors and has developed its Newfoundland and Labrador Benefits Plan to implement the Benefits Policy.

The Company has committed to Project employment targets and goods and services procurement targets within the Newfoundland and Labrador Benefits Plan. The targets represent minimum levels of participation by residents of the Province in Project employment and for business opportunities for Newfoundland and Labrador companies in Project activity and the Company commits to achieve or exceed these targets.

2012 Exploration Programs

The Company's 2012 exploration program achieved approximately 14,000 metres ("m") of drilling. The drill programs focused on Houston, Malcolm, James North, the James South extension and historic stockpiles near Silver Yards. The main purpose of this drilling was to expand and extend the size of these deposits and generate further technical information on these deposits. At March 31, 2013, LIM's total measured and indicated mineral resource (excluding stockpiles) totaled 59.5 million tonnes grading 56.7% iron ("Fe"), a 33% increase from March 31, 2012.

The 2012 exploration drill program for the Houston 1, 2 and 3 deposits consisted of 24 RC holes totaling 1,468 m and 42 HQ triple-tube diamond drill holes totaling 4,504 m. The resources at the Houston 1, 2 and 3 deposits continued to expand. The updated measured and indicated mineral resource estimate of 31.3 million tonnes grading 57.5% Fe represents a 37% increase over the March 2012 estimate. The Houston deposits remain open along strike, particularly to the southeast and further drilling is planned to test for possible extensions. A new measured and indicated mineral resource estimate for its Malcolm-1 deposit of 9.2 million tonnes grading 57.8% Fe, more than tripled the previous historical resource estimate.

In addition to this drilling, a bulk sampling program of some of the historic stockpiles was completed resulting in a confirmed NI 43-101 indicated resource of approximately 3.5 million tonnes with an average grade of 49.1% Fe and an inferred resource of approximately 2.9 million tonnes with an average grade of 48.8% Fe..

An exploration drilling program was also carried out involving approximately 1,500 m of diamond drilling on the Elizabeth taconite target in Labrador, just west of Silver Yards, intended to evaluate the potential of this type of iron-bearing formation. This exploration identified a large iron orebody hosted within the Elizabeth Taconite Project, leading to its first independent NI 43-101 inferred mineral resource estimate of 620 million tonnes.

During the 2012 exploration program, the Company acquired geological information through the use of diamond drilling, which successfully recovered core samples for the first time. These samples now provide better bulk density, geotechnical, metallurgical and hydrogeological interpretations required for detailed evaluation and mine planning.

The Company's 2012 exploration program provided the data to complete new and updated resource estimates, effective March 31, 2013, for the James deposit, the Houston deposits and the Malcolm deposit, as well as an initial mineral resource estimate on the historic crushed ore stockpiles in both Quebec and Labrador. In addition, a first mineral resource estimate on the Elizabeth taconite was also estimated, effective June 15, 2013.

The updated resource estimates, effective March 31, 2013 and June 15, 2013, are set out in the "Resource" section above.

RISK FACTORS

The Company, and thus the securities of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed prior to making an investment in the Company. In addition to the other information presented, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

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 claims to which the Company has a right to acquire an interest are in the exploration stage only and are without a known body of commercial ore.

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 that at the James deposit and anticipated at Houston, 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 decision to undertake commercial production from the James and 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 generate cash flow and or to obtain financing through private placement financing, public financing, joint venturing of projects, bank financing, commodity financing or other means. 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.

Financing and Going Concern

The successful development of the Company's properties will depend upon the Company's ability to obtain financing through private placement financing, public financing, the joint venturing of projects, bank financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

Securities of junior resource companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments worldwide and global and market perceptions of the attractiveness of particular industries. The share price of the Company is likely to be significantly affected by short-term changes in iron ore prices. Other factors unrelated to the Company's performance that may have an effect on the price of its shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; the size of Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Company's shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The Company will need to generate additional financial resources in order to fund its planned exploration and development programs and its corporate administration costs. There is a 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 may be required to curtail operations and its exploration and development activities. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

The development of the Company's properties will require substantial additional financing. It is estimated that, depending on final design and operating permit conditions, the additional capital required to bring the Houston Project into production could aggregate about $150 million in a number of stages. Failure to obtain sufficient financing will result in delaying or indefinite postponement of, development or production or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be on terms favorable to the Company.

Fluctuating Iron Ore Prices, Put Options and Ocean Freight Rates

The viability of the Company's Schefferville Projects is dependent on the sale price of iron ore which has fluctuated considerably over the last 18 months.

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 discovery and/or the development of new sources of iron ore 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.

In order to protect against volatility in the iron ore market, subsequent to the fiscal year end, the Company has entered into a limited price protection program with a major international bank under which the Company has purchased put options on a total of 825,000 tonnes of iron ore over the period August to October 2013, exercisable at a CFR price of US$105 per tonne. The Company has also sold matching put options to the same bank exercisable at a price of US$90 per tonne on a matching basis on the same volume of iron ore over the same period. The effect of the price protection program is that the Company would receive a minimum of US$105 per tonne so long as the price of iron ore in these months is not less than US$90 per tonne.

These put option contracts purchased by the Company entitle the Company to sell iron ore to the other contract party at the agreed, fixed price. The matching put option contracts sold by the Company require the Company to sell iron ore to other contract party at the agreed, fixed price. Such put options do not prevent the Company from selling its iron ore products at higher market prices, which may prevail at the time such products are actually sold. The cost of put options increase the Company's cost of sales. There are counterparty risks associated with put option contracts arising from the possible failure or inability of an option counterparty to fully comply with its contractual obligations. Any default by an option counterparty could require the Company to sell its iron ore products at a market price which would be lower than the option price and therefore, could negatively impact the Company's operations, financial condition and results of operations.

In order to mitigate the risk of significant ocean freight cost escalation, the Company, through an RB Metalloyd contract of affreightment, has agreed to fixed freight costs to northern China on seven vessels during 2013.

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 change 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.

Uncertainty Relating to Inferred Mineral Resources

There is a risk that inferred mineral resources cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty that may be attached to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

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 in respect of the James and Redmond deposits may not be correct. The Company's ability to maintain or increase its annual 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 at existing mines.

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 sea port and ship berthing, storage and loading facilities at such port. Although the Company has negotiated agreements covering rail transportation to the port of Sept-Îles and berthing, storage and loading facilities at Sept-Îles, there can be no assurance that such arrangements will continue to be on economically feasible terms. Failure of such arrangements or the inability to renegotiate same on economically feasible terms could render the Schefferville Projects unviable. Unusual or infrequent weather phenomena, terrorism, sabotage, government, labour actions or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Ability to Attract and Retain Qualified Personnel

The Company is dependent on the services of key executives, including the Chairman and Chief Executive Officer, the Chief Financial Officer, the President and Chief Operating Officer, and the Senior Vice President Operations and a number of other skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled or experienced employees may 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, which is likely to exacerbate with the major expansions announced by other companies operating in the Labrador Trough region. The increased demand for skilled personnel 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 success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, 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, 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. 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 or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

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.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

Political and Aboriginal / First Nations

The Company conducts its operations in western Labrador in the Province of Newfoundland and Labrador and in north-eastern Québec, which areas are subject to conflicting First Nations land claims. There are a number of First Nations peoples living in the Québec-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 orderly and timely renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Political activity by First Nations groups may impede the Company's present and future mining operations on the Schefferville Projects and could have an adverse effect on the Company's operations, financial condition and results of operations.

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 Takuaikan mak Mani-Utenam, near Sept-Iles, assert aboriginal rights to traditional lands which include parts of Quebec and Labrador. Members of the Innu Uashat Takuaikan 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 Takuaikan 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.

There can be no assurance that the Company will be successful in its agreements and relationships with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company's properties or may be impacted by the Schefferville Projects.

Environmental Risks and Hazards

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

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 the development of mining properties.

Legal and Title Risks

Title to mineral properties and mining rights involves certain inherent risks including difficulties in identification of the actual location of specific properties. The Company 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 Québec and the federal laws of Canada applicable therein. Although the Company has investigated title to all of its mineral properties for which it holds contractual interests or mineral licenses, 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 the 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. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by, among other things, undetected defects. Surveys have not been carried out on any of the Schefferville Projects in accordance with the laws of Newfoundland and Labrador and Québec; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

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 has purchased 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.

Lags

The Company is unable to predict the amount of time which may elapse between the date when any new mineral deposit may be discovered, the date upon which such discovery may be deemed to be economic pursuant to a feasibility study and the date when production will commence from any such discovery.

Management

The success 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.

Price Volatility of Publicly Traded Securities

Securities of exploration and mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Company's shares include the following:

- the extent of analyst coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;
- limited trading volumes and general market interest in the Company's securities may affect an investor's ability to trade the Company's shares;
- the relatively small number of publicly held shares may limit the ability of some institutions to invest in the Company's securities; and
- a substantial decline in the Company's share price that persists for a significant period of time could cause its securities to be delisted from any stock exchange upon which they are listed, further reducing market liquidity.

As a result of any of these factors, the market price of the Company's shares at any given point in time may not accurately reflect the Company's long-term value.

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian dollars, while prices for iron ore are generally quoted in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, if it occurs, 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 whether or not 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.

MINERAL PROJECTS

The Schefferville Projects

Information in this section is based on assumptions, qualifications and procedures which are more fully described in the Silver Yards, Houston and Elizabeth Reports, the full text of which is available for review on SEDAR, which can be accessed online under the Company's profile at www.sedar.com. The full text of the Silver Yards, Houston and Elizabeth Reports are hereby incorporated by reference and form an integral part of this Annual Information Form. References in this section to 'LIMHL' are references to the Company.

Silver Yards

The following is the summary extracted from the Silver Yards Report.

1. **"SUMMARY**

This Technical Report addresses the ongoing exploration and development of the iron ore projects on various deposits owned and operated by Labrador Iron Mines Holdings Limited ("LIMHL") in western Labrador and north eastern Quebec known at the Stage 1 Central Zone deposits.

The Report has been produced following the completion of the construction of the Silver Yards processing plant facility and other associated infrastructure and two years of production from the James Mine and the Silver Yards plant. This report does not discuss the Houston or Malcolm deposits which are the subject of a separate report.

Mr. Maxime Dupéré P. Geo., the primary author of this report, is independent of Labrador Iron Mines Holdings Limited ("LIMHL"), Labrador Iron Mines Limited ("LIM") and Schefferville Mines Incorporated ("SMI"), wholly owned subsidiaries of LIMHL which holds the mineral claims on which the iron deposits are located.

Mr. Justin Taylor P. Eng., the secondary author of this report, is also independent of Labrador Iron Mines Holdings Limited.

Mr. Michel Dagbert, Eng., the third author of part of this report, is also independent of Labrador Iron Mines Holdings Limited.

Mr. Maxime Dupéré P. Geo., Mr. Justin Taylor, P. Eng. and Mr. Michel Dagbert, Eng. are all "qualified persons" within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. ("NI 43-101") The authors are independent as described in section 1.5 of NI 43-101.

The current compliant iron resource estimates for the James, Redmond, Knob Lake, and Denault deposits total 16.5 million tonnes of measured and indicated resources at an average grade of 55% Fe and are summarised in Table 1-1, while current compliant manganese resources for Knob Lake and Denault deposits are summarized in Table 1-3.

In addition to the foregoing, LIM also holds some historical stockpiles with a confirmed NI 43-101 compliant, indicated resource of approximately 3.5 million tonnes with an average grade of 49.1% Fe and an inferred resource of approximately 2.9 million tonnes with an average grade of 48.8% Fe. These previously-mined stockpiles are located within 15 km of the Silver Yards processing plant and form part of LIM's Stage 1 deposits.

LIMHL is considered a "producing issuer" within the meaning of NI 43-101 as its audited financial statements for the year ended March 31, 2013, being the Company's most recently completed financial year, disclosed gross revenue, derived from mining operations of $95.7 million, which is more than an aggregate of $90 million for the Company's three most recently completed financial years and, accordingly, the information required under Item 22 of Form 43-101F1 for technical reports on properties currently in production is not included in this Technical Report

Table 1-1: NI 43-101 Compliant Iron Resources - James, Redmond, Knob Lake & Denault

Area	Classification	Tonnes (x1000)	Fe%	P%	Mn%	SiO_2%	Al_2O_3%
James	Indicated	3,480	56.2	0.02	0.7	16.3	0.42
	Inferred	83	53.5	0.04	0.1	19.5	0.49
Redmond 2B	Indicated	849	59.9	0.12	0.4	5.1	2.09
	Inferred	30	57.3	0.13	0.6	5.9	4.09
Redmond 5	Indicated	2,084	55.0	0.05	1.2	11.0	0.81
	Inferred	78	52.3	0.07	2.0	10.8	0.96
Knob Lake 1 (Fe Ore)	Measured	2,836	55.0	0.07	1.0	10.2	0.48
	Indicated	2,266	54.3	0.08	1.1	11.2	0.46
	Inferred	655	51.8	0.09	1.2	13.5	0.45
Denault (Fe Ore)	Measured	4,417	54.9	0.07	0.8	9.8	1.11
	Indicated	572	53.2	0.08	1.0	12.0	0.95
TOTAL	**Measured**	**7,253**	**55.0**	**0.05**	**0.9**	**9.9**	**0.67**
	Indicated	**9,251**	**55.6**	**0.01**	**0.9**	**12.5**	**0.22**
	Meas. + Ind.	**16,504**	**55.3**	**0.03**	**0.9**	**11.4**	**0.42**
	Inferred	**846**	**52.6**	**0.00**	**1.2**	**13.5**	**0.04**

Table 1-2: *Stockpiles Mineral Resource Estimates, by Deposit, as at March 31, 2013*

Area	**Classification**	**Tonnes (x1000)**	**Fe%**	**P%**	**Mn%**	**SiO_2%**	**Al_2O_3%**
Wishart	Indicated	1,151	48.6	0.04	0.10	27.1	0.50
	Inferred	1,280	48.2	0.04	0.10	27.5	0.50
Ferriman 1 (C&D)	Indicated	2,394	49.3	0.05	1.20	21.6	1.01
	Inferred	1,616	49.3	0.05	1.20	22.1	0.87
TOTAL	**Indicated**	**3,546**	**49.1**	**0.05**	**0.80**	**23.4**	**0.84**
	Inferred	**2,896**	**48.8**	**0.05**	**0.70**	**24.5**	**0.71**

Table 1-3: NI 43-101 Compliant Manganiferous Resources - Knob Lake & Denault

Area	**Classification**	**Tonnes (x1000)**	**Fe%**	**P%**	**Mn%**	**SiO_2%**	**Al_2O_3%**
Knob Lake 1 (Mn Ore)	Measured	377	50.6	0.09	5.6	8.4	0.68
	Indicated	214	49.4	0.08	4.9	9.5	0.79
	Inferred	138	49.1	0.05	4.8	9.8	0.40
Denault (Mn Ore)	Measured	1,448	52.1	0.08	6.4	6.0	1.09
	Indicated	362	51.7	0.07	6.5	6.6	0.97
TOTAL	**Measured**	**1,825**	**51.7**	**0.06**	**6.3**	**6.4**	**0.87**
	Indicated	**576**	**50.9**	**0.04**	**5.7**	**7.9**	**0.59**
	Meas. + Ind.	**2,401**	**51.5**	**0.06**	**6.2**	**6.7**	**0.80**
	Inferred	**138**	**49.1**	**0.05**	**4.8**	**9.8**	**0.40**

1.1 Property Description and Location

As of April 12th, 2013 LIM holds title to 26 Mineral Rights Licenses issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 665 mineral claims located in western Labrador covering approximately 16,625 ha. SMI holds interests in 428 Mining Claims 428 mining claims in Québec, covering approximately 12,454.75 ha. SMI also holds an exclusive operating license over 146 mining claims totaling approximately 2,070.75 ha formerly contained in a mining lease. This lease expired in February 2013, and was replaced by the 146 mining claims which cover all of the land previously subject to the lease. The LIM and SMI properties are located in the western central part of the Labrador Trough iron range and are located approximately 1,000 km northeast of Montreal and adjacent to or within 70 km from the town of Schefferville (Quebec).

There are no roads connecting the area to southern Labrador or to Quebec. Access to the area is by rail from Sept-Îles to Schefferville or by air from Montreal and Sept-Îles. The Labrador properties are located inside a 70 km radius from Schefferville. The James, Houston, Knob Lake 1, Gill, Ruth Lake 8, Denault, and Redmond deposits are within 20 km from Schefferville. LIM commenced production from the James Mine in 2011. The Sawyer Lake and Astray Lake properties are some 50 to 65 km southeast from Schefferville and cut off from the local infrastructure by connected lakes. The Howse and Kivivic deposits are some 25 and 45 km northwest from Schefferville.

The SMI properties in Quebec are all within a 70 km radius from Schefferville with the exceptions of Eclipse and Murdoch Lake which are about 85 km distant. The properties close to Schefferville are mostly accessible by gravel roads while the properties far away from the town are only accessible by helicopter.

1.2 History

The Quebec-Labrador iron range has a tradition of mining since the early 1950s and is one of the largest iron producing regions in the world. The former direct shipping iron ore ("DSO") operations at Schefferville (Quebec and Labrador) operated by Iron Ore company of Canada ("IOC") produced in excess of 150 million tons of lump and sinter fine ores over the period 1954-1982.

The first serious exploration in the Labrador Trough occurred in the late 1930s and early 1940s when Hollinger North Shore Exploration Company Limited ("Hollinger") and Labrador Mining and Exploration Mining Company Limited ("LM&E") acquired large mineral concessions in the Quebec and Labrador portions of the Labrador Trough. Mining and shipping from the Hollinger lands began in 1954 under the management of the IOC, a company specifically formed to exploit the Schefferville area iron deposits.

As the technology of the steel industry changed over the ensuing years more emphasis was placed on the concentrating ores of the Wabush area and interest and markets for the direct shipping Schefferville ores declined. In 1982, IOC closed their operations in the Schefferville area.

Following the closure of the IOC mining operations the mining rights held by IOC in Labrador reverted to the Crown. Between September 2003 and March 2006, Fenton and Graeme Scott, Energold Minerals Inc. ("Energold") and New Millennium Capital Corp. ("NML") began staking claims over the soft iron ores in the Labrador part of the Schefferville camp. Recognizing a need to consolidate the mineral ownership, Energold and subsequently LIMHL, entered into agreements together. LIMHL subsequently acquired additional properties in Labrador by staking. In 2009, SMI acquired the properties in Quebec held by Hollinger. All of the properties comprising LIMHL's Schefferville area projects were part of the original IOC Schefferville holdings and formed part of the 250 million tons of reserves and resources identified but not mined by IOC in the area.

LIM commenced initial production at its James mine in June 2011 and through to the end of 2012, has produced 2.0 million dry tonnes of iron ore for 13 cape-size shipments sold into the Chinese spot market. The Company considers the fiscal year ended March 31, 2012 as having been a short, start-up and testing operating season during which the Schefferville Projects had not yet reached commercial production. LIM commenced its first season of commercial production in April 2012.

The IOC historical iron ore resources contained within LIM's properties in Labrador, not including James, Redmond 2B, Redmond 5 and Houston deposits, total 56 million tonnes with grades greater than 50% Fe and are not yet compliant with the standards prescribed by NI 43-101. They are predominantly based on estimates made by IOC in 1982 and published in their Direct Shipping Ore Reserve Book published in 1983. The IOC historical iron ore resources contained within SMI's Quebec holdings, not including Denault and Malcolm, total 52.4 million tonnes with grades greater than 50% Fe.

1.3 Geology

At least 45 hematite-goethite ore deposits have been discovered in an area 20 km wide that extends 100 km northwest of Astray Lake, referred to as the Knob Lake Iron Range, which consists of a tightly folded and faulted iron-formation exposed along the height of land that forms the boundary between Quebec and Labrador. The Knob Lake properties are located on the western margin of the Labrador Trough adjacent to Archean basement gneisses. The Central or Knob Lake Range section extends for 550 km south from the Koksoak River to the Grenville Front located 30 km north of Wabush Lake. The principal iron formation unit, the Sokoman Formation, part of the Knob Lake Group, forms a continuous stratigraphic unit that thickens and thins from sub-basin to sub-basin throughout the fold belt.

The Labrador Trough contains four main types of iron deposits:

- Soft iron ores formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation; they are composed mainly of friable fine-grained secondary iron oxides (hematite, goethite, limonite);

- Taconites, the fine-grained, weakly metamorphosed iron formations with above average magnetite content and which are also commonly called magnetite iron formations;

- More intensely metamorphosed, coarser-grained iron formations, termed metataconites which contain specular hematite and subordinate amounts of magnetite as the dominant iron minerals;

- Minor occurrences of hard high-grade hematite ore occur southeast of Schefferville at Sawyer Lake, Astray Lake and in some of the Houston deposits.

Only the direct shipping ore is considered beneficial to produce lump and sinter feed and will be part of the resources for the LIMHL project.

1.4 Exploration

Most historic exploration on the properties was carried out by IOC until the closure of their operation in 1982. A considerable amount of data used in the evaluation of the current status of the resource and reserve evaluation is provided in the documents, sections and maps produced by IOC or by consultants working for them. Recent exploration was carried out by LIMHL since 2005. On some of the properties trench sampling as well as bulk sampling, was carried out. The exploration data used for the NI 43-101 compliant resource estimates has been developed for the James, Redmond 2B, Redmond 5, Knob Lake 1 and Denault deposits. Additional exploration drilling and trenching will be required for the other deposits

to confirm the historical resource estimates and to be able to produce NI 43-101 compliant resource estimations.

Additional bulk sampling for metallurgical testing will also be necessary to prepare the final process flow sheet for treatment of the iron and manganiferous ore resources from these deposits.

1.5 Drilling and Sampling

Diamond drilling of the Schefferville iron deposits has been a problem historically in that the alternating hard and soft ore zones tend to preclude good core recovery. Traditionally IOC used a combination of reverse circulation (RC) drilling, diamond drilling and trenching to generate data for reserve and resource calculation. A significant portion of the original IOC data has been recovered and reviewed by LIMHL. Systematic drilling has been carried out on sections 30 m apart.

During the time that IOC owned the properties, sampling of the exploration targets were by trenches and test pits as well as drilling. In the test pits and trenches geological mapping determined the lithologies and the samples were taken over 10 feet (3.0 m). The results were plotted on vertical cross sections. All drilling and sampling of the iron deposits covered in this Report has been carried out by LIMHL during 2006, 2008 to 2012, predominantly with RC drilling. In 2012, LIM began using diamond drilling as newer techniques were able to rectify historical recovery issues. The geological sections originally prepared by IOC have been updated with the information obtained through LIMHL's exploration.

Including Labrador and Quebec (excluding the Houston and Malcolm Property drill holes) a total of 16,713 m of RC drilling in 347 holes, and 2,087.4 m of diamond drilling in 24 holes, were drilled to the effective date of this report. A total of 54 trenches totalling 3,438 m of trenching have been carried out on the James, Knob Lake No.1, Redmond 2B, Redmond 5, Gill and Ruth Lake 8 deposits. Between 2008 and 2012, sampling from testpitting totalled 1407 assays. The testpitting program was conducted on the stockpiles located in the Wishart, Ferriman, Burnt Creek, Gagnon, Knox and Redmond locations. Testpitting is used exclusively for historical stockpile assessment, with the exception of testpitting at Knob Lake 1 which was to determine the location of western edge of the deposit.

A bulk sample program was started in 2006 (3,600 kgs from James and Houston) with the major bulk sampling conducted in 2008. During that year, a total of 5,900 tonnes was excavated from the James South, Knob Lake 1, Redmond 5 and the Houston deposits. No bulk samples have been taken from any of the other deposits.

1.6 Sample Preparation, Security and Data Verification

The IOC sampling procedures have not been located but it is believed that LIMHL has followed similar procedures to those used by IOC in the past. All samples were prepared in the preparation laboratory, located in Schefferville, which was established by LIMHL. Sampling as well as the preparation was carried out under supervision of LIMHL or SGS Geostat personnel by experienced geologists or technicians following well-established sampling and preparation procedures. The samples were reduced to representative smaller size samples that were sent to SGS Lakefield laboratory or ACTLABS for further analysis and testing.

1.7 Metallurgical Testing

Material collected from the James deposits has been to a number of laboratories for metallurgical test work, including Lakefield Research, "rpc", Derrick Corporation, Outotec, FL Smidth and SGA Laboratories in Germany. Material from the Redmond deposit was sent to MBE Coal & Minerals Technologies in Germany and to Corem in Quebec City.

As a result of this testwork the Silver Yards plant was designed and following initial production and further testwork some modifications were installed.

No metallurgical testing has been carried out on any deposits other than James, Redmond 5, Houston and Knob Lake 1.

1.8 Operations

LIM commenced its first season of commercial production in April 2012. The Company considers the fiscal year ended March 31, 2012 as having been a short, start-up and testing operating season during which the Schefferville Projects had not yet reached commercial production.

LIM's operating results for the fiscal years ended March 31, 2013 and 2012 are summarized in the table below.

	Year Ended March 31, 2013		**Year Ended March 31, 2012**	
(all tonnes are dry metric tonnes)	**Tonnes**	**Grade (% Fe)**	**Tonnes**	**Grade (% Fe)**
Total Ore Mined	1,828,398	61.3%	1,205,609	60.7%
Waste Mined	3,215,985	--	3,004,355	--
Ore Processed and Screened	954,813	58.2%	572,052	58.4%
Lump Ore Produced	98,693	61.2%	79,407	63.6%
Sinter Fines Produced	693,173	61.4%	152,735	65.0%
Total Product Railed	1,492,960	62.3%	563,569	64.9%
Tonnes Product Sold	1,559,620	62.5%	385,898	64.9%
Port Product Inventory	111,009	60.9%	177,669	64.9%
Site Product Inventory	3,551	58.4%	69,983	65.3%
Site Run-of-Mine Ore inventory	446,975	56.2%	195,117	59.0%

1.9 Mining Methods

Open pit mining methods using conventional truck and shovel operations are employed at LIM's James Mine. The mining rate ranges from 20,000 tpd to 30,000 tpd. Most ore and waste is direct digging. Drilling and blasting is employed approximately 20% of the time. Mining is undertaken using contractor equipment and manpower on a cost-plus basis. Planning and grade control is LIM's responsibility. Waste is trucked to dumps immediately adjacent to the open pits. Ore is trucked to the Silver Yards vicinity and stockpiled. Mining is typically seasonal, from April to November each year. Ore is generally divided into High Grade, Low Grade and Yellow Ore.

High grade ores (>60% Fe) are referred to as Direct Rail Ores ("DRO").

Low grade ores (>50% Fe<60%Fe) are referred to as Plant Feed ("PF").

Yellow ore is blended into the sinter fine product in minor proportions.

1.10 Silver Yards Plant

LIM currently employs two separate process streams for mined ore depending on the Fe head grade of the ore mined. There is a dry and a wet process stream.

The dry crushing and screening process is used to classify the higher grade ores. The wet process (crushing, scrubbing, screening, hydrosizing, magnetic separation, filtration) is use to upgrade the lower grade ores into products that are over 62% Fe in content.

The dry process operates from April through November. The wet process plant operates from May through October. The seasonal operation is dictated by the freezing of finer iron ore products. No chemicals are used in the processes.

1.11 Project Infrastructure

All the required infrastructure is established. Minor modifications to the Silver Yards yard track are planned to accommodate longer car train sets in the future. A maintenance shop and warehouse is planned as is a mine dry at the Bean Lake camp. Temporary fuel storage tanks are planned for installation at Silver Yards in 2013 as part of a new fuel delivery system. A grid power connection is planned at Silver Yards during the summer of 2013.

1.12 Mineral Resources

As of the date of this Report, the current resource estimates for the James Redmond 2B, Redmond 5, Knob Lake No.1 and Denault deposits are summarised in Table 1-4, Table 1-5, Table 1-6, Table 1-7, and Table 1-8. The resource update for stockpiles located in the Wishart and Ferriman properties are summarized in Table 1-9and

Table *1-10*

Table 1-4: Estimated Mineral Resources James Deposit (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnes	Fe (%)	SiO_2 (%)	Mn (%)	P (%)	Al_2O_3 (%)
James	Fe Ore	Measured (M)	-	-	-	-	-	-
		Indicated(I)	3,480,000	56.18	16.25	0.68	0.022	0.42
		Total M+I	3,480,000	56.18	16.25	0.68	0.022	0.42
		Inferred	83,000	53.54	19.48	0.14	0.036	0.49

Dated: April, 2013

SGS conducted an audit of an extensive reconciliation carried out by LIM personnel in the fall of 2012 of the James Mine production from 2011 and 2012 with estimated resources in a block model produced by SGS at the end of 2009. SGS concluded that the average dry bulk density in the James Mine should be reduced from 3.45t/m^3 down to 2.85t/m^3.

Therefore, SGS's recommends that in calculating remaining resources in the James pit from the SGS model a correction to predicted volumes and average grades should not be applied and predicted densities in blocks should be reduced by another 15% to account for porosity greater than originally expected.

The current resource estimates for the James deposit, after 2012 mining depletion and following the reconciliation of the dry bulk density calculations, total 3.48 million tonnes, including LNB, NB and HiSiO2 ore types as described, in the Measured and Indicated categories, at a grade of 56.18% Fe and 83,000 tonnes in the Inferred category at a grade of 53.54% Fe.

Table 1-5: Updated Mineral Resources of the Redmond 2B Deposits (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnes	Fe (%)	P (%)	Mn (%)	SiO_2 (%)	Al_2O_3 (%)
Redmond 2B	Fe Ore	Measured (M)	-	-	-	-	-	-
		Indicated(I)	849,000	59.86	0.120	0.37	5.05	2.09
		Total M+I	**849,000**	**59.86**	**0.120**	**0.37**	**5.05**	**2.09**
		Inferred	30,000	57.27	0.133	0.64	5.87	4.09

Table 1-6: Estimated Mineral Resources Redmond 5 Deposits (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnes	Fe (%)	P (%)	Mn (%)	SiO_2 (%)	Al_2O_3 (%)
Redmond 5	Fe Ore	Measured (M)	-	-	-	-	-	-
		Indicated(I)	2,084,000	54.95	0.048	1.17	10.97	0.81
		Total M+I	**2,084,000**	**54.95**	**0.048**	**1.17**	**10.97**	**0.81**
		Inferred	78,000	52.34	0.068	1.95	10.84	0.96

Table 1-7: Estimated Mineral Resources for Knob Lake 1 (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnes	Fe (%)	P (%)	Mn (%)	SiO_2 (%)	Al_2O_3 (%)
Knob Lake No.1	Fe Ore	Measured (M)	2,836,000	55.01	0.07	1.00	10.22	0.48
		Indicated(I)	2,266,000	54.33	0.06	1.08	11.19	0.46
		Total M+I	**5,102,000**	**54.71**	**0.07**	**1.03**	**10.65**	**0.47**
		Inferred	655,000	51.76	0.09	1.22	13.54	0.45
Knob Lake No.1	Mn Ore	Measured (M)	377,000	50.56	0.09	5.60	8.41	0.68
		Indicated(I)	214,000	49.57	0.08	4.86	9.58	0.79
		Total M+I	**591,000**	**50.20**	**0.08**	**5.34**	**8.84**	**0.72**
		Inferred	138,000	49.12	0.05	4.82	9.85	0.40

Updated March 2013

Table 1-8: Estimated Mineral Resources for Denault

Area	Ore Type	Classification	Tonnes	Fe(%)	P(%)	Mn (%)	SiO_2 (%)	Al_2O_3 (%)
Denault	Fe Ore	Measured (M)	4,417,000	54.89	0.075	0.84	9.78	1.11
		Indicated(I)	572,000	53.16	0.077	0.86	11.96	0.95
		Total M+I	**4,989,000**	**54.69**	**0.075**	**0.84**	**10.03**	**1.09**
		Inferred	-	-	-	-	-	-
	Mn Ore	Measured (M)	1,448,000	52.06	0.078	6.35	6.01	1.09
		Indicated(I)	362,000	51.73	0.071	6.48	6.60	0.97
		Total M+I	**1,810,000**	**51.99**	**0.077**	**6.38**	**6.12**	**1.07**
		Inferred	-	-	-	-	-	-
	Total	Measured (M)	5,865,000	54.19	0.076	2.20	8.85	1.10
		Indicated(I)	934,000	52.61	0.075	3.04	9.88	0.96
		Total M+I	**6,799,000**	**53.97**	**0.076**	**2.31**	**8.99**	**1.08**
		Inferred	-	-	-	-	-	-

Table 1-9: Estimated Mineral Resources for Wishart Stockpiles (NI 43-101 Compliant)

Area	COG	Classification	Tonnes	Fe (%)	P (%)	Mn (%)	SiO_2 (%)	Al_2O_3 (%)
Wishart	**>45% Fe (Base Case)**	**Indicated**	**1,151,000**	**48.57**	**0.04**	**0.09**	**27.14**	**0.50**
		Inferred	**1,280,000**	**48.24**	**0.04**	**0.08**	**27.54**	**0.50**
	>0% Fe	Indicated	1,512,000	47.07	0.04	0.09	28.97	0.67
		Inferred	2,134,000	45.72	0.04	0.09	30.64	0.78
	<45%Fe	Indicated	338,000	41.77	0.04	0.08	35.49	1.24
		Inferred	837,000	41.78	0.04	0.09	35.42	1.21

Dated: April, 2013

Table 1-10: Estimated Mineral Resources for Ferriman 1, C & D Stockpiles (NI 43-101 Compliant)

Area	COG	Classification	Tonnes	Fe (%)	P (%)	Mn (%)	SiO_2 (%)	Al_2O_3 (%)
Ferriman 1 (C&D) Stockpile	**>45% Fe (Base Case)**	**Indicated**	**2,394,000**	**49.34**	**0.05**	**1.21**	**21.63**	**1.01**
		Inferred	**1,616,000**	**49.3**	**0.05**	**1.17**	**22.06**	**0.87**
	>0% Fe	Indicated	3,454,000	46.83	0.07	1.22	24.50	1.40
		Inferred	2,396,000	47.41	0.05	1.55	23.83	1.02
	<45%Fe	Indicated	1,059,000	41.18	0.1	1.25	31.01	2.30
		Inferred	778,000	43.47	0.07	2.32	27.50	1.34

Dated: April, 2013

All other resource estimates quoted in this Report are based on prior data and reports prepared by IOC prior to 1983 and were not prepared in accordance with NI 43-101. These historical estimates are not current and do not meet NI 43-101 Definition Standards. A qualified person has not done sufficient work to classify the historical estimate as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. The historical estimates should not be relied upon

The IOC estimated mineral resources and reserves were published in their DSO Reserve Book published in 1983. The estimate was based on geological interpretations on cross sections and the calculations were done manually. Table 1-11 show the combined summaries of the estimates of the (non-compliant with NI 43-101) historical mineral resources of the LIM owned deposits in Labrador and the SMI deposits in Quebec. IOC categorized their estimates as “reserves”. The authors have adopted the same principle used in the 2007 Technical Report prepared by SNC-Lavalin that these should be categorized as “resources” as defined by NI 43-101.

The IOC classification reported all resources (measured, indicated and inferred) in the total mineral resource.

Table 1-11: Combined Summary of Historical IOC Resource Estimates (Non 43-101 Compliant)

Province	Iron Resources			Manganese Resources			
	Tonnes (x 1000)	**Fe%**	**SiO2%**	**Tonnes (x 1000)**	**Fe%**	**SiO2%**	**Mn%**
NL	56,020	63.5	7.7	269	48.7	10.2	10.2
QC	52,420	60.9	6.8	4,182	52.5	6.0	6.2
Combined	**108,440**	**62.2**	**7.3**	**4,451**	**52.3**	**6.3**	**6.4**

* Historical resources in this table are reported on a dry basis. IOC reported historical resources on a “natural” basis, including moisture content. Non-compliant with NI 43-101.

These historical estimates, described in section, are not current and do not meet NI 43-101 Definition Standards. A qualified person has not done sufficient work to classify the historical estimate as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. The historical estimates should not be relied upon.

1.13 Market Studies and Contracts

LIM successfully sold 13 cape-size shipments of sinter fines into the Chinese spot market, for total sales of 2 million tonnes, in 2011 and 2012. Product was sold to IOC. The Rio Tinto marketing organization resold the product in market. Rio Tinto Marine provided the ships.

In 2013 and 2014, LIM plans to sell approximately 1.75 to 2.0 million tonnes of sinter fines and lump ore each year to IOC. RB Metalloyd, a global trader, has agreed to purchase the LIM iron ore from IOC for resale into the Chinese spot market

No marketing arrangements have been completed for sales beyond 2014.

1.14 Environmental Studies, Permitting and Social or Community Impact

All of the regulatory approvals required to mine and process the James and Redmond open pits are in place. Approvals for other mining and processing activities will be obtained as required, and no significant issues have been identified that would preclude obtaining regulatory approvals on a timely basis.

Five aboriginal agreements are in place and relationships with First Nations groups and local communities are considered to be very positive.

LIM continues to monitor progress towards full compliance with the Newfoundland and Labrador Benefits Plan, with steady progress in the areas of employment of NF&L residents, women's employment, aboriginal employment and NF&L procurement.

1.15 Capital and Operating Costs

As at March 31, 2013 LIM had incurred approximately $117 million in capital expenditures on the property, plant and equipment on its Schefferville Area iron ore project, including approximately $74 million in construction of the Silver Yards beneficiation plant and equipment, approximately $32 million in transportation infrastructure and equipment, approximately $10 million in service buildings and an accommodation camp and approximately $3 million in environmental reclamation and bonding. This does not include expenditures on exploration and mine development.

The capital investment required for the Phase III plant upgrade and expansion is $32 million total, of which $25 million had been expended at the end of fiscal year 2013 and $6 million remained to be spent as at March 31, 2013. Connection of the Silver Yard Plant to the Menehik hydroelectric power supply commenced in 2012 with overall cost of $8.5 million, and remainder of $3.2 million left to be completed in 2013.

Ongoing development costs of the Phase I satellite deposits and historical stockpiles including Redmond, Gill Knob Lake 1 and Denault over the remaining seven year mine life, including 2013 to 2019 are estimated at about $30 million of capital expenditure, mostly for road refurbishing/upgrade and dewatering requirements.

Operating costs, for mining, processing, site general operations, and rail operations, are projected to average $60 per tonne of dry product sold over the remaining seven year life of the Stage 1 deposits.

1.16 Interpretations and Conclusions

Of the total 2012 RC drilling campaign, (82 RC field duplicates), the student-T test did not highlight any bias. The sign test and student-T tests highlighted a small bias. Only 22% of all the 2011 original samples (ActLabs) returned values higher for iron than field duplicates (ALS). The opposite was observed for SiO_2. The correlation remains high and the absolute difference between samples is low. Furthermore almost all of the data fall within 20% difference.

LIMHL considers the difference to be acceptable. SGS Geostat considers the difference as acceptable as well and suitable for resource estimation but strongly suggests identifying the bias and addressing this matter in a proper timeframe.

The results from the check sampling done on the 2012 RC cuttings and core by SGS-Geostat indicate a small bias. The results indicate that there is sufficient reproducibility between laboratories and that the data has demonstrated validity.

1.17 Recommendations

Recommendations here are taken from the previous Technical Report titled "Schefferville Area Direct Shipping Iron Ore Projects Resource Update in Western Labrador and North Eastern Quebec, Canada" Revised dated October 24st, 2012 with minor updates.

Following the review of all relevant data and the interpretation and conclusions of this review, it is recommended that exploration on the Redmond 2B, Redmond 5, Denault, Gill, Star Creek, and Ruth Lake 8 properties should continue. The results of past exploration have been positive and have demonstrated the reliability of the IOC data, which has been confirmed with the recent exploration.

Additional drilling is recommended for Gill and Ruth Lake 8 occurrence in order to continue the ongoing program to confirm historical resource (not NI 43-101 compliant). The additional drilling of about 35 drill holes is recommended:

- A total of 17 drill holes for a total of 1,700 mm are proposed for the Gill occurrence. All holes are located to define historical resources.

- A total of 6 drill holes for a total of 600 m are proposed for Redmond 2B and 5 to define further extensions.

A total of 7 drill holes for a total of 700 m are proposed for Denault occurrence to define further extensions.

Exploration programs are recommended to be carried out for all those remaining deposits to convert the historic resources to current compliant resources. This work will need to be scheduled to ensure that current resource estimates for each of these occurrences are produced in sufficient time to enable planning, environmental assessment and permitting to be completed in sufficient time to allow construction and development to be achieved to match the overall project production schedule.

At the same time as the recommended exploration programs outlined above, a number of specific items will be required to progress the development of the Redmond 2B, Redmond 5, Gill, Ruth Lake 8, Denault and Star Creek targets:

- Ongoing additional environmental studies, traditional environmental knowledge programs, and community consultation;

- Completion of the environmental assessment and permitting process.
- Detailed mine plans, including geotechnical and hydrogeological studies and optimization of the development schedule;
- Additional metallurgical studies dependent on the mineralogy of the deposit;
- Hydrology investigations should be completed to determine groundwater movement and to determine the amount of pit dewatering that will be required on all properties.

SGS recommends the continued use of diamond drilling in order to obtain core from all of its work areas. Recent 2012 DDH drilling campaign demonstrated a good recovery of core (over 85% recovery) making assay results, lithological and physical information more accessible with an almost constant volume in order to better define the in situ Specific Gravity and to gather material at depth for metallurgical tests and possibly geotechnical tests. The metallurgical tests should include general mineralogy, QEMSCAN, grindability and Bond Work Index, scrubbing tests, size analysis and assays from before and after scrubbing, density separation, jigging tests, WHIMS tests, settling tests without using flocculants, Vacuum filtration (assuming vacuum disc filter).

Finally, SGS suggest inserting real blanks and certified materials as well as regular field, prep course rejects pulp duplicates and the use of a second laboratory for checks."

HOUSTON PROJECT

The following is the summary extracted from the Houston Report.

1. **"Summary**

SGS Canada Inc. ("SGS Geostat") was given a mandate to update the March 31, 2012 NI 43-101 compliant Houston mineral deposit resource and to include the Malcolm 1 deposit resource on behalf of the client in order to support the Annual Information Form as of March 31st, 2013.

This report supports the Houston and Malcolm 1 mineral resources and is compliant with the requirements of National Instrument 43-101.

Labrador Iron Mines Limited ("LIM") and Schefferville Mines Incorporated ("SMI") are wholly owned subsidiaries of Labrador Iron Mines Holdings Limited ("LIMHL"). LIM holds the mineral claims on which the Houston iron deposits are located and SMI holds the claims where the Malcolm 1 deposit is located.

Mr. Maxime Dupéré P. Geo., the primary author of this report, is independent of Labrador Iron Mines Holdings Limited as described in section 1.5 of NI 43-101.

Mr. Justin Taylor P. Eng., the secondary author of this report, is also independent of Labrador Iron Mines Holdings Limited. as described in section 1.5 of NI 43-101

Mr. Maxime Dupéré P. Geo. and Mr. Justin Taylor, P. Eng. are "qualified persons" within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

1.1 The Houston Deposits

The Houston Property is approximately 14 km southeast of LIM's currently producing James Mine. Historic work by The Iron Ore Company of Canada Limited ("IOC") occurred in several phases between 1950 and 1982. The area was extensively trenched and drilled and was in a stage of advanced exploration work at the time of closure of IOC's mines in 1982.

LIM commenced its work here with a diamond drill program in 2006. In 2008 a more extensive reverse circulation program began. LIM has worked continuously in this project area since 2008.

Historically referred to as (from NW to SE) Houston 2, Houston 1 and Houston 3, the deposit is a continuous band of iron ("Fe") enrichment. The ore strikes NW/SE and dips NE 60-70 degrees. The focus of LIM's work has been on the Houston 1 & 2 areas. Work is continuing on the Houston 3 area which is still open to the SE. Total strike length of the Houston target is currently 5km with a width of up to 170m.

The current measured and indicated resource estimate for the Houston property is 30.1 million tonnes at an average grade of 57.7%Fe and 13.4% SiO2. In addition, a measured and indicated manganiferous Fe resource is estimated to be 1.2 million tonnes at 53.6% Fe, 10.3% SiO2 and 5.1% Mn.

1.2 The Malcolm 1 Deposit

Malcolm 1 lies on gently westward sloping land and, is approximately 12 km southeast from Schefferville (Figure 4-4) in the Quebec side of the Labrador trough and is believed to be the northwest extension of the Houston deposit. Work by IOC in the 1960's and 1970's delineated a zone of enrichment that was 1000 m long by up to 90 m wide, had a northwest/southeast trend and dipped at 60 to 70 degrees to the northeast. At this point, drill holes at Malcolm 1 have been drilled as deep as 112 m and iron enrichment appears to continue at depth. A second smaller area of iron enrichment measuring 70 m by 160 m occurs to the southeast along strike from the former.

Malcolm 1 was mapped, sampled and drilled by IOC in several phases from the 1960's to 1982. A historical resources estimate was done at the time for Malcolm 1 by IOC. SMI has a partial database of historical IOC fieldwork including a geological map showing geology and the surface location of the occurrence.

SMI commenced work on Malcolm 1 in 2011 and in two seasons, 2011 and 2012, 31 reverse circulation drill holes were completed for a total of 2978-m of drilling. In addition, 21 chip samples for 61 m have been taken from the contact of ore with the footwall. One historic drill hole has been located in the field for which SMI has assay results. All of this data has been compiled together to calculate the current resource.

The current resource estimate for the Malcolm 1 property is 9.2 million tonnes at an average grade of 57.8 %Fe in the measured and indicated categories.

1.3 Property Description and Location

As of March 31st, 2013, the Houston property comprises 1 Mineral Rights License issued by the Department of Natural Resources for the, Province of Newfoundland and Labrador, which represents 112 mineral claims located in western Labrador covering approximately 2,800 hectares. The Malcolm 1 property includes 36 additional claims covering approximately 1,172 hectares in Québec.

LIM holds a 100% interest in the title to the Mineral Rights in Newfoundland and Labrador subject to a Royalty equal to 3% of the selling price freight on board (FOB) port of iron ore produced and shipped from the properties, subject to such royalty being not greater than $1.50 per tonne.

SMI holds a 100% right to the Malcolm 1 claims in Québec, subject to a royalty of $2 per tonne.

The Houston project is located in the Province of Newfoundland and Labrador and is the western central part of the Labrador Trough Iron Range about 1,140 km northeast of Montreal and about 14 km southeast of the town of Schefferville Quebec. The Houston deposits comprise a number of separate deposits historically identified as Houston 1, 2 and 3.

The Malcolm 1 project is located in the Province of Quebec contiguous to the northwest of the Houston deposit and mineral licenses. The Malcolm 1 mineral occurrence is believed to be the NW extension of the Houston deposit.

While both Houston and Malcolm 1 can be reached by all-weather exploration roads from the town of Schefferville there are no roads connecting the area to southern Labrador or elsewhere in Canada. Access to the area is by rail from Sept-Îles to Schefferville and by air from Montreal and Quebec City via Sept-Îles and Wabush.

IOC had previous mining activities close to the Houston/Malcolm 1 properties during the period of operations from 1954 to 1982 when part of the Houston deposit formed part of the IOC resource base.

1.4 Geology

At least 45 hematite-goethite ore deposits have been discovered in an area 20 km wide that extends 100 km northwest of Astray Lake, referred to as the Knob Lake Iron Range, which consists of a tightly folded and faulted iron-formation exposed along the height of land that forms the boundary between Quebec and Labrador. The Knob Lake properties are located on the western margin of the Labrador Trough adjacent to Archean basement gneisses. The Central or Knob Lake Range section extends for 550 km south from the Koksoak River to the Grenville Front located 30 km north of Wabush Lake. The principal iron formation unit, the Sokoman Formation, part of the Knob Lake Group, forms a continuous stratigraphic unit that thickens and thins from sub-basin to sub-basin throughout the fold belt.

The sedimentary rocks in the Knob Lake Range strike northwest, and their corrugated surface appearance is due to parallel ridges of quartzite and iron formation which alternate with low valleys of shales and slates. The Hudsonian Orogeny compressed the sediments into a series of synclines and anticlines, which are cut by steep angle reverse faults that dip primarily to the east. Most of the secondary earthy textured iron deposits occur in canoe-shaped synclines, some of which are tabular bodies extending to a depth of at least 200 m, and one or two deposits are relatively flat lying and cut by several faults. Subsequent supergene processes converted some of the iron formations into high-grade ores, preferentially in synclinal depressions and/or down-faulted blocks.

The Labrador Trough contains four main types of iron deposits:

- Soft iron mineralization formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation; they are composed mainly of friable fine-grained secondary iron oxides (hematite, goethite, limonite);
- Taconites, the fine-grained, weakly metamorphosed iron formations with above average magnetite content which are also commonly called magnetite iron formation;

- More intensely metamorphosed, coarser-grained iron formations, termed metataconites which contain specular hematite and subordinate amounts of magnetite as the dominant iron minerals;
- Minor occurrences of hard high-grade hematite ore occur southeast of Schefferville at Sawyer Lake, Astray Lake and in some of the Houston deposits.

Secondary enrichment included the addition of secondary iron and manganese which appear to have moved in solution and filled pore spaces with limonite-goethite. Secondary manganese minerals, i.e., pyrolusite and manganite, form veinlets and vuggy pockets. The types of iron mineralization developed in the deposits are directly related to the original mineral facies. The predominant blue granular mineralization was formed from the oxide facies of the middle iron formation. The yellowish-brown mineralization, composed of limonite-goethite, formed from the carbonate-silicate facies, and the red painty hematite ore originated from mixed facies in the argillaceous slaty members.

Only the soft iron mineralization is considered amenable to beneficiation to produce lump and sinter fines and forms part of the resources for LIMHL's DSO Projects.

1.5 Exploration

Most historic exploration on the Schefferville area iron ore properties was carried out by IOC until the closure of its operation in the 1980s. A considerable amount of data used in the evaluation of the resource and reserve estimates is provided in the documents, sections and maps produced by IOC or their consultants. More recent exploration has been carried out by LIMHL during the period 2006 to 2012 and includes tricone reverse circulation and diamond drilling, trenching, bulk sampling and data collection and verification.

The majority of the additional resource outlined in the 2012 program has resulted from the drilling of a not well defined area between Houston 1 & 2 deposits, as well as infill drilling. Additional bulk sampling for metallurgical testing may also be necessary to prepare the final process flow sheet for treatment of the iron and manganiferous ore resources.

1.6 Drilling and Sampling

Diamond drilling of the Schefferville area iron deposits has proven to be a challenge historically as the alternating hard and soft mineralized zones tend to preclude good core recovery. Traditionally IOC used a combination of reverse circulation drilling, diamond drilling and trenching to generate data for reserve and resource calculation. A large quantity of original IOC data has been recovered, reviewed and digitized by LIMHL.

For the most recent calculations of the resources for the Houston deposits, data from 4,418 m of drilling in 86 historical reverse circulation drill holes comprising 1,496 samples has been used. The systematic drilling had been carried out on sections 100 feet (30 m) apart.

IOC also sampled targets by trenching and test pits in addition to drilling. The test pits and trenches were to determine lithologies, ore body limits and quality of ore on surface. A total of 8,001 m in 236 trenches and test pits with 2,106 samples from historical records were considered in this report. Samples were usually collected over 10 feet (3.0 m) intervals.

In order to update historical data, LIM carried out several exploration programs at Houston since 2006 with the purpose of verifying the historical resources and evaluating its extensions, with the addition of diamond drilling in 2012. This included 15,072 m in 199 RC and diamond drill holes, 1,105 m in 13 trenches and 135 samples. Most of the drilling completed was using tricone reverse circulation.

Additionally, SMI carried out drilling activities at the Malcolm 1 deposit for the first time in 2011 to compare with historical information. A total of 18 RC drill holes were completed with a total depth of 1,379 and 480 samples were sent for chemical analysis. During 2012 an additional 14 reverse circulation drill holes (1,599 m) were completed. Total drilling at Malcolm 1 is 2,978 m in 32 drill holes, all reverse circulation type. There were also 21 chip samples collected from the contact between ore and the footwall of the deposit.

The geological sections originally prepared by IOC have been updated with the information obtained through LIMHL's exploration work. All of this data has been used for the purpose of the current Resource Study.

1.7 Sample Preparation, Security and Data Verification

The precise sampling procedures used by IOC are not known but it is believed that LIM has followed procedures that are similar to those used in the past. Sampling, as well as sample preparation, was carried out under supervision of LIM personnel in 2012 by experienced geologists and technicians following well-established procedures. The samples were reduced to representative, smaller size samples by a riffle splitter for RC, and split core for diamond drilling, which were all sent to ACTLABS laboratory for analysis and testing.

1.8 Metallurgical Testing

The results of the metallurgical tests done on Houston bulk trench samples have indicated the amenability of the deposit to be processed using conventional iron ore processing methods.

The +1mm size fraction of HU1, HU2 and DRO is generally of marketable grade, hence the objective of the concentration process for Houston deposit will be mainly to upgrade the -1mm portion using either wet high intensity magnetic separation (WHIMS) or a hydrosizer. The settling test results on the -1mm products of the trench samples generally have shown good settling rates even without flocculent addition, therefore implying the use of conventional thickener. The vacuum filtration of the -300micron is one of the areas that need to be investigated further, though initial tests have produced 15-16% cake moisture.

Confirmatory tests were completed in the fourth quarter of 2012 involving drill core samples to establish more confidence to the beneficiation process on a wider plant feed variation and also to further refine the fine fraction processing of the Houston deposit. A confirmatory test program will be composed of similar set of tests as the bulk trench samples and will also include a deeper investigation on fines and ultra-fines dewatering (e.g. sedimentation and filtration) methods. It is expected that the output of the upcoming tests will fine tune the preliminary flow sheet established by DRA and LIM.

Iron resources are estimated and tabulated separately from manganiferous resources. The beneficiation process developed for the project is appropriate only for the iron resources.

1.9 Mineral Resources and Mineral Reserves

Table 1-12 summarizes an updated resource estimate for the Houston deposits, and Table 1-13 summarizes the estimated resources of the Malcolm 1 property, both as of April 16, 2013 on both iron and manganiferous iron resources, which have been carried out in compliance with NI 43-101. No mineral reserves are reported in this Technical Report.

Table 1-12: Summary of the Houston Estimated Resources

Area	Ore Type	Classification	Tonnes	Fe(%)	P(%)	Mn(%)	SiO2(%)	Al2O3(%)
Houston	Fe Ore	Measured (M)	24,385,000	57.90	0.064	0.77	13.10	0.75
		Indicated(I)	5,736,000	56.84	0.061	0.76	14.83	0.69
		Total M+I	30,121,000	57.70	0.063	0.77	13.43	0.74
		Inferred	2,707,000	57.47	0.065	0.85	13.69	0.74
	Mn Ore	Measured (M)	1,099,000	53.66	0.077	5.17	10.13	1.17
		Indicated(I)	106,000	53.39	0.079	4.64	11.74	0.94
		Total M+I	1,205,000	53.64	0.077	5.12	10.27	1.15
		Inferred	455,000	53.42	0.107	4.85	11.21	1.09

Dated April 16th, 2013.
Resources Rounded to the nearest thousand tonnes
Mineral resources are not Mineral reserves and do not have demonstrated economic viability.

The Houston deposit remains open to the northwest and southeast and to depth.

Table 1-13: Summary of the Malcolm 1 Estimated Resources

Area	Ore Type	Classification	Tonnes	Fe(%)	P(%)	Mn(%)	SiO2(%)	Al2O3(%)
Malcolm 1	Fe Ore	Measured (M)	2,374,000	60.21	0.047	0.77	9.78	0.51
		Indicated(I)	6,686,000	57.10	0.065	0.76	12.25	0.53
		Total M+I	9,060,000	57.91	0.060	0.76	11.61	0.52
		Inferred	520,000	56.41	0.060	0.80	12.94	0.44
	Mn Ore	Measured (M)	13,000	58.35	0.043	4.25	7.65	0.47
		Indicated(I)	149,000	54.14	0.064	4.56	11.93	0.47
		Total M+I	162,000	54.49	0.062	4.53	11.58	0.47
		Inferred	-	50.53	0.062	3.87	17.73	0.86

Dated April 24th, 2013.
Resources Rounded to the nearest thousand tonnes
Mineral resources are not Mineral reserves and do not have demonstrated economic viability.

1.10 Block Modelling

In March 2013, SGS was mandated to update the March 2012 resource estimation for the Houston and Malcolm 1 properties. SGS identified certain differences and updated the Houston resource using the same parameters as in March 2012.

SGS used its own software called Genesis for the resource estimation. The SGS set of geostatistical software programs are reliable and validated and constantly improved by SGS experienced software and geostatistical team. The ordinary kriging interpolation method was used to estimate the resources by block modeling with block sizes of 5x5x5 m-and block rotation of 45.6° which corresponds to the general

strike of the deposit. SGS used LIM's geological and ore models interpreted in the Gemcom software. The mineralised envelope prepared by LIM is considered reliable and current.

1.10.1 Analysis

Analyses for all of the samples from the 2012 drilling and trenching programs were carried out by Activation Laboratories. The analytical method used was borate fusion whole rock X-Ray Fluorescence.

1.10.2 Density

A variable specific gravity, Fe dependent, was used for the resource estimation which was calculated using the formula: SG (in situ) = [(0.0371 * Fe) + 1.877] * 0.85. This equation was updated using the latest core density measurements done during the 2012 diamond drilling campaign. The data used was restricted to valid Houston and Malcolm 1 area mineralized core. According to and in relation to findings on the in-situ density on James deposit from reconciliation, it was decided to apply 15% porosity (0.85 in the equation) for added security.

1.11 Interpretations and Conclusions

The authors have reviewed all of the technical data in the possession of LIMHL relating to the Houston and Malcolm 1 deposits and have detailed personal knowledge of LIM's projects since 2008.

LIM's exploration work programs and technical evaluation programs carried out in 2008 were conducted under the supervision of the first named author. SGS – Geostat reviewed the different field, laboratory and QA/QC protocols and procedures. The 2009 to 2012 exploration work programs and technical evaluation programs follow the same methods and protocols (updated and improved) and although the author did not do a site visit in 2010, the information in this report according to the first author's knowledge does not appear to be misleading. The first named author visited the site from August 23rd to 24th, 2012, as part of the reconnaissance visit of the all the properties of the Schefferville area for the 2012 RC and Diamond drilling and trenching campaign. The second named author visited LIMs operations many times during 2011 and 2012.

The geological interpretation of the Houston and Malcolm 1 deposits are restricted to the zones considered of reasonable economic extraction potential. Geological interpretations were completed considering a cut-off grade of 45% Fe; however the resources reported are based on a cut-off grade of 50%Fe for iron ore and 50% Fe+Mn for manganiferous iron ore. The IOC ore type parameters of Non-Bessemer (NB), lean non-Bessemer (LNB), high silica (HiSiO2), high manganiferous (HMN) and low manganiferous (LMN) were considered for the resource estimation.

The geological modeling of both deposits was performed using standard sectional modeling of 30-metre spacing. Geological interpretation and modeling of the mineral deposits on paper sections and plans from IOC were digitized and updated with new information acquired during the recent field work seasons. SGS used LIM's geological information and LIM's 3D solids of ore models interpreted in their Gemcom software. The mineralised envelope prepared by LIM is considered reliable and current.

SGS used its own proprietary software called Genesis© for the resource estimation. The geostatistical software is reliable, validated and constantly improved by SGS experienced software and geostatistical team. The ordinary kriging interpolation method was used to estimate the Houston resources by block modeling with block sizes of 5x5x5 m and block rotation of 45.6° which corresponds to the general strike of the deposit. The inverse distance squared (ID2) interpolation method was used to estimate the Malcolm 1 resources by block modeling with block sizes of 5x5x5 m and block rotation of 47°(counter Clockwise) which corresponds to the general strike (313°) of the deposit.

The results of LIM's work to date on the Houston deposits have shown that there is sufficient merit to continue with the development of the Houston 1 & 2 deposits and to carry out further exploration work to confirm and expand the resource potential of the Houston 3 deposit, as well as to conduct preliminary evaluation of the potential for lower grade taconite deposits along the eastern flank of the Houston DSO resource zones.

The results of SMI's work to date on the Malcolm 1 deposit has shown that there is sufficient merit to continue with the development of the deposit and to carry out further exploration work to confirm and expand the resource potential.

The results of the 2012 data verification indicated that the diamond drill hole Houston check sampling had very good correlation and no significant errors were detected. The RC method has dramatically improved since the last field season and errors with the method decreased significantly over the 2012 field season No obvious bias was observed on Malcolm 1 check sampling 2012 data. The sign test identified a bias while the student T test did not show any errors. Additionally, the difference between means for iron and silica was considered negligible. In the first author's opinion, the information in this section appears to be consistent and not misleading.

1.12 Recommendations

SGS Geostat recommends LIMHL to continue its ongoing QA/QC program.

SGS Geostat suggest inserting real blanks and certified materials as well as regular field, prep coarse rejects pulp duplicates and the use of a second laboratory for checks.

SGS recommends the continued use of diamond drilling in order to obtain core from all of work areas. Recent 2012 DDH drilling campaign demonstrated a good recovery of core (over 85% recovery) making assay results, lithological and physical information more accessible with an almost constant volume in order to better define the in situ Specific Gravity and to gather material at depth for metallurgical tests and possibly geotechnical tests. The tests should include general mineralogy, QEMSCAN, grindability and Bond Work Index, scrubbing tests, size analysis and assays from before and after scrubbing, density separation, jigging tests, WHIMS tests, settling tests without using flocculants, and Vacuum filtration (assuming vacuum disc filter).

SGS understands that the Houston 3 is at an earlier stage of development than the Houston 1 & 2 sectors but suggest carrying the metallurgical tests and diamond drilling as well. Houston 3 remains open to the southeast and this extension should be tested with more drilling.

Infill core drilling in Malcolm 1 is recommended. The possible northern extension enrichment in Malcolm 1 should be tested with further drilling and, in addition, exploration work between Houston 2 and Malcolm 1 should be carried out in order to determine the continuity of mineral enrichment between these two deposits.

The following budgetary recommendations below are purely conceptual. The metallurgical tests costs estimates are purely conceptual and LIM should inquire on the update of a formal proposal for such tests. These assay costs should be used only as a reference. The access, logistics, camp, meals and equipment rental costs are not included in this budget recommendation.

Table 0-14: Recommended Work

Description	Number	Units	$/Unit	Total
Diamond Drilling, Malcolm 1	3000	m	$400	$1,200,000
Metallurgical Testing Malcolm 1 (PEA-PFS stage)	1			$200,000
Reporting Resource Update Malcolm 1	1			$150,000
Diamond Drilling, Houston 3	2000	m	$400	$800,000
Metallurgical Testing Houston 3 (PEA-PFS stage)	1			$200,000
Reporting Resource Update Houston 3	1			$150,000
Exploration between Houston2 and Malcolm 1	1			$100,000
Assays (all above areas)	2500		$40	$100,000
Sub Total				$2,900,000
Contingency & Miscellaneous (25%)				$725,000
Total				$3,625,000

1. ELIZABETH PROJECT

The following is the summary extracted from the Elizabeth Report.

"Introduction

The Elizabeth Taconite Project is at an early stage exploration project located in Labrador near Schefferville, Quebec. In April 2013, Labrador Iron Mines Ltd (LIM) retained G H Wahl (P Geo), a Qualified Person to complete an independent resource estimate for the Elizabeth Taconite Project.

This technical report follows National Instrument 43-101 and Form 43-101F1 guidelines and summarizes information available on the Elizabeth Taconite Project. The report estimates mineral resources and recommends that the project warrants further investigation.

Property Description

The Elizabeth Project is located in northwestern Labrador approximately 210-km north of Labrador City, Newfoundland and 550-km north of Sept-Îles, Quebec. The town of Schefferville, Quebec is located approximately 5.5-km to the east of the project.

The 1.5-km town-site airstrip is served by regularly scheduled commercial flights to Montreal, Wabush and Sept-Îles. The Tshiuetin Rail Transportation short line railway (formerly the Menihek Subdivision of the Quebec North Shore and Labrador Railway) provides service twice weekly between Schefferville and Sept-Îles. Access to the Elizabeth Project area is via a mine road that extends southwest from Schefferville.

The Elizabeth Taconite is contained within one contiguous block of claims called the James Wishart claim block which is part of a larger grouping of claim blocks held by LIM. The other deposits containing DSO mineral resources within the James Wishart claim block and the deposits contained within the other LIM claim blocks are not included in the scope of this technical report.

The James Wishart claim block which is comprised of 148 claims or 3,700 hectares held under Lic No 20432M in Labrador on National Topographic Map reference (NTS map areas) Map Sheets 23J10 and

23J15. The claims are registered 100% under Labrador Iron Mines Ltd, are in good standing. The next assessment work requirement date for this claim block is June of 2014.

The Elizabeth Taconite was initially explored by a mapping program conducted by the Iron Ore Company of Canada (IOCC) from the 1950's through to the 1970's. The IOCC had established the presence of a steeply dipping and broad thickness of Sokoman iron formation extending northeast through the project area. (IOCC Geol Maps unpublished)

Geology

The Elizabeth Taconite is situated in the Labrador Trough, stratigraphically above the Archean basement gneiss. The Trough, otherwise known as the Labrador-Québec Fold Belt, extends for more than 1,000 km along the eastern margin of the Superior Craton from Ungava Bay to Lake Pletipi, Québec. The belt is about 100 km wide in its central part and narrows considerably to the north and south.

The Sokoman Iron Formation which is part of the Knob Lake Group and hosts the Elizabeth Taconite is the source for most of the iron mineral resources and reserves outlined in the Labrador Trough. The Sokoman can be subject to thickening due to faulting or folding along a northwest trend with a northeast dip.

The Sokoman Iron Formation has been classified as Lake Superior Type consisting of alternating bands of hematite and/or magnetite with chert along with variable amounts of Fe-silicates, carbonates and sulphides. Metamorphism ranges up to greenschist in the vicinity of the Elizabeth Taconite.

Iron formation enrichment processes can occur through regional metamorphism associated with the Hudsonian orogeny which increased Fe oxide grain sizes and often resulted in conversion of hematite to coarse magnetite. Metamorphism during the Hudsonian also contributed to the leaching of silica and thereby enrichment of Fe taconite grades.

Exploration

The Elizabeth Taconite exploration program was managed in a professional manner by Eric Chavez (P. Geo) who provided direct oversight for the entire exploration program and acted as LIM's senior geologist and Qualified Person (QP).

During the 2012 season, a ground Gravity and Total Field Magnetic survey comprised of 3 survey lines totalling 6,400-m was completed by GeoSig Inc of Quebec City.

In 2011, an airborne magnetic and gravity survey was flow over the area on 200-m spaced lines. The survey was flown by Furgo Airborne Surveys Pty Ltd.

Both ground and airborne magnetic and gravity surveys were successful in defining two parallel northwest trending zones of the Sokoman Iron Formation which form the Elizabeth No 1 and Elizabeth No 2 deposits.

Drilling

The drill program was managed in a professional manner by Eric Chavez (P. Geo) who provided direct oversight for the entire drill program and acted as LIM's senior geologist and Qualified Person.

Drilling in 2012 was comprised of 5 HQ diameter core drill holes for a total of 1,728-m. Drill holes averaged 345-m in depth with a minimum depth of 300-m and maximum depth of 411-m. Assay samples ranged in length from 1-m to 2.6-m. Approximately 98.4% or 842 of the samples were 2-m in length. A

total of 856 samples were collected for whole rock XRF assay. An additional 11 composites were selected for Davis Tube test work.

LIM contracted the drilling to Major Drilling Ltd of Rouyn-Noranda, Quebec. Core logging was completed by LIM personnel, while assaying and mineralogy was completed by Activation Laboratories in Ancaster, Ontario.

The drilling was successful in defining one northwest trending extent of the Sokoman Iron Formation which forms the Elizabeth No 1 deposit with 4 widely spaced drill holes on 4 drill sections and tested the southern extent of the Elizabeth No 2 deposit with two drill holes on a single drill section.

Database Validation and Resource Estimation

Database validation and resource estimation was completed by GH Wahl (P Geo) of GH Wahl & Associates Consulting. The review of the data collection methodologies and QAQC results indicated that the database was appropriate for resource estimation.

The mineral resources for the Elizabeth No 1 are included in the following Table 1. Total inferred tonnage available for a preliminary economic assessment is just over 620 million tonnes. Tonnage is based on dry tonnes. The resources are not reported within an economic pit shell.

Table 1 Mineral Resources Elizabeth No 1 Deposit

Inferred Mineral Resources	Zone Solids	Million Tonnes	Fe%	Satmagan %	Al2O3%	CaO%	MgO%	SiO2%	Mn%	P%
Magnetite Taconite	200	410	32.83	29.2	0.08	1.8	2.09	43.58	0.82	0.01
Hematite Taconite	100; 300	210	29.83	3.42	0.64	0.93	2.59	39.34	1.15	0.04
Total Inferred	**100; 200; 300**	**620**	**31.81**	**20.47**	**0.27**	**1.51**	**2.26**	**42.14**	**0.93**	**0.02**

The effective date of the mineral resource is June 15th, 2013. No information was available to assess the extent to which the estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. These items can only be effectively evaluated in a feasibility study. Mineral resources that have not been converted to mineral reserves do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimate. The Mineral Resource Statement was prepared by G H Wahl, P.Geo, who is an independent Qualified Person.

Potential Tonnage and Grade

The following Table 2 provides an indication of exploration potential within Elizabeth No 2. The potential quantity and grade is conceptual in nature, in that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource. The range of tonnage has been outlined based on the lateral extent of ground and airborne magnetic and gravity anomalies, surface mapping by the IOCC and a two drill hole intercepts which define the width and estimated grade at its southeastern extent.

Table 2 Exploration Potential Tonnes and Grade of Elizabeth No 2

Potential Tonnage	Zone Solids	Million Tonnes	Fe%	Satmagan %	Al2O3%	CaO%	MgO%	SiO2%	Mn%	P%
Magnetite Taconite	**400**	300-500	32.38	32.73	0.33	1.82	2.4	43.79	0.88	0.01
Hematite Taconite	**500**	50-100	29.59	1.44	0.31	1	4.01	34.57	1.56	0.05
Total Potential	**400; 500**	**350-600**	**31.94**	**27.79**	**0.33**	**1.69**	**2.65**	**42.33**	**0.99**	**0.02**

(Note: Above table does not comprise of NI-43101 defined mineral resources however does provide an inventory of exploration potential tonnage and grade per oretype).

Conclusions and Recommendations

The Elizabeth Taconite is made up of magnetite and hematite dominant zones within Elizabeth No 1, classified as an inferred mineral resource and a separate and parallel Elizabeth No 2 potential deposit classified as having exploration potential.

Elizabeth No 1 is attractive in that the deposit attains > 100m widths at the north end which will allow for low strip ratio.

Encouraging Fe weight recoveries and Fe concentrate grades were achieved in the Davis Tube test work completed on the magnetite taconite zones. Davis Tube test work also indicated a decrease in Mn grades to acceptable levels as a result of magnetic concentration.

Validation of the original Actlabs Davis Tube sample recoveries and assays were confirmed by duplicate testwork at SGS Lakefield.

Additional metallurgical test work will be required to determine whether a saleable product grade can be achieved for the hematite dominant taconite.

The Elizabeth Taconite is attractive in terms of its proximity to existing road, and power, as well as rail access to port and pellet plant facilities in Sept-Îles. A rail bed from a previous IOCC spur line crosses within 1 km of the Elizabeth 1 & 2 mineralization. As well, the property is well accessed via previous haul roads to former direct shipping ore mines in the area. Former IOCC mined out pits surrounding the Elizabeth Taconite such as the existing Ruth Lake and Wishart pits may also serve as easily accessible sites for waste rock and tailings.

The project warrants further evaluation which includes preliminary mineralogical test work on the hematite and magnetite taconite, further Davis Tube test work, step out drilling along strike with the aim to expand the inferred mineral resources. If results continue to be positive, this work should be followed by a preliminary economic assessment.

Database and Mineral Resource Estimate

The database was reviewed by G H Wahl and found to be appropriate for resource estimation.

Drill density was sufficient to estimate inferred mineral resources for the Elizabeth No 1 deposit.

A total of 620 million tonnes at 31.8% Fe of inferred mineral resources were estimated for Elizabeth No 1, while an exploration potential of 350 to 600 million tonnes at 32% Fe were estimate for Elizabeth No 2.

There is an opportunity to expand the estimated taconite mineral resources through field mapping and the additional widely 300-600-m spaced drilling on Elizabeth No 2.

Risk areas are as follows:

Additional mineralogical and metallurgical results will need to be completed to demonstrate whether the hematite dominant oretype can be upgraded to a saleable product grade and if upgradeable, at what cut-off this potential oretype will be viable.

Widely spaced drill holes may result in variances of estimated inferred tonnages. Future infill drill programs may vary the estimated tonnage due to variances in the true thickness of the iron formation.

Because iron ore mining is largely a bulk material handling exercise, all iron resources are sensitive to material handling costs and iron ore prices.

Recommendations

The following recommendations pertain to continued exploration of the Elizabeth Taconite.

Mapping on at least 200-m cross lines across each of the taconite deposit areas. Mapped lithologies should reflect the subunits of the Sokoman Iron Formation. As well, thrust fault dips and azimuths as well as stratigraphic dips and strikes should be captured as well as location of all outcrops.

Davis Tube samples should be collected from all intervals that reflect >14% Satmagan as 4-6-m composite lengths.

Prior to the collection of deposit wide Davis Tube samples, a smaller suite of Davis Tube samples should be run to assess whether a coarser 140 mesh (105 micron) grind size or more can be achieved without significantly affecting the weight recoveries or concentrate grades.

Preliminary mineralogical work which includes Scanning Electron Microscope work to characterize the hematite rich taconites is recommended. If the hematite iron oxide grains are of sufficient size and quantity to liberate easily, further bench scale metallurgical test work should be considered.

Building of taconite based QAQC standards, one magnetite rich at a target grade of ~30%Fe and one a hematite rich sample at a target grade of ~30%Fe is recommended.

Duplicate pulps should be sent to a second independent referee laboratory.

Density data collection should be amended so that a relationship between density and Fe grades can be established. It is recommended that the same assay length samples used for water immersion methods representing a variety of magnetite and hematite rich and variable grade samples should also be retested via pycnometer. If a reasonable correlation can be established future taconite density sample can be based on the pycnometer so that a regression formula can be derived from the Fe assays.

Downhole surveys should be completed using a non-magnetic based instrument such as the Reflex Maxibor II.

As the taconite deposit will eventually require geotechnical evaluation of pit walls, it is recommended that LIM Geologists also log RQD, fracture zones, and faults in any future drill campaigns.

It is recommended that higher resolution wet and dry core photos should be collected. As much of the potential of taconite deposit is dependent on grain size liberation characteristics its worthwhile increasing the resolution as the photos can be useful in the selection of metallurgical variability samples.

A drill program is proposed which is comprised of 6 holes ~350-m in length and also spaced roughly 600-m apart stepped back from the existing fence of holes targeted at the depth portion of Elizabeth No 1. An additional 3 holes, 250-m in length, are targeted on the existing fence of holes with one step hole out to the southeast and two holes towards the northwest extent. A further 5 drill holes 250-m in length are targeted on the upper elevation of Elizabeth No 2 as 600-m steps outs along strike to the existing two drill holes. Another 4 holes 350-m in length are recommended to test the at depth portion of Elizabeth No 2 also on ~600-m step outs. The planned meterage is 5,500-m. Another 500-m has been added as contingency for a total of ~6,000-m."

ITEM 6 – DIVIDENDS AND DISTRIBUTIONS

The Company has not paid any dividends on its common shares since incorporation. The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

ITEM 7 – DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital structure consists of an unlimited number of shares without par value of one class designated as an unlimited number of common shares. Each common share is entitled to one vote and all common shares rank equally for the payment of dividends and for all distributions, whether upon dissolution, a winding up or otherwise.

At March 31, 2013, the Company had 126,200,807 common shares, 16,505,000 warrants, 1,736,875 options and 258,034 deferred share units issued and outstanding. Each option and each warrant is exercisable to acquire one common share of the Company. Each deferred share unit entitles the holder to receive upon retirement from his or her office with the Company to receive one common share, the then cash equivalent of one common share or a combination of same.

As at June 24, 2013 the Company had 126,200,807 common shares, 16,505,000 warrants, 1,736,875 options and 259,264 deferred share units issued and outstanding.

ITEM 8 – MARKET FOR SECURITIES

The Company's common shares trade on the TSX under the symbol "LIM".

The following table shows the price ranges and volume traded of the Company's common shares and warrants on the TSX on a monthly basis for each month of the last fiscal year.

Share Price Range 2011/12			
Month	**High**	**Low**	**Volume**
April 2012	$4.86	$3.90	7,142,163
May 2012	$4.77	$2.94	6,852,874
June 2012	$3.26	$2.47	7,414,067
July 2012	$2.73	$1.97	5,588,591
August 2012	$2.25	$1.68	9,854,159
September 2012	$1.76	$1.08	15,302,957
October 2012	$1.15	$0.95	9,542,155
November 2012	$0.97	$0.56	20,402,088
December 2012	$1.10	$0.65	11,859,382
January 2013	$1.73	$0.87	48,577,447
February 2013	$0.94	$0.70	10,226,381
March 2013	$0.86	$0.61	12,412,581

Prior Sales

The following securities of the Company outstanding but not listed or quoted on a marketplace were issued during the fiscal year ended March 31, 2013:

1. Grant of options to officers and employees:

Date Issued	Number of Securities Issued	Weighted Average Fair Value(1)	Exercise Price
2012			
July 3	878,125	$1,606,969	$3.00

Note:
(1) The fair value of the options granted has been estimated using the Black-Scholes option pricing model.

2. Grant of deferred share units to independent directors:

Date Issued	Number of Securities Issued(1)	Weighted Average Fair Value	Exercise Price(2)
2012			
September 13(2)	25,830(3)	$42,878	N/A(4)
September 30	58,032(3)	$70,000	N/A(4)
December 31	71,228(3)	$70,000	N/A(4)
2013			
March 31	102,944(3)	$70,000	N/A

Note:
(1) Calculated based upon an annual entitlement expressed in money and payable quarterly in arrears divided by the volume weighted average trading price of the common shares of the Company for the five trading days preceding the end of the relevant quarter.
(2) The award was effective as of June 30, 2012 but subject to shareholder approval which was obtained on September 13, 2012
(3) Each deferred share unit entitles the holder to receive upon retirement from his or her office with the Company to receive one common share, the then cash equivalent of one common share or a combination of same.
(4) DSUs will be redeemed by the Company only after the recipient ceases to be a director for common shares for cash based on the then prevailing market value of the Company's shares; or a combination at the sole discretion of the Company.

3. Grant of Warrants

On November 6, 2012 the Company issued 1,500,000 broker warrants as part of the compensation to the underwriters pursuant to a short form prospectus offering of common shares. The broker warrants have an exercise price of $1.00 and expire on May 6, 2014.

On February 13, 2013, the Company issued 1,380,000 broker warrants as part of the compensation to the underwriters pursuant to a short form prospectus offering of common shares. Each broker warrant entitles the holder to acquire one unit consisting of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at $1.35 for a term of 36 months. The broker warrants have an exercise price of $1.05 and expire on August 13, 2014.

As at the date of this AIF, 16,505,000 broker warrants were outstanding.

ITEM 9 – ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at March 31, 2013, and the date hereof, no common shares were held in escrow or subject to contractual restriction.

ITEM 10 – DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

Name and Municipality of Residence	Principal Occupation During the Preceding Five Years	Director Since [4]	Shares held Directly or Indirectly or over which control or direction is exercised
John F. Kearney Toronto, Ontario	Chairman, Chief Executive Officer and Director of the Company Chairman and CEO, Canadian Zinc Corp.; Chairman, Anglesey Mining plc	May 2007	3,440,101 (2.725%)
Bill Hooley Rhos-on-Sea, Wales, United Kingdom	Vice-Chairman and Director of the Company. Previously President and Chief Operating Officer of the Company from May 2007 until November 2011 Chief Executive and Director of Anglesey Mining plc	May 2007	56,250 (0.0445%)
Matthew Coon Come[1][2][3] Ottawa, Ontario	Grand Chief of Grand Council of the Crees and the Cree Regional Authority. Previous Grand Chief of Assembly of First Nations	August 2007	Nil
Eric W. Cunningham[1][2][3] Toronto, Ontario	Mining Consultant	August 2007	125,000 (0.099%)
Gerald Gauthier[3] Toronto, Ontario	Mining Engineer, Chief Operating Officer of Xtierra Inc.	August 2007	75,000 (0.0594%)
Richard Lister[1][2] Toronto, Ontario	Retired Mining Executive	August 2007	100,000 (0.0792%)
Danesh Varma London, England	Director Previously Chief Financial Officer of the Company from May 2007 until November 2012. Chief Financial Officer of Minco plc, Conquest Resources Limited and Xtierra Inc.	November 2012	150,000 (0.1188%)
Officers			
Rodney A. Cooper Richmond Hill, Ontario	President and Chief Operating Officer of the Company since December 2011. Previously Vice President and Senior Analyst - Mining with Dundee Securities since November 2009 and previously Vice President Operations and Chief Operating Officer with Baffinland Iron Mines Corporation	N/A	Nil
Richard Pinkerton Toronto, Ontario	Chief Financial Officer of the Company since November 2012. Vice-President Finance of the Company from May 2010 until November 2012 and previously Managing Director of Northern Securities Inc.	N/A	Nil
Aiden Carey Whitby, Ontario	Senior Vice President of Operations of the Company since September 2011. Previously Senior Manager, Engineering, Barrick Gold Corporation from 2008 to2011 and previously Area Manager, Mining, Cleveland Cliffs Michigan Operations.	N/A	Nil
Neil J.F. Steenberg Toronto, Ontario	Secretary of the Company Principal of Steenberglaw Professional Corporation - Lawyer	N/A	15,250 (0.02%)

Notes:
(1) Independent director and Member of the Company's Audit Committee.
(2) Independent director and Member of the Company's Compensation Committee.
(3) Independent director and Member of the Company's Health and Safety Committee.
(4) Each director holds office until the next annual meeting of shareholders or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the Company's by-laws.

Corporate Cease Trade Orders or Bankruptcies

No director or executive officer of the Company, and no shareholder of the Company holding a sufficient number of shares of the Company to affect materially control of the Company (a "significant shareholder") is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days.

No director or executive officer of the Company, and no significant shareholder of the Company is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, or within one year of acting in such capacity, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follows:

(a) Mr. Varma was President and Managing Director of American Resource Corporation Limited from September 1987 to March 2008. In June 2004, a cease trade order was issued against American Resource Corporation Limited for failure to file its financial statements. The cease trade order was revoked on June 18, 2008. Mr. Varma resigned as a director of American Resource Corporation Limited in September 2007.

(b) Mr. Steenberg served as a Director of Tagish Lake Gold Corp. ("Tagish"), which obtained an order for protection from its creditors under the Companies' Creditors Arrangement Act ("CCAA") in April 2010. This order was lifted and a plan of arrangement was implemented on October 27, 2010 pursuant to which all of the creditors of Tagish were paid in full.

(c) Mr. Pinkerton served as a director of Blue Note Mining Inc. ("Blue Note") from November 21, 2008 to February 19, 2009. On February 20, 2009 Blue Note's wholly-owned subsidiary Blue Note Caribou Mines Inc. filed for protection under CCAA and on June 12, 2009, Blue Note filed for protection under CCAA.

Personal Bankruptcies

No director, or executive officer, of the Company is, and no significant shareholder of the Company is, or within the ten years prior to the date hereof has been bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director, executive officer or significant shareholder has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority.

ITEM 11 – PROMOTERS

No person or company has been, within the two most recently completed fiscal years or during the current fiscal year, a promoter of the Company or any of its subsidiaries

ITEM 12 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management is not aware of any material legal proceedings, actual, contemplated or threatened to which the Company is a party or which any of their properties or assets are subject, except for pending legal proceedings against Hollinger North Shore Exploration Inc. ("Hollinger") concerning iron ore properties in Québec which were acquired by the Company's subsidiary, SMI, from Hollinger in December 2009. A claim was instituted in September 4, 2009 against Hollinger and a former director of Hollinger in the Superior Court of Justice of Ontario claiming breach of contract by Hollinger and seeking performance of an alleged agreement concerning the Hollinger properties and unspecified damages. The Company considers the claim to be without merit and Hollinger is actively defending same. The litigation is at the beginning of the discovery phase of the proceedings.

ITEM 13 – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, shareholder beneficially owning (directly or indirectly) or exercising control or direction over more than 10% of the common shares, or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company.

Messrs. Kearney, Hooley and Varma are directors of Anglesey which in 2007 was the vendor to the Company of the Company's principal properties in Labrador and currently holds 19,289,100 common shares.

ITEM 14 – TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Olympia Transfer Services Inc., located at 120 Adelaide Street West, Suite 920, Toronto, Ontario, M5H 1T1.

ITEM 15 – MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the only material contract entered into by the Company during its most recently completed fiscal year were (i) the Underwriting Agreement between the Company and Canaccord Genuity Corp., dated October 3, 2012 referred to in the short form prospectus filed on SEDAR on October 29, 2012; and (ii) the Underwriting Agreement between the Company and Canaccord Genuity Corp., RBC Dominion Securities Inc., Scotia Capital Inc., Macquarie Capital Markets Canada Ltd., Jennings Capital Inc., and Raymond James Ltd. referred to in the Amended and Restated short form prospectus filed on SEDAR on January 18, 2013.

ITEM 16 – AUDIT COMMITTEE INFORMATION

The Company's Audit Committee is governed by an Audit Committee Charter (the "Charter"). The Charter has been adopted by the Board of Directors in order to comply with NI 52-110 and to more properly define the role of the Committee in the oversight of the financial reporting process of the Company. Nothing in the Charter is intended to restrict the ability of the Board or the Committee to alter or vary procedures in order to comply more fully with NI 52-110, as amended from time to time. The Charter reads as follows:

"Charter of the Audit Committee of the Board of Directors

I. MANDATE

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of the Corporation to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's mandate and responsibilities are to:

- recommend to the Board the external auditors to be nominated and the compensation of such auditor;
- oversee and monitor the work and performance of the Corporation's external auditors, including meeting with the external auditors and reviewing and recommending all renewals or replacements of the external auditors and their remuneration;
- pre-approve all non-audit services to be provided to the Corporation by the external auditors;
- review the financial statements and management's discussion and analysis (MD&A) and annual and interim financial results press releases of the Corporation;
- oversee the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- provide oversight to any related party transactions entered into by the Corporation.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

(1) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(2) set and pay the compensation for advisors employed by the Audit Committee; and

(3) communicate directly with the external auditors.

III. COMPOSITION AND MEETINGS

(1) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including those of all applicable securities regulatory authorities.

(2) The Committee shall be composed of three directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. A minimum of two members of the Committee present either in person or by telephone shall constitute a quorum.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

(1) Each member of the Committee shall be "independent" and shall be "financially literate" (as each such term is defined in Multilateral Instrument 52-110).

(2) The Committee shall meet at least quarterly, as circumstances dictate or as may be required by applicable legal or listing requirements.

(3) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

IV. RESPONSIBILITIES

(1) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and report thereon to the Board and recommend to the Board whether or not same should be approved, prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.

(2) The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

(3) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses this information.

(4) The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, before the Corporation publicly disclose this information.

(5) The Committee shall meet no less frequently than annually with the external auditors to review accounting practices, internal controls and such other matters as the Committee deems appropriate.

(6) The Committee shall establish procedures for

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(7) The Committee shall provide oversight to any related party transactions entered into by the Corporation.

(8) In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance or tax advice or any non-audit services the Chief Financial Officer of the Corporation shall consult with the Audit Committee, who shall have the authority to approve or disapprove such non-audit services. The Audit Committee shall maintain a record of non-audit services approved by the Audit Committee for each fiscal year and provide a report to the Board on an annual basis.

(9) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

(10) The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate."

Composition of the Audit Committee

The current members of the Audit Committee are Messrs. Lister. Cunningham and Coon Come, all of whom are independent and financially literate in accordance with National Instrument 52-110 (NI 52-110) – *Audit Committees*.

Relevant Education and Experience

The education and experience of each Audit Committee Member is set out below:

Richard Lister, Chairman, Age 74, Director. Dr. Lister has over 40 years of experience in the mining, metallurgical and chemical industries. He has served as President and CEO of Zemex Corporation, Vice Chairman of Dundee Bancorp Inc. and Chairman and President of Campbell Resources Inc. Dr. Lister holds the degrees of Bachelor of Science, a Master of Science and a Doctor of Philosophy from the University of Toronto. Dr. Lister is a director of Sierra Rutile Corporation.

Eric W. Cunningham, Age 74, Director. Mr. Cunningham has been engaged as an independent mining consultant since 1996. He was formerly a director of Aurora Energy Resources Inc. and Viceroy Exploration Ltd. Mr. Cunningham was the joint owner of the Golden Kopje Mine in Zimbabwe from 1997 to 2001 and General Manager and director of Trillion Resources Inc. He also was Manager of Wright Engineers, and held various positions with Sherritt Gordon Mines. Mr. Cunningham holds a B.Sc in Geology from Rhodes University in South Africa.

Matthew Coon-Come, Age 57: Matthew Coon Come is Grand Chief of the Grand Counsel of the Crees (Eeyou Istchee) and the Cree Regional Authority and a former Chairperson of the Cree National Trust. He was National Chief of the Assembly of First Nations from 2000 to 2003 and previously was Grand Chief of the Grand Counsel of the Crees in Québec for 12 years from 1987 to 1999. Earlier, he served two terms as Chief of the Mistissini First Nation. Mr. Coon Come is a Founding Member of the Board of Compensation of the Cree Nation and has been a director of Creeco, AirCreebec, Cree Regional Intercompany Enterprise Company and Cree Construction Company, and Chairman of Cree Housing Corporation and James Bay Native Development Corporation. He was a founding director of the First Nations Bank of Canada. He was awarded Honorary Doctorate of Laws degrees by Trent University in 1998 and by the University of Toronto in 2000.

Pre-Approval of Policies and Procedures

The Audit Committee has adopted procedures requiring Audit Committee review and approval in advance of all particular engagement for services provided by the Auditors. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit services, to be approved by the Audit Committee provided the audit committee is informed of each particular service. All of the engagements and fees for Fiscal 2010 and 2011 were approved by the Audit Committee. The Audit Committee reviews with the auditors whether the non-audit services to be provided are compatible with maintaining the auditor's independence.

Since the commencement of the Company's most recently completed fiscal year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Whistleblower Disclosure

The Company has in place a Whistleblower Policy pursuant to which Directors, officers and employees are encouraged to report violations of the Company's code of conduct and matters related to accounting, internal controls and auditing.

Audit Fees and Services

The aggregate amounts billed by auditors for the two fiscal periods ended March 31, 2013 and 2012 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Period Ended March 31, 2013	Period Ended March 31, 2012
Audit Fees [1]	**$287,000**	$203,000
Audit-Related Fees [2]	-	-
Tax Fees [3]	-	-
All Other Fees	-	-
Total	**$287,000**	$203,000

[1] "Audit Fees" represent fees for the audit of the annual financial statements, and review in connection with the statutory and regulatory filings.

[2] "Audit Related Fees" represent fees for assurance and related services that are related to the performance of the audit.

[3] "Tax Fees" represent fees for tax compliance, tax advice and planning.

ITEM 17 – INTERESTS OF EXPERTS

Certain information of a scientific or technical nature regarding the Company's properties included in this Annual Information Form is based upon the Silver Yards Report, and the Houston Report of Messrs. Maxime Dupéré, P.Geo., Justin Taylor P.Eng. and Michel Dagbert, Eng. and the Elizabeth Report of Mr. George Wahl, PGeo. The individuals responsible for the Silver Yards Report, the Houston Report and for the Elizabeth Report are each a "qualified person" as such term is defined in NI 43-101 and were at the respective dates of the Silver Yards, Houston and Elizabeth Reports independent of the Company within the meaning of NI 43-101. To the Company's knowledge, Messrs. Dupéré, Taylor, Dagbert and Wahl do not have any interest in the properties of the Company or any of its affiliates as at the respective dates of the reports prepared by them. Copies of the technical reports can be found on the Company's disclosure page under the Company's profile on www.sedar.com.

Rodney A. Cooper, P. Eng. President and Chief Operating Officer of the Company and Michel Cormier, P. Eng., Vice President Exploration of the Company, both act as the Company's Qualified Persons within the meaning of NI 43-101 and have reviewed this Annual Information Form.

The Company's auditors are McGovern, Hurley, Cunningham, LLP, Chartered Accountants, who have prepared an independent auditors' report to the shareholders of the Company on the consolidated balance sheets of the Company as at March 31, 2013 and 2012 and the consolidated statements of operations and comprehensive income (loss) and deficit and cash flows for the years ended March 31, 2013 and March 31, 2012. The auditors' report is dated June 26, 2013. McGovern, Hurley, Cunningham, LLP have advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

To the knowledge of the Company, each of these experts held less than 1% of the outstanding common shares of the Company at the time of the preparation of the reports and/or at the time of the preparation of the technical information contained or incorporated by reference in this AIF.

ITEM 18 – ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular filed on SEDAR dated August 21, 2012 for its most recent annual meeting of security holders that involved the election of directors, which was held on September 13, 2012, together with the Audited Financial Statements and Management's Discussion and Analysis for the year ended March 31, 2013 available under the Company's profile on SEDAR at www.sedar.com.

The Company shall provide, upon request and upon payment of a reasonable charge where permitted, a copy of its 2013 Annual Information Form, the March 31, 2013 Audited Financial Statements and the accompanying auditor's report thereon, Management's Discussion and Analysis, any subsequent interim financial statements and the Information Circular.

Cautionary Note – Forward Looking Statements

This Annual Information Form contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan", or similar expressions, are intended to identify forward-looking statements. Such forward-looking statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995.

Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, mineral reserves, mineral resources, results of exploration, reclamation and other post-closure costs, capital costs, mine production costs, the timing of exploration, development and mining activities and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements by reason of factors such as changes in general economic conditions and conditions in the financial markets, changes in demand and prices for the minerals the Company expects to produce, delays in obtaining permits, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the Company operates, technological and operational difficulties encountered in connection with the Company's activities, labour relations matters, costs and changing foreign exchange rates and other matters discussed under "Risk Factors" herein and in "Management's Discussion and Analysis" for the year ended March 31, 2013.

Other factors that may cause actual results to vary materially include, but are not limited to delays in the receipt of permits or approvals, changes in commodity and power prices, changes in interest and currency exchange rates, geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources), unanticipated operational difficulties (including failure with plant, equipment or processes to operate in accordance with specifications or expectations), cost escalation, unavailability of materials and equipment, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters, political risk, social unrest, and changes in general economic conditions or conditions in the financial markets.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves. The Company does not currently hold a permit for the operation of the Schefferville Projects.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the filings by the Company with securities regulatory authorities. The Company does not undertake to update any forward-looking statements that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.