

LABRADOR IRON MINES HOLDINGS LIMITED

700-220 Bay Street, Toronto, Ontario, M5J 2W4

Tel: (647) 728-4125 Fax: (416) 368-5344

Email: *info@labradorironmines.ca*

Website: *www.labradorironmines.ca*

ANNUAL INFORMATION FORM

(“AIF”)

as at June 27, 2014

for the Fiscal Year ended

March 31, 2014

**LABRADOR IRON MINES HOLDINGS LIMITED
ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED MARCH 31, 2014**

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ANNUAL INFORMATION FORM

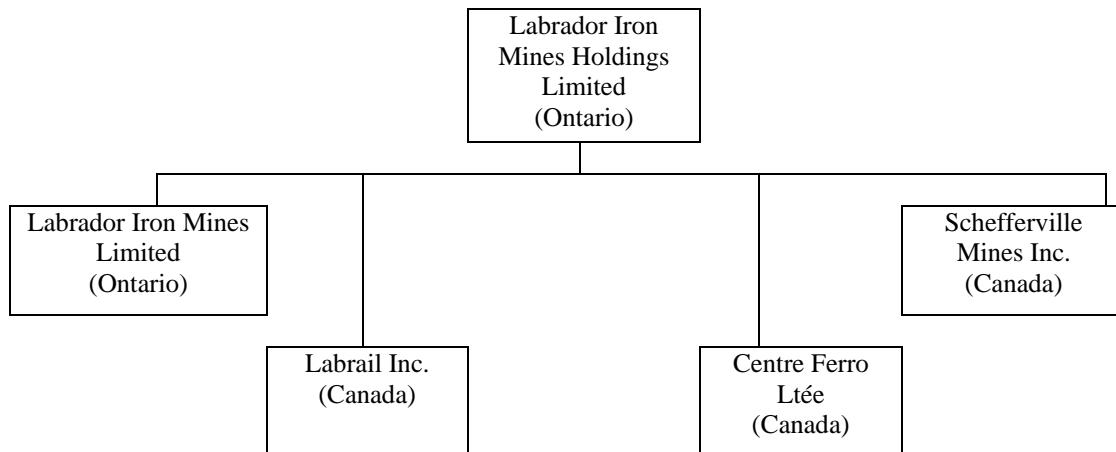
FOR THE FISCAL YEAR ENDED MARCH 31, 2014

ITEM 3 – CORPORATE STRUCTURE

Labrador Iron Mines Holdings Limited (“the Company” or “LIM”) 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 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. During the 2013 season, completed in November, the Company completed 10 shipments totaling approximately 1.6 million dry tonnes of iron ore.

The Company commenced commercial production for accounting purposes effective April 1, 2012 and recognized revenue of \$85.9 million (FOB Port of Sept-Îles) from its sales during the 2013 season (\$95.7 million in 2012).

The Company has not restarted mining operations in April 2014, and has indefinitely suspended mining operations at its Stage 1 deposits, including the James Mine. This decision was based on a number of interrelated factors, including the prevailing low price of iron ore in 2014 to date, the expected costs of extracting the remaining ore in the James Mine, the availability of seasonal start-up working capital and the incomplete status of financing negotiations and contract negotiations for mining, transportation and port services. The Company has not permanently closed its Stage 1 mining project. Rather, the Stage 1 deposits and related infrastructure, including the wet processing plant, are being maintained in standby condition for the time being, which will allow for a potential restart of Stage 1 production in a future year when economic conditions improve.

The Company's plans for the balance of 2014 are to focus on developing the Houston Mine and, subject to completion of financing and negotiation of major contracts, to be in a position to begin mining production from Houston in 2015.

The Company has not currently planned any mining or processing activity in 2014, which is planned instead to be a development year. The Silver Yards wet processing facility will be maintained in standby condition in 2014 with the current expectation that it will be re-commissioned to process plant feed from Houston and potentially production from Stage 1 deposits in later years.

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 510 hectares, eleven surface leases covering approximately 2,008 hectares and 25 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 15,650 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

- Under the terms of a joint venture agreement with Tata Steel Minerals Canada (“TSMC”), LIM (49%) and Howse Minerals Limited (“HML”, 51%) hold two mineral rights licences transferred from LIM in 2013 (a single licence divided into two new mineral rights licences) in Newfoundland and Labrador, covering approximately 975 hectares in western Newfoundland and Labrador; and,
- Schefferville Mines Inc. (“SMI”) holds 447 mining claims in Québec, covering approximately 14,342 hectares. SMI also holds an exclusive operating licence over 142 of these mining claims which cover approximately 2,050 hectares formerly contained in a mining lease. This lease expired in 2013 and was replaced by the 142 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 54.8 million tonnes at an average grade of 56.8% Fe of NI 43-101 compliant, measured and indicated mineral resources on the Schefferville Projects as at March 31, 2014. Of this total, approximately 36.7 million tonnes are measured mineral resources and approximately 18.1 million tonnes are indicated iron ore resources. In addition, the Company has identified a total of approximately 4.8 million tonnes of inferred resources at an average grade of 55.7% 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, 2014

Deposit	Classification	Tonnes (x1000)	Fe %	SiO₂ %	Mn %	P %	Al₂O₃ %
James – Fe ⁽¹⁾	Indicated	-	-	-	-	-	-
Redmond 2B – Fe	Indicated	518	59.07	5.8	0.44	0.130	2.25
Redmond 5 – Fe	Indicated	1,576	55.03	11.76	0.78	0.039	0.73
Knob Lake No. 1 – Fe	Measured (M)	2,824	55.01	10.21	1.00	0.070	0.48
	Indicated (I)	2,259	54.33	11.19	1.07	0.061	0.46
	Total (M+I)	5,083	54.71	10.65	1.03	0.066	0.47
Denault – Fe	Measured	4,167	54.92	9.64	0.85	0.077	1.13
	Indicated	5,071	53.17	11.96	0.76	0.080	0.97
	Total (M+I)	4,674	54.73	9.89	0.84	0.077	1.11
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	33,750	57.5	12.2	0.8	0.06	0.76
	Indicated	17,282	56.4	12.7	0.8	0.06	0.66
	Total (M+I)	51,032	57.1	12.4	0.8	0.06	0.72
Knob Lake – Mn	Measured	375	50.55	8.45	5.59	0.086	0.68
	Indicated	214	49.56	9.60	4.87	0.076	0.80
	Total (M+I)	589	50.19	8.86	5.33	0.082	0.72
Denault – Mn	Measured	1,443	52.05	6.00	6.36	0.078	1.09
	Indicated	361	51.72	6.61	6.49	0.071	0.97
	Total (M+I)	1,804	51.98	6.13	6.39	0.077	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	2,930	52.5	7.9	5.8	0.08	1.07
	Indicated	830	51.8	9.0	5.5	0.07	0.83
	Total (M+I)	3,760	52.3	8.1	5.7	0.08	1.01
Total Resource – Fe and Mn	Measured	36,680	57.1	11.9	1.2	0.07	0.78
	Indicated	18,112	56.2	12.6	1.0	0.06	0.66
	Total (M+I)	54,792	56.8	12.1	1.1	0.07	0.74

Inferred Mineral Resource Estimates, by Deposit, as at March 31, 2014

Deposit	Classification	Tonnes (x1000)	Fe %	SiO ₂ %	Mn %	P %	Al ₂ O ₃ %
James – Fe	Inferred	232	52.7	21.7	1.0	0.02	0.36
Redmond 2B – Fe	Inferred	25	57.2	5.9	0.7	0.13	4.12
Redmond 5 – Fe	Inferred	60	52.3	11.3	1.7	0.06	0.97
Knob Lake – Fe	Inferred	644	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	127	49.2	9.7	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		4,770	55.7	13.6	1.4	0.07	0.69

Note 1: As at March 31, 2014, after giving effect to depletion due to 2011, 2012 and 2013 mining operations at the James Mine.

In addition to the foregoing, the Company also holds some previously-mined 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, 2014

TRX Stockpiles	Classification	Tonnes (x1000)	Fe %	SiO ₂ %	Mn %	P %	Al ₂ O ₃ %
Wishart	Indicated	1,151	48.6	27.1	0.9	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 ₂ O 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 Grades¹

Potential Tonnage	Zone Solids	Million Tonnes	Fe %	Satmagan % ²	Al ₂ O 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.

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, Redmond and Houston deposits has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability.

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 2011, 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, 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 Tshiuetin Rail Transportation Inc. (“TSH”) railway, to Emeril Junction.

On June 6, 2011, the Company signed an Impact Benefits Agreement (“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 Takuakan 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 strengthened the Company's working relationship with its key operational stakeholders and suppliers, in particular IOC, TSH and Quebec North Shore and Labrador Railway Company Inc. ("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 leveraged 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 September 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.

Year Ended March 31, 2014

Commencing in the fall of 2012, the Company 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.

In May 2013, the Company signed a two-year iron ore sales agreement with IOC. Under this sales agreement, IOC agrees to buy all of the LIM iron ore produced during the 2013 and 2014 operating seasons. IOC pays for the iron ore progressively, as the ore is resold, with the price calculation based on the monthly average of the market index. IOC's payments are subsequently reconciled based on IOC's net actual aggregate resale price, adjusted for product quality specification penalties as determined by final assay at the China discharge port, after ocean freight and IOC's price participation. All sales of iron ore products are subject to final assays and measurements in China (CIQ adjustments), as well as final reconciliations with the ultimate purchasers. This reconciliation process takes several months after the initial sale and can result in changes in net sales revenue realized by the Company. The monthly average pricing mechanism decreases LIM's exposure to the daily market volatility experienced in previous years.

In May 2013, RBRG Trading (UK) Limited ("RBR") (formerly RB Metalloyd Limited) entered into an iron ore off-take agreement with IOC under which RBR agreed to buy all of the LIM iron ore from IOC during the 2013 and 2014 operating seasons.

In May 2013, LIM entered into a financing agreement with RBR, pursuant to which RBR advanced a pre-payment of US\$35 million to LIM, to be repaid over a period of two years, credited against proceeds of LIM's committed sales of 3,500,000 wet tonnes of iron ore shipments beginning in August 2013. At March 31, 2014, a total of 1,663,000 wet tonnes of iron ore had been delivered under this contract with US\$14.4 million credited against the advance payment.

In September 2013, the Company closed its previously announced joint venture with TSMC for the exploration and development of the Company's Stage 3 Howse Deposit (North Central Zone). The Howse Deposit is located in Labrador about 25 km north of the James Mine and adjacent to TSMC's Timmins Area mines and new processing plant. The Howse Deposit has a historical resource of 28 million tonnes at a grade of 58% Fe (natural basis).

Originally as part of the Company's planned Stage 3, the Howse Deposit was expected to be developed about 2020. The Joint Venture with TSMC is expected to expedite the start of production to 2016 and should also result in significant cost savings and synergies due to the accessibility of the Howse Deposit to TSMC's year round processing plant.

Equipment installation associated with grid power connection at Silver Yards was completed by the end of the summer of 2013 and the power purchase agreement with Nalcor Energy was signed in November 2013, at which point the system was energized. The power supply for the Silver Yards processing facilities and the Bean Lake mine camp has been substantially converted from diesel fuel to lower cost electric power, with electric power available throughout the full operating season, and potentially during the winter off-season, depending on grid capacity.

The Company completed its third operating season in its Stage 1 deposits in November 2013. Ore was extracted primarily from the James Mine, with a smaller portion extracted from the Redmond Mine and the Ferriman stockpiles. Processing activities continued until mid-November and rail haulage continued until the end of November. The tenth and final shipment of the 2013 operating season departed the Port of Sept-Iles in early December.

Operating costs per tonne during the 2013 operating season were unsustainably high, due partly to production volumes, but largely to the commercial terms of certain major contracts. The Company is currently negotiating the commercial terms of its major contracts, the success of which will have a material impact on the Company's ability to complete current financing negotiations and achieve future operating profitability.

During the 2013 operating season, approximately 1,565,000 tonnes of ore was extracted from the James Mine, approximately 205,000 tonnes of ore from the Redmond Mine (located approximately 12 km to the south of Silver Yards) and approximately 176,000 tonnes from the Ferriman stockpiles (located approximately 5 to 7 km north of Silver Yards).

The iron grade of ore mined during the 2013 operating season was lower than the iron grade of ore mined in previous operating seasons. Mining activity at James was from deep in the pit and exhibited a lower *in situ* iron grade and contained a greater fines component than experienced in previous operating seasons. High clay content in the Redmond material caused clogging in the wet processing plant during the late summer months, resulting in poor recovery levels. The Ferriman plant feed was known to be lower grade, but continued to respond well to wet processing.

A total of 2,469,000 tonnes of plant feed was processed and screened during the 2013 operating season, producing an aggregate of 1,545,000 tonnes of lump and sinter iron ore product, a product recovery rate of 63%. The recovery rate was below the combined design plant recovery rate for the wet and dry plants of approximately 75%, which was attributable to a higher than anticipated amount of fines in the James plant feed extracted from deep in the pit, the high clay content of the Redmond plant feed and underperformance of the new WHIMS (wet high intensity magnetic separator).

The Company railed a total of approximately 1,546,000 tonnes of iron ore to the Port of Sept-Iles during the 2013 operating season, representing an increase of 4% over the previous year and an annual volume record. The Company incurred significant take-or-pay volume penalties during April and May, but did not incur significant take-or-pay volume penalties thereafter.

The Company achieved its revised 2013 operating season sales target of 1.7 million wet metric tonnes of iron ore in ten cape-size ocean shipments, the same number of shipments sold during the previous operating season.

Due to the generally lower iron content of the ore extracted during the 2013 operating season, and the correspondingly higher silica content of the ore, the iron ore sold during 2013 experienced higher value-in-use price deductions and penalties than the iron ore sold in previous operating seasons.

Subsequent Developments

In April 2014, RBR and Gerald UK Limited announced that they had agreed to merge, creating a new Ferrous & Raw Materials division, RBRG, within the Gerald Group, which is headquartered in Stamford, Connecticut, USA.

The Company is currently negotiating with RBRG a suspension and extension of the delivery schedule and associated financing repayment timetable for the volume of product previously expected to be shipped in 2014. Subject to successful completion of these negotiations, it is expected that fulfillment of the Company's remaining off-take and financing repayment commitments from the above May 2013 transactions will be deferred until 2015.

ITEM 5 – DESCRIPTION OF THE BUSINESS

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 June 27, 2014 and entitled “Technical Report: Schefferville Area Phase 1 DSO Iron projects resource update in Western Labrador - NE Québec, Canada” by Maxime Dupéré, P.Geo., 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 June 30, 2014 (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 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 deposit 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 Wolett 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 approximately 1.83 million tonnes of iron ore with an average grade of 61.3% Fe was produced during the 2012 operating season.

During the 2013 operating season, approximately 1.95 million tonnes at an average grade of 56.2% Fe was mined. Ore was extracted primarily from the James Mine, with a smaller portion extracted from the Redmond Mine and the Ferriman stockpiles.

The Company has not restarted mining operations in April 2014, and has indefinitely suspended mining operations at its Stage 1 deposits, including the James Mine. The Company has not permanently closed its Stage 1 mining project. Rather, the Stage 1 deposits and related infrastructure are being maintained in standby condition for the time being, which will allow for a potential restart of Stage 1 production in a future year when economic conditions improve.

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.

During the 2013 operating season, the ore in the James deposits continued to be soft high grade and lending itself to simple processing. To enhance productivity and reduce costs, in the later part of 2012 the Company utilized its lower cost dry classifying system to produce lump and sinter products. During 2013, the dry classifying system was used to complement processing at the wet processing plant.

The Silver Yards wet processing plant restarted for the 2013 operating season in June which included the Phase 3 upgrade and expansion commissioned in June and operated with the dry plant, which had been processing ore since April. During the 2013 season, a total of approximately 2.5 million tonnes were processed through the wet and dry plants yielding approximately 1.54 million tonnes of lump and sinter fine products. Processing activities continued until mid-November and rail haulage continued until the end of November.

Connection to the hydro grid power was completed in the summer of 2013 and the power purchase agreement with Nalcor Energy was signed in November 2013, at which point the system was energized. Other improvements to Silver Yards completed in 2013 include installation of a new dry screen, upgrades to the accommodation camp and enhanced maintenance facilities.

The tenth and final shipment of the 2013 operating season departed the Port of Sept-Îles in early December. Total products sold amounted to approximately 1.6 million dry tonnes having an average grade of 59.3% Fe.

The iron grade of ore mined during the 2013 operating season was lower than the iron grade of ore mined in previous years. Mining activity at James was from deep in the pit and exhibited a lower in situ iron grade and contained a greater fines component than experienced in previous operating seasons. High clay content in the Redmond material caused clogging in the wet processing plant during the late summer months, resulting in poor recovery levels. The Ferriman plant feed was known to be lower grade, but responded well to wet processing.

Houston Project

LIM's Houston deposits (Stage 2 South Central Zone) are situated in Labrador about 15 km southeast of the Company's James Mine and Silver Yards processing plants and approximately 20 km from Schefferville, Québec.

The Houston Project is planned to form the core of LIM's operations for at least the next ten years. Subject to completion of financing, the focus of LIM's 2014 activities will be the development of the Houston Project, the major component of which is the construction of an 8 km haulage road. The Company does not expect to begin production from Houston in 2014, but plans to be in a position to begin production from Houston in April 2015.

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 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.

The Houston and Malcolm deposits together were estimated to contain Measured and Indicated resources of 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 an average in-situ grade of ~57% Fe that is expected to be upgradable to a 60% to 62% Fe iron product. In addition, the Houston ore is harder than James and will result in the production of a larger proportion of lump product. The Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year for a 10 to 15 year mine-life.

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.

In response to lower iron ore prices and in order to reduce up-front capital, LIM has revised its initial development plan for Houston and now plans, at least for the initial year of Houston production, to haul Houston ore to the Silver Yards processing and rail loading facilities with processing by on-site dry screening only for several years. This revised plan will reduce the initial capital cost of Houston by deferring the originally proposed new plant. Subject to successful completion of financing, the major development work planned for 2014 will be the construction of a new haulage road, approximately 8 km long, to connect Houston to the current road to Silver Yards close to the Redmond Mine. The overall one-way haulage distance from Houston to Silver Yards is approximately 20 km.

The Company plans to construct a new rail siding near the Houston Mine. When the rail siding is completed, high grade Houston ore would be processed by on-site dry crushing and screening and loaded directly onto railcars at the planned new rail siding near the Houston site. Construction of the rail siding is planned to be completed in the second half of the 2015 operating season.

The capital investment in 2014 to develop the Houston Mine is expected to be approximately \$20 million for the new road, including a bridge over a river crossing, and initial mine development, with the possibility of installing a new rail siding near Houston in 2015 at a capital cost of approximately \$5 million. When in full production, the Houston Project is expected to produce approximately 2 to 3 million tonnes of iron ore products annually over a minimum 10 year mine-life.

Development of the Houston Project is subject to the availability of financing. The Company is negotiating additional off-take related financing arrangements and other potential financing structures to fund the planned first phase Houston development and related transportation expenditures. Subject to the completion of financing, the Company plans to complete construction of the Houston haulage road, site preparation and mine pre-stripping in 2014, with initial production expected to be achieved in April 2015.

Other Iron Ore Deposits

The Company continues to evaluate other Stage 1 (Central Zone) deposits, including the Ruth, Knob Lake and Redmond deposits and Wishart stockpiles, all in Labrador, and the Star Creek and Denault deposits and Ferriman stockpiles in Québec.

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. In September 2013, the Company closed its previously announced joint venture with TSMC for the exploration and development of the Howse Deposit (North Central Zone). The Howse Deposit is located in Labrador about 25 km north of the James Mine and adjacent to TSMC's Timmins Area mines and new processing plant. The Howse Deposit has a historical resource of 28 million tonnes at a grade of 58% Fe (natural basis).
 - Under the terms of the joint venture agreement, TSMC and the Company agreed to form an unincorporated joint venture (the "Joint Venture") pursuant to which Howse Minerals Limited ("HML"), a wholly owned subsidiary of TSMC, has acquired an initial 51% participating interest in the Howse Property for a total cash consideration of \$30 million.
 - As part of the Joint Venture, the Company is committed to conduct a \$5.0 million exploration program on the Howse Property. The exploration program comprises a targeted 70 holes with up to 8,000 metres of drilling. The objective of the Howse drill program is to convert the historical resources to NI 43-101 compliant mineral resources and to collect metallurgical, geotechnical, hydrogeological, and hydrology information to complete a feasibility study in 2014. The resource estimate and feasibility study are designed to support a production decision. HML, the operator of the joint venture, advises that the NI 43-101 resource estimate, feasibility study and environmental impact study are on schedule for completion by the end of 2014. The drilling program was suspended during the winter and is planned to resume in the summer of 2014 in order to maximize the collection of technical data under the current budget. Project Registration Notices for the Howse Project were submitted to the provincial and federal governments. The federal government has referred the Project for Environmental Assessment and Environmental Impact Statement (EIS) Guidelines were issued in June 2014.
 - Following completion of LIM's \$5.0 million exploration program and the calculation of a new NI 43-101 resource, HML shall contribute the next \$23.5 million to the Joint Venture and thereby increase its participating interest in the Howse Deposit to 70%, following which the Howse Property will be held 70% by TSMC and 30% by LIM, with each party contributing and benefitting pro rata.
 - Originally as part of LIM's planned Stage 3, the Howse Deposit was expected to be developed by about 2020. The Joint Venture with TSMC is expected to expedite the start of production to 2016 and should also result in significant cost savings and synergies due to the accessibility of the Howse Deposit to TSMC's year round processing 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

The Company's iron ore is transported by rail from the Silver Yards plant site, via the Company's six km spur line, to the TSH railway which connects to the QNS&L railway at Emeril Junction and travels to the Port of Sept-Îles, where the ore is unloaded and stockpiled for shipping.

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 Takuakan 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 train set of 164 railcars was added at the end of June and a fourth set of 164 railcars was added at the end of July. The 2013 railcar fleet consisted of three train sets of newly built rotary dumper compatible ore gondolas supplied by TSMC and one train set of rotary dumper compatible ore gondolas leased from IOC. These rotary dumper compatible ore gondolas allowed for longer train sets and enabled efficient unloading at the Port. LIM's fleet of retrofitted (non-rotary dumper compatible) railcars owned by the Company were not used during the 2013 operating season but are available for future use as required. For the full 2013 operating season, the

Company railed approximately 1,546,000 tonnes of product to Port, an increase compared to the approximately 1,493,000 tonnes of product railed during the previous operating season. Despite a slow start in the first quarter, the total volume of ore hauled during the 2013 operating season represented a record annual rail haulage volume for the Company.

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 IOC 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. The Company is one of several mining companies that have entered into a long-term contract with the Sept-Îles Port Authority for capacity at a new multi-user dock in the Pointe-Noire area of the Port of Sept-Îles. The multi-user dock is a \$220 million project (of which the users are funding \$110 million by way of refundable advance payments) comprising two berths equipped with two ship loaders as well as two conveyor lines which the Port reports is on budget and is now scheduled for completion at the end of 2014. The multi-user dock is expected to have an annual capacity of up to 50 million tonnes per year, of which the Company has reserved 5 million tonnes of annual capacity.

Under the long-term user agreement, the Company paid \$6.4 million in 2012 as a first installment of an advance payment and agreed to a final advance payment installment of \$6.4 million. The Company has deferred payment of this final installment pending resolution of land access and product handling facility arrangements between the Port Authority and Cliffs Natural Resources in the Pointe-Noire area at the Port and is working closely with the Sept-Îles Port Authority to resolve these arrangements. The Company has also agreed to long-term take or-pay volume commitments with respect to the new multi-user dock, when the multi-user dock is fully operational.

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 multi-user port terminal at Pointe Noire capable of handling and delivering 10 million tonnes per annum of iron ore products to the Port's multi-user dock. The proposed terminal is to be located to the west of Cliffs' property and a surface lease application for the required land was filed with the Québec Ministry of Natural Resources. The proposed terminal will require conveyor access across Cliffs' land to the new multi-user dock. Further development of this port terminal project is contingent on agreements with the Port Authority, the Government of Québec, Cliffs and other companies, and on completion of engineering, permitting and financing.

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 Takuakan 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

Pursuant to the Company's May 2013, two-year iron ore sales agreement with IOC, the iron ore produced by the Company in fiscal 2014 was sold to IOC and then re-sold by IOC to RBR under the latter's sales agreement with IOC for ultimate resale into the Chinese spot market on a shipment-by-shipment basis.

Under this sales agreement, IOC pays for the iron ore progressively, as the ore is resold, with the price calculation based on the monthly average of the market index. IOC's payments are subsequently reconciled based on IOC's net actual aggregate resale price, adjusted for product quality specification penalties as determined by final assay at the China discharge port, after ocean freight and IOC's price participation. All sales of iron ore products are subject to final assays and measurements in China (CIQ adjustments), as well as final reconciliations with the ultimate purchasers. This reconciliation process takes several months after the initial sale and can result in changes in net sales revenue realized by the Company. The monthly average pricing mechanism decreases LIM's exposure to the daily market volatility experienced in previous years.

The actual realized price for a shipment of the Company's iron ore in 2013 was based on the monthly average spot price in China in the month the cargo departs Sept-Îles, adjusted for marketing discounts and value-in-use adjustments based on the cargo's specifications, as determined by final assay at the discharge port.

The spot market in China is tracked daily by such organizations as Platts, which publishes a widely referenced spot price index. The typical markets referenced in connection with sales of the Company's iron ore products is the Platts 62% Fe CFR China Index, or the Platts 58% Fe CFR China Index, which quote the price, delivered to China on a dry tonne basis, of sinter fine iron ore product up to 10 millimetres in size, with 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 cargo deviates from the standard specifications, or contract specific specifications, in terms of iron 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 applies. Value-in-use adjustments usually result in the actual realized price for a cargo being at a discount compared to the reported spot price or potentially a premium to the extent that the iron grade is higher than 62.0%.

The Company experienced value-in-use adjustments in the determination of the actual realized price (on a CFR China basis) on its cargos, typically related to the silica content of the iron ore, which has usually been higher than the standard benchmark of 4.5% silica, or excessive fine fractions. The silica content of the Company's shipments in the 2013 operating season has generally been substantially higher than the standard 4.5%. The iron content of the Company's 2013 shipments was also generally lower than standard benchmark levels, resulting in iron content deductions.

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.

The spot price of iron ore (CFR China 62% Fe basis, prior to any value-in-use adjustments) averaged approximately US\$131 per tonne during the 2013 operating season, an improvement over an average of US\$125 per tonne during the 2012 operating season. However, since January 2014 the price of iron ore has fallen steadily in the Chinese market and the benchmark prices for 62% Fe iron ore declined to below US\$90 per tonne in June 2014, a decline of over 30%. Iron ore exports from Australia to China increased significantly in 2014, helping to push benchmark prices to the lowest levels since 2012 and contributed to a growing global surplus.

The immediate market outlook for iron ore is somewhat uncertain. Chinese steel mills and traders are being pressed to sell inventories as banks demand loan repayments. Increased supply and lower prices will force the closure of higher cost domestic Chinese producers. However, Chinese steel production continues to increase and China will need to import more iron ore to replace the shutdown of domestic production, which should help iron ore price stability.

For budgeting purposes, the Company has assumed an average price of US\$100 per tonne during 2014 (during which no sales are anticipated) and 2015. The Company is anticipating a foreign exchange rate of US\$0.90 per Canadian dollar for budget purposes.

Robust steel production and iron ore demand from emerging economies and in particular from China 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, resulted in iron ore production consistently falling short of market expectations. There was a significant increase in exports of iron ore to China from Australia in April and May 2014, which resulted in an increase in supply and led to lower prices. 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 was significant price volatility in iron ore prices in 2012, 2013 and the first half of 2014 due to apparent changes in Chinese stock levels, and increased supply in the first half of 2014, and there may be further volatility in the future. The Company is of the view that the long term iron prices will be influenced by 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
- increased supply and lower prices will force the closure of higher cost domestic Chinese producers and the resultant shortfall in Chinese domestic production will have to be replaced by imports.

On the supply side, long-term iron ore supply growth has consistently fallen short of 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.

New large iron ore projects continue to face significant capital and operating cost inflation, which has resulted in the deferral of many announced new projects and mine expansions. In addition, a significant portion of the forecasted increase in mine supply is forecast 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 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 China in the medium term. Lower prices will force the closure of higher cost domestic Chinese producers and the resultant shortfall in Chinese domestic production will have to be replaced by imports. The estimated average marginal cost of Chinese iron ore production is widely reported at approximately US\$120 per tonne, which provides some level of support for long-term iron ore prices (62% Fe fines on a CFR China basis).

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 with which the Company competes 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. 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 plan is to

continue 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 \$4,132,368 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, 2014, the Company and its subsidiaries had approximately 33 employees, including contract employees. In addition, the Company utilizes the services of contractors to carry out mining and processing operations.

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.

2013 Exploration Programs

The Company's 2013 exploration program achieved just over 12,000 m of diamond and reverse circulation drilling, including the drilling of 2,760 m at the Howse Project.

The diamond drilling programs focused on the Houston 1, 2 and 3 deposits, the Howse Project, the Gill Mine, Redmond 5, and the Bean Lake deposits. A reverse circulation (RC) rig was used to carry some detailed test work on the Ferriman stockpiles.

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.

Financing and Going Concern

During the fiscal year ended March 31, 2014, the Company had a net loss of \$105.2 million, negative cash flows from operations of \$37.1 million and an ending working capital deficit of \$8.7 million.

The continued operation and successful development of the Company's properties depends upon the Company's ability to obtain financing through private placement financing, public financing, advance payment for product, 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.

The Company will need to generate additional financial resources in order to fund its current working capital deficit of approximately \$8.7 million, its continuing operations and planned development programs, including development of the Houston deposit, and 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 will 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 ongoing development of the Company's properties, including its Stage 2 Houston Project, will require substantial additional capital investment. Failure to secure additional financing, and/or generate sufficient cash flow from operations, could result in delaying or indefinite postponement of development or production of these properties. There can be no assurance that such cash flow will be generated or such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favorable to the Company.

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.

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.

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 development of new sources of iron ore or expansion of existing operations by the world's largest iron ore producers, or supply interruptions due to changes in government policies in iron ore consuming nations, war, or international trade embargoes. The effect of these factors on the Company's operations cannot be predicted.

In order to protect against volatility in the iron ore market, subsequent to the fiscal year end, the Company entered into a limited price protection program with a major international bank under which the Company 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 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 was that the Company would have received a minimum of US\$105 per tonne so long as the price of iron ore in these months was not less than US\$90 per tonne.

In order to mitigate the risk of significant ocean freight cost escalation, the Company, through an RB Metalloyd contract of affreightment, 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

Labrador Iron Mines Holdings Limited ("LIMHL") is 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 Labrador Trough region. Situated in the Menihek area in the Province of Newfoundland and Labrador and near Schefferville 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 Schefferville Projects consist of the James Mine and adjacent Stage 1 deposits and Silver Yards processing facility ("Silver Yards"), the Stage 2 Houston property ("Houston"), which includes the Malcolm 1 deposit, the Stage 3 Howse property ("Howse"), now held in a joint venture with Tata Steel Minerals Canada Limited ("TSMC") and, subject to further exploration and development, other iron ore properties in the vicinity of Schefferville. LIM's Schefferville Projects are connected by a direct railway to the Port of Sept-Iles on the Atlantic Ocean and benefit from established infrastructure, including the town of Schefferville, airport, roads, hydro power and rail service.

This Technical Report addresses the latest Phase 1 exploration and development of the iron ore projects within LIMHL's Stage 1 Central Zone deposits. This Report does not discuss the Houston or Malcolm deposits as they are the subject of a separate report.

Mr. Maxime Dupéré P. Geo., is the author of this Report. Mr. Dupéré is independent of 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, as described in Section 1.1 of this Report.

In this Report, all currency amount are in Canadian dollars (CAD\$) unless otherwise stated.

Labrador Iron Mines Holdings Limited is considered a “producing issuer” within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) as its audited financial statements for the year ended March 31, 2014, being the Company’s most recently completed financial year, disclosed gross revenue, derived from mining operations of CAD\$85.9 million, compared to gross revenue of CAD\$95.7 million for the year ended March 31, 2013, which is more than an aggregate of CAD\$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.

LIMHL commenced production at its James Mine in June 2011 and completed its third year of mining operations in November 2013. From 2011 to the end of 2013, LIM sold 23 cape-size shipments into the Chinese spot market totalling approximately 3.6 million dry tonnes of iron ore, all sourced from the Company’s Stage 1 deposits and historical stockpiles.

Since production began in 2011, the Company has been exposed to significant market volatility in iron ore prices, particularly during the period from mid-2012 to early 2013 and again in the year-to-date 2014. This has had an adverse impact on LIM’s economic analysis, with a significant decrease in available mineralized material and recoverable resources. Consequently, the information under the Additional Requirements for Advanced Property, prepared by Justin Taylor, P.Eng., DRA Americas Inc., in a previous Technical Report (dated April 12, 2013) is no longer current. This information has subsequently been updated and summarized in Section 17 – Other Relevant Data and Information of this Technical Report.

The Company’s mine operations are typically seasonal, from approximately the beginning of April to the end of November each year, with a planned winter shut down from approximately the beginning of December to the end of March each year. LIMHL does not plan to recommence mine operating activities for the 2014 operating season, due to a combination of the prevailing low price of iron ore in 2014 to date (to less than US\$100 per dry metric tonne, CFR China 62% Fe basis), an assessment of the current economics of the remaining resources of the James Mine and other Stage 1 deposits and a strategic shift in corporate focus towards completing development of the Company’s flagship Stage 2 Houston Mine, while concurrently negotiating the commercial terms of certain major contracts and seeking additional capital investment and working capital.

The Company does not plan to permanently close its Stage 1 mining project. Rather, the Stage 1 deposits and related infrastructure, including the processing plant, are being maintained in standby condition for the time being, which will allow for a potential restart of Stage 1 production in a future year when economic conditions improve.

This Technical Report discloses the updated mineral resources of the relevant mineral deposits in the Schefferville area.

Mineral depletion at the James Mine has reached the optimal pit design under current economic conditions. Consequently, mineral resources previously estimated within the James Mine are no longer current and have been removed from resources estimates. Additional diamond drilling carried out in the winter months of late 2013 and early 2014 outlined a small zone of mineralised material outside pit design called James Pit (“James Pit”), but does not contain sufficient material to sustain mining operations at James under current economic conditions. In addition, the closest southwestern extension of the James Mine, referred to as Bean Lake (“Bean Lake”), did not contain sufficient material to sustain mining operations at Silver Yards under current economic conditions.

The following information in Table 1-1 briefly describes the reconciliation of the resources of the James Mine from original mineral resources estimates in 2009 to the adjusted mineral resource estimates at December 31, 2013. Table 1-1 also indicates the remaining resources at the James Mine, consisting of the James Pit mineral resource of 232,000 tonnes at 55.8% Fe (see Section 14.5) and the Bean Lake mineral resource of 208,000 tonnes at 53.2% (see section 14.8).

Table 1-1: James Mine Reconciliation Summary

James Deposit-Mineral Resource Reconciliation Table						
	Year	Volume (m ³)	Density (t/m ³)	Tonnage (t)	% Fe	Category
Original Mineral Resource SGS	2009	2,347,246	3.45	8,098,000	57.8	Measured & Indicated
Pit Design Adjustment- LIM	2011	-422,260	3.45	-1,456,797	N/A	Measured & Indicated
Mining Mineral Resource-LIM	2011	1,922,298	3.45	6,641,203	58.8	Measured & Indicated
Total Mining Depletion 2011	2011	-466,311	2.71	-1,263,566	58.6	Measured
Total Mining Depletion 2012	2012	-620,603	2.95	-1,828,398	61.3	Measured
Model Density Adjustment 2013	2013	-416,154	2.84	-1,181,877	N/A	N/A
Model Volume Adjustment 2013	2013	-237,992	2.84	-675,897	N/A	N/A
Total Mining Depletion 2013	2013	-545,465	2.84	-1,549,122	56.0	Measured
Calculated Mineral Resource as at Dec 31, 2013	2013	50,121	2.84	142,343	N/A	N/A
Final Reconciliation Model Adjustment Dec 31, 2013	2014	-50,121	2.84	-142,343	N/A	N/A
SGS Mineral Resource (results of new drilling)	2014	81,690	2.84	232,000	55.8	Inferred
SGS Bean Lake Mineral Resource	2014	73,239	2.84	208,000	53.2	Inferred

The earthy bedded iron deposits are a residually enriched type within the Sokoman Iron Formation that formed after two periods of intense folding and faulting, followed by the circulation of meteoric waters in the fractured rocks. The enrichment process was caused largely by leaching and the loss of silica, resulting in a strong increase in porosity. This produced a friable, granular and earthy-textured iron ore. The siderite and silica minerals were altered to hydrated oxides of goethite and limonite.

The second stage of 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 ores developed in the deposits are directly related to the original mineral facies.

The predominant blue granular ore was formed from the oxide facies of the middle iron formation. The yellowish-brown ore, 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. The overall ratio of blue to yellow to red ore in the Schefferville area deposits is approximately 70:15:15 but can vary widely within and between the deposits.

Only the direct shipping ore (“DSO”) is considered amenable to beneficiation to produce lump and sinter feed, which forms part of the resources for LIM’s Schefferville Area Projects. LIM has updated its Ore Type category: the DSO is categorised by LIMH using categories based mainly on chemical and textural compositions. This classification is shown in the following table.

Table 1-2: Classification of Ore Type by LIMH

Schefferville Ore types (LIMH SETTINGS)					
TYPE	Fe(%)	P(%)	Mn(%)	SiO2(%)	Al2O3(%)
DRO (Direct Railing Ore)	>60	<0.05	<3.5		
PHG(Plant High Grade)	>55 & <60	<0.05	<3.5		
PLG(Plant Low Grade)	>50 & <55	<0.05	<3.5		
Yellow (Hi Phosphorous)	>50	>0.05	<3.5		
TRX(Treat Rock)	>45 & <50		<3.5		
PF	>50 & <60	<0.05	<3.5		
MN	Fe+Mn>=50		>3.5	<18	<5

The DRO, PHG and PLG ores, are composed mainly of the minerals hematite and martite and are generally coarse grained and friable. They are usually found in the middle section of the iron formation. Historically, these were considered as Blue Ore according to the Iron Ore Company of Canada (“IOC”), the previous operator in the area.

The current compliant iron resource estimates for the James Pit, Bean Lake, Redmond, Knob Lake, and Denault deposits follow updated iron ore categories (see Table 1-3) as per mining operations and nomenclature used by LIM since the beginning of mining operations.

The total mineral resources in the Schefferville Area for the Stage 1 deposits, which includes the James Pit, Bean Lake, Redmond 2B, Redmond 5, Denault and Knob Lake 1 deposits, contain 11.9 million tonnes of measured and indicated resources at an average grade of 54.95% Fe and are summarised in Table 1-3, while current compliant manganese resources for Knob Lake and Denault deposits total 2.4 million tonnes at 51.4% Fe and 6.13% Mn, summarized in Table 1-5.

In addition to the foregoing, LIM also holds some previously-mined 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 stockpiles are located within 15 km of the Silver Yards processing plant and form part of LIM’s Stage 1 deposits.

Table 1-3: NI 43-101 Compliant Iron Resources – Schefferville Area

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO ₂ (%)	Al ₂ O ₃ (%)
James Pit	Fe Ore (DRO, PHG, PLG,	Measured (M)	-	-	-	-	-	-
		Indicated(I)	-	-	-	-	-	-
		Total M+I	-	-	-	-	-	-
		Inferred	232,000	52.77	0.024	0.99	21.67	0.36
Bean Lake	Fe Ore (DRO, PHG, PLG,	Measured (M)	-	-	-	-	-	-
		Indicated(I)	-	-	-	-	-	-
		Total M+I	-	-	-	-	-	-
		Inferred	208,000	53.21	0.028	0.04	22.59	0.37
Redmond 2B	Fe Ore (DRO, PHG, PLG,	Measured (M)	-	-	-	-	-	-
		Indicated(I)	518,000	59.07	0.130	0.44	5.80	2.25
		Total M+I	518,000	59.07	0.130	0.44	5.80	2.25
		Inferred	25,000	57.19	0.130	0.66	5.92	4.12
Redmond 5	Fe Ore (DRO, PHG, PLG,	Measured (M)	-	-	-	-	-	-
		Indicated(I)	1,576,000	55.03	0.039	0.78	11.76	0.73
		Total M+I	1,576,000	55.03	0.039	0.78	11.76	0.73
		Inferred	60,000	52.33	0.063	1.72	11.28	0.97
Denault	Fe Ore (DRO, PHG, PLG,	Measured (M)	4,167,000	54.92	0.077	0.85	9.64	1.13
		Indicated(I)	507,100	53.17	0.080	0.76	11.96	0.97
		Total M+I	4,674,500	54.73	0.077	0.84	9.89	1.11
		Inferred	-	-	-	-	-	-
Knob Lake No.1	Fe Ore (DRO, PHG, PLG,	Measured (M)	2,824,000	55.01	0.070	1.00	10.21	0.48
		Indicated(I)	2,259,100	54.33	0.061	1.07	11.19	0.46
		Total M+I	5,083,500	54.71	0.066	1.03	10.65	0.47
		Inferred	643,800	51.78	0.085	1.21	13.53	0.45
All	Fe Ore (DRO, PHG, PLG,	Measured (M)	6,991,000	54.96	0.074	0.91	9.87	0.87
		Indicated(I)	4,860,200	54.94	0.063	0.88	10.88	0.79
		Total M+I	11,852,000	54.95	0.070	0.90	10.28	0.84
		Inferred	1,168,800	52.37	0.06	0.97	16.48	0.52

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

Table 1-4: Stockpiles Mineral Resource Estimates, by Deposit, as at March 31, 2013

Area	Classification	Tonnage	Fe(%)	P(%)	Mn(%)	SiO2(%)	Al2O3(%)
Ferriman 1 (C&D) Stockpile	Measured (M)	-	-	-	-	-	-
	Indicated(I)	2,394,000	49.34	0.053	1.21	21.63	1.01
	Total M+I	2,394,000	49.34	0.053	1.21	21.63	1.01
	Inferred	1,616,000	49.30	0.045	1.17	22.06	0.87
Wishart Stockpile	Measured (M)	-	-	-	-	-	-
	Indicated(I)	1,151,000	48.57	0.039	0.09	27.14	0.50
	Total M+I	1,151,000	48.57	0.039	0.09	27.14	0.50
	Inferred	1,280,000	48.24	0.038	0.08	27.54	0.50
All	Measured (M)	-	-	-	-	-	-
	Indicated(I)	3,545,000	49.09	0.049	0.84	23.42	0.84
	Total M+I	3,545,000	49.09	0.049	0.84	23.42	0.84
	Inferred	2,896,000	48.83	0.042	0.69	24.48	0.71

Dated March 31st, 2014

Mineral resources which are not mineral reserves do not have demonstrated economic viability

Table 1-5: NI 43-101 Compliant Manganiferous Resources - Knob Lake & Denault

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
Denault	Mn Ore	Measured (M)	1,443,000	52.05	0.078	6.36	6.00	1.09
		Indicated(I)	361,000	51.72	0.071	6.49	6.61	0.97
		Total M+I	1,805,000	51.98	0.077	6.39	6.13	1.07
		Inferred	-	-	-	-	-	-
KL1	Mn Ore	Measured (M)	375,000	50.55	0.086	5.59	8.45	0.68
		Indicated(I)	214,000	49.56	0.076	4.87	9.60	0.80
		Total M+I	588,000	50.19	0.082	5.33	8.86	0.72
		Inferred	127,000	49.18	0.046	4.80	9.66	0.40
All	Mn Ore	Measured (M)	1,818,000	51.74	0.080	6.20	6.51	1.01
		Indicated(I)	575,000	50.91	0.073	5.89	7.72	0.91
		Total M+I	2,393,000	51.54	0.078	6.13	6.80	0.98
		Inferred	127,000	49.18	0.046	4.80	9.66	0.40

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

1.1 The Property

As of the date of this Report, LIM holds four mining leases covering approximately 510 hectares (“ha”), eleven surface leases covering approximately 2,008 ha and 25 Mineral Rights Licenses issued by the Department of Natural Resources, Province of Newfoundland and Labrador, covering approximately 15,650 ha. SMI holds interests in 447 Mining Claims in Québec, covering approximately 14,342 ha. SMI also holds an exclusive operating license over 142 mining claims covering approximately 2,050 ha formerly contained in a mining lease. This lease expired in 2013, and was replaced by the 142 mining claims, which cover all of the land previously subject to the lease.

Under the terms of a joint venture agreement with Tata Steel Minerals Canada (LIM 49% and Howse Minerals Limited (“HML”) 51%), LIM and HML hold two mineral rights licences in Newfoundland and Labrador transferred from LIM in 2013 (a single licence divided into two new mineral rights licences), covering approximately 975 hectares in Western Newfoundland and Labrador.

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 (Québec).

There are no roads connecting the area to southern Labrador or to Québec. 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 and the Redmond Mine and Ferriman stockpiles in 2013.

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 located about 85 km away. 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 (in Québec and Labrador) were operated by the Iron Ore Company of Canada (“IOC”) and 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 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. 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 2013, has sold 3.6 million dry tonnes of iron ore in 23 cape-size ocean shipments 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.

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 62% 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 total 52.4 million tonnes with grades greater than 60% Fe.

1.3 Exploration and Drilling Activity

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. Since 2005, LIMHL has carried out exploration activities, including trench sampling as well as bulk sampling on some of the properties. 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.

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, and 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 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 test pitting totalled 1,407 assays. The test pitting program was conducted on the stockpiles located in the Wishart, Ferriman, Burnt Creek, Gagnon, Knox and Redmond locations. Test pitting is used exclusively for historical stockpile assessment, with the exception of test pitting at Knob Lake 1, which was used to determine the location of the western edge of the deposit.

A bulk sample program was started in 2006 (3,600 kg 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.

1.4 Geology

At least 45 hematite-goethite ore deposits have been discovered in an area that spans 20 km wide and extends 100 km northwest of Astray Lake, referred to as the Knob Lake Iron Range. This area 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 forms part of the resources for LIMHL's Schefferville Area Projects.

1.5 Resource Estimates

As of the date of this Report, the current resource estimates for the James, Bean Lake, Redmond 2B, Redmond 5, Knob Lake No.1 and Denault deposits are summarised in Tables 1-6 to 1-11. The resource update for stockpiles located in the Wishart and Ferriman properties are summarized in Table 1-12 and Table 1-13. Mineral resources within the James Pit, Bean Lake, Redmond 2B, Redmond 5, Knob Lake and Denault have been updated to meet LIM's current Ore Type descriptions. The Ferriman (C&D) and Wishart stockpiles have not been restated. All mineral resources stated below are current and effective as of March 31, 2014. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

SGS conducted an audit of an extensive reconciliation carried out by LIM personnel in the fall of 2013 of the James Mine 2013 production with estimated resources in a block model produced by SGS at the end of 2009. In 2013, SGS concluded that the average dry bulk density in the James Mine should be reduced from 3.45t/ m³ down to 2.85t/ m³ and recommended an added porosity of 15% (total 25%).

As of the date of the Report, the James Mine is under care and maintenance. Mineral depletion at James Mine has reached the optimal pit design. Revised Economical factors based on depletion and geological model outlined that remaining mineral resources based on the 2009 block model are no longer current and were removed from resources estimates. Additional diamond drilling carried out in the winter months of late 2013 and early 2014 outlined a small zone of mineralised material outside pit design called James Pit ("James Pit"), but does not contain sufficient material to sustain mining operations at James under current economic conditions. Additionally the closest south western extension of James Mine called Bean Lake does not contain sufficient material to sustain mining operations in Silver Yards under current economic conditions.

The current resource estimates for the James deposit correspond to the James Pit area. Based on observations and conclusions from the 2013 reconciliation the mineral resources of James (James Pit) total 232, 000 tonnes, of iron Ore (Fe Ore: DRO, PHG, PLG, Yellow) ore types as described above in the Inferred category at a grade of 55.77% Fe.

Table 1-6: Estimated Mineral Resources James Pit Deposit (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
James (James Pit)	Fe Ore (DRO, PHG, PLG, Yellow)	Measured (M)	-	-	-	-	-	-
		Indicated(I)	-	-	-	-	-	-
		Total M+I	-	-	-	-	-	-
		Inferred	232,000	55.77	0.024	0.986	21.67	0.36

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

SGS Geostat verified the available data and proposed mineralised solid for the Bean Lake deposit located south west of James Mine using the new and updated November 30th, 2013 topographic surface provided by LIM. The Bean Lake deposit in situ SG formula used is the same as the 2013 James Pit based on %Fe was also updated according to reconciliation work by LIM and from validation by Michel Dagbert, Senior Geostatistician for SGS Geostat.

As of the date of the Report, the James Mine is under care and maintenance. Mineral depletion at James Mine has reached the optimal pit design. Previous mineral resources in James (2009 block Model) are no longer current. According to LIMH, economical, recovery and grade factors demonstrated that remaining resources according to the original block model (2009) were no longer economic. The James Mine block model (2009) was removed from total resources estimates. Additional diamond drilling during 2013 and in the winter months of late 2013 and early 2014 were carried out, which further defined a small zone of mineralised material SW of the James Mine but does not contain sufficient material to sustain mining operations at James under current economic conditions.

The mineral resources of Bean Lake total 208,000 tonnes of iron Ore (Fe Ore: DRO, PHG, PLG, Yellow) ore types as described above in the Inferred category at a grade of 53.21% Fe.

Table 1-7: Mineral Resources of the Bean Lake Deposit (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
Bean Lake	Fe Ore (DRO, PHG, PLG, Yellow)	Measured (M)	-	-	-	-	-	-
		Indicated(I)	-	-	-	-	-	-
		Total M+I	-	-	-	-	-	-
		Inferred	208,000	53.21	0.028	0.04	22.59	0.37

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

Table 1-8: Updated Mineral Resources of the Redmond 2B Deposits (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
Redmond 2B	Fe Ore (DRO, PHG, PLG, Yellow)	Measured (M)	-	-	-	-	-	-
		Indicated(I)	518,000	59.07	0.130	0.44	5.80	2.25
		Total M+I	518,000	59.07	0.130	0.44	5.80	2.25
		Inferred	25,000	57.19	0.130	0.66	5.92	4.12

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

Table 1-9: Estimated Mineral Resources Redmond 5 Deposits (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
Redmond 5	Fe Ore (DRO, PHG, PLG, Yellow)	Measured (M)	-	-	-	-	-	-
		Indicated(I)	1,576,000	55.03	0.039	0.78	11.76	0.73
		Total M+I	1,576,000	55.03	0.039	0.78	11.76	0.73
		Inferred	60,000	52.33	0.063	1.72	11.28	0.97

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

Table 1-10: Estimated Mineral Resources for Knob Lake 1 (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
Knob Lake No.1	Fe Ore (DRO, PHG, PLG, Yellow)	Measured (M)	2,824,000	55.01	0.070	1.00	10.21	0.48
		Indicated(I)	2,259,100	54.33	0.061	1.07	11.19	0.46
		Total M+I	5,083,500	54.71	0.066	1.03	10.65	0.47
		Inferred	643,800	51.78	0.085	1.21	13.53	0.45
	Mn Ore	Measured (M)	1,818,000	51.74	0.080	6.20	6.51	1.01
		Indicated(I)	575,000	50.91	0.073	5.89	7.72	0.91
		Total M+I	2,393,000	51.54	0.078	6.13	6.80	0.98
		Inferred	127,000	49.18	0.046	4.80	9.66	0.40

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

Table 1-11: Estimated Mineral Resources for Denault (NI 43-101 Compliant)

Area	Ore Type	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
Denault	Fe Ore (DRO, PHG, PLG, Yellow)	Measured (M)	4,167,000	54.92	0.077	0.85	9.64	1.13
		Indicated(I)	507,100	53.17	0.080	0.76	11.96	0.97
		Total M+I	4,674,500	54.73	0.077	0.84	9.89	1.11
		Inferred	-	-	-	-	-	-
	Mn Ore	Measured (M)	375,000	50.55	0.086	5.59	8.45	0.68
		Indicated(I)	214,000	49.56	0.076	4.87	9.60	0.80
		Total M+I	588,000	50.19	0.082	5.33	8.86	0.72
		Inferred	127,000	49.18	0.046	4.80	9.66	0.40

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

Table 1-12: Estimated Mineral Resources for Wishart Stockpiles (NI 43-101 Compliant)

Area	COG	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
Wishart	>45% Fe (Base Case)	Indicated	1,151,000	48.5 7	0.04	0.09	27.14	0.50
		Inferred	1,280,000	48.2 4	0.04	0.08	27.54	0.50
		Indicated	1,512,000	47.0 7	0.04	0.09	28.97	0.67
		Inferred	2,134,000	45.7 2	0.04	0.09	30.64	0.78
	>0% Fe	Indicated	338,000	41.7 7	0.04	0.08	35.49	1.24
		Inferred	837,000	41.7 8	0.04	0.09	35.42	1.21
	<45%Fe	Indicated	338,000	41.7 7	0.04	0.08	35.49	1.24
		Inferred	837,000	41.7 8	0.04	0.09	35.42	1.21

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

Table 1-13: Estimated Mineral Resources, Ferriman C&D Stockpiles (NI 43-101 Compliant)

Area	COG	Classification	Tonnage	Fe (%)	P (%)	Mn (%)	SiO2 (%)	Al2O3 (%)
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

Updated March 31, 2014

Mineral Resources are not mineral reserves and do not have demonstrated economic viability

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 1-14 shows the combined summaries of the estimates of the historical mineral resources (non-compliant with NI 43-101) of the LIM-owned deposits in Labrador and the SMI deposits in Quebec. IOC categorized their estimates as “reserves”. The historical reserves described below differ slightly than resources described by LIM. IOC included the SiO₂ and Al₂O₃ in their ore type descriptions.

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

Table 1-14: Combined Summary Historical IOC Resource estimates (Non-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 above 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.

1.6 Interpretations & Conclusions

Since production began in 2011, the Company has been exposed to significant market volatility in iron ore prices, particularly during the period from mid-2012 to early 2013 and again in the year-to-date 2014, where the price of iron ore has declined to below US\$100 per tonne (CFR China 62% Fe basis). This has had an adverse impact on LIM's economic analysis, with a significant decrease of available mineralized material and recoverable resources. Consequently, the information under Additional Requirements for Advanced Property, prepared by Justin Taylor, P.Eng., DRA Americas Inc., in a Technical Report (dated April 12, 2013) is no longer current. This information has subsequently been updated and summarized in Section 17 – Other Relevant Data and Information of this Report.

Only the direct shipping ore is considered amenable to beneficiation to produce lump and sinter feed, which forms part of the resources for LIMHL's development projects. LIM has updated its Ore Type category in 2014. The DSO is categorised by LIM using categories based mainly on chemical and textural compositions. This classification is shown in Table 7-1.

The current compliant iron resource estimates for the James Pit, Bean Lake, Redmond 2B, Redmond 5, Knob Lake, and Denault deposits follow updated iron ore categories as per mining operations and nomenclature used by LIM since the beginning of mining operations.

There are no known factors or issues related to environment, permitting, legal, mineral title, taxation, marketing, socio-economic or political settings that could materially affect the mineral resource estimate.

Considerable variation in analytical data of blank material was observed in 2013, particularly for blanks from Gill Mine. It is strongly suggested to reevaluate the material being submitted for blanks.

Given the variability of the new blank material compared with that of the 2008 results, it may be difficult to interpret contamination issues. However, since all the values are below 9% Fe and the mean value is 3.53% Fe then it is not likely there is any major contamination. In 2013, LIMHL inserted a total of 79 standards for analysis, of which 31 were James standards, and 48 were Knob Lake standards. Based on the charts for iron and silica of the James Standards, we would conclude there is not likely any serious contamination or mislabels or other issues. For the Knob Lake Standards, results were good with the exception of sample 86350, which warrants further investigation. It is recommended to reevaluate the expected value and standard deviation of the Knob Lake Standard.

The results from the 87 duplicate analyses to a second lab are judged satisfactory. Small bias was observed for silica and iron. SGS and LIM concluded that there was good correlation between ACTLABS results and ALS Chemex results, indicating that there is confidence in the exploration results. LIM 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.

1.7 Recommendations

Since production began in 2011, the Company has been exposed to significant market volatility in iron ore prices, particularly during the period from mid-2012 to early 2013 and again in the year-to-date 2014, where the price of iron ore has declined to below US\$100 per tonne (CFR China 62% Fe basis). This has had an adverse impact on LIM's economic analysis, with a significant decrease of available mineralized material and recoverable resources. Consequently, the information under Additional Requirements for Advanced Property, prepared by Justin Taylor, P.Eng., DRA Americas Inc., in a Technical Report (dated April 12, 2013) is no longer current. This information has subsequently been updated and summarized in Section 17 - Other Relevant Data and Information of this Report.

Only the direct shipping ore is considered amenable to beneficiation to produce lump and sinter feed, which forms part of the resources for LIMHL's development projects.

Following the review of all relevant data and the interpretation and conclusions of this review, it is recommended that exploration be focused on LIM's other properties such as Houston, Malcolm and Howse. Until LIM has resolved all aspects of the mining and recovery, it is not recommended to conduct

further exploration on the Redmond 2B, Redmond 5, Denault and Gill, properties. Assay results from past exploration have been positive and have demonstrated the reliability of the IOC data, which has also been confirmed with the recent exploration.

SGS recommends the continued use of diamond drilling on prime targets in order to obtain core from all of its work areas. However, since the Company has not resumed mining activity at the James Mine, the author is not in a position to address further drilling campaigns and respective drilling budget until LIM's operations and activity in Labrador-Schefferville area have been confirmed.

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 1-15 summarizes an updated resource estimate for the Houston deposits, and Table 1-16 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 1-15: 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 1-16: 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, jiggling 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 1-17: 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 Menihik 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 flown 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, 2014, the Company had 126,323,123 common shares, 15,842,500 warrants, 1,229,375 options and 1,077,362 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 one common share, the then cash equivalent of one common share or a combination of same.

As at June 27, 2014 the Company had 126,323,123 common shares, 15,180,000 warrants, 1,201,875 options and 1,077,362 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 2013/14			
Month	High	Low	Volume
April 2013	\$0.68	\$0.54	6,332,044
May 2013	\$0.72	\$0.47	8,745,535
June 2013	\$0.51	\$0.42	3,520,713
July 2013	\$0.58	\$0.42	3,605,128
August 2013	\$0.58	\$0.47	5,171,665
September 2013	\$0.52	\$0.43	3,329,016
October 2013	\$0.45	\$0.29	4,628,626
November 2013	\$0.36	\$0.20	9,533,712
December 2013	\$0.34	\$0.17	11,434,771
January 2014	\$0.32	\$0.22	5,763,569
February 2014	\$0.24	\$0.11	9,998,527
March 2014	\$0.14	\$0.12	6,190,318

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, 2014:

1. Grant of deferred share units to independent directors:

<u>Date Issued</u>	<u>Number of Securities Issued⁽¹⁾</u>	<u>Weighted Average Fair Value</u>	<u>Exercise Price</u>
<u>2013</u>			
June 30	155,104 ⁽²⁾	\$42,878	N/A ⁽³⁾
September 30	161,904 ⁽²⁾	\$70,000	N/A ⁽³⁾
December 31	223,038 ⁽²⁾	\$70,000	N/A ⁽³⁾
<u>2014</u>			
March 31	452,790 ⁽²⁾	\$70,000	N/A ⁽³⁾

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) Each deferred share unit entitles the holder to receive upon retirement from his or her office with the Company one common share, the then cash equivalent of one common share or a combination of same.
- (3) 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.

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

As at March 31, 2014, 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	Nil
Gerald Gauthier ⁽¹⁾⁽³⁾ Toronto, Ontario	Mining Engineer, Chief Operating Officer of Xtierra Inc.	August 2007	75,000 (0.059%)
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 (0.1187%)
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 to 2011 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	5,250 (0.0042%)

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.

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 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

ITEM 15 – MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business as described elsewhere in this AIF, the Company has not entered into any material contract.

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. Cunningham, Coon Come and Gauthier, 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:

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.

Gerald Gauthier, Age 68. Mr. Gauthier is a mining engineer and is currently President and Chief Operating Officer of Xtierra Inc. From August 2005 to June 2008 he was Chief Operating Officer of Nevsun Resources Ltd. and from December 2002 until April 2004, Vice-President, Mining of Glencairn Gold Corp. Mr. Gauthier served as President and CEO of United Keno Hill Mines Limited from 1999 to 2001 and as President and COO of Santa Cruz Gold Inc. prior to 1999. Mr. Gauthier was formerly Senior Vice-President, Operations of Lac Minerals Limited.

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, 2014 and 2013 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Period Ended March 31, 2014	Period Ended March 31, 2013
Audit Fees ⁽¹⁾	\$216,000	\$287,000
Audit-Related Fees ⁽²⁾	-	-
Tax Fees ⁽³⁾	-	-
All Other Fees	-	-
Total	\$216,000	\$287,000

- (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 of Messrs. Maxime Dupéré, P.Geo 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, P Geo. 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, 2014 and 2013 and the consolidated statements of operations and comprehensive income (loss) and deficit and cash flows for the years ended March 31, 2014 and March 31, 2013. The auditors’ report is dated June 27, 2014. 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 19, 2013 for its most recent annual meeting of security holders that involved the election of directors, which was held on September 18, 2013, together with the Audited Financial Statements and Management's Discussion and Analysis for the year ended March 31, 2014 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 2014 Annual Information Form, the March 31, 2014 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, 2014.

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.

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.