LABRADOR IRON MINES
HOLDINGS LIMITED

ANNUAL MEETING OF SHAREHOLDERS

- Remarks of Chairman John F Kearney

At the Annual Meeting of Shareholders of **Labrador Iron Mines Holdings Limited** held in Toronto, Canada on October 3, 2017, **Chairman and Chief Executive Officer, John Kearney**, provided shareholders with an overview of the current position and outlook for the Company.

OVERVIEW

The past year, since the last AGM in September 2016, has been one of significant accomplishments for Labrador Iron Mines.

As shareholders will remember, LIM ended the year 2015, and started the year 2016, in a very difficult financial situation. Historically, the price of iron ore reached an all-time low of US$37 in December of 2015. LIM had liabilities of $66 million and significant continuing contractual obligations. In response to weak market conditions, hard decisions had to be taken to ensure the survival of the Company and preserve the long-term future of LIM's iron ore assets and operations.

On April 2, 2015, the Company instituted proceedings in the Ontario Superior Court of Justice for a financial restructuring by means of a plan of compromise or arrangement under the *Companies' Creditors Arrangement Act* ("CCAA") to provide an opportunity for the orderly restructuring of the Company's business and financial affairs.

The initial assessment by the Board of Directors was that there would be no residual value for creditors in a liquidation of assets or in a bankruptcy which would result in no return to stakeholders. This assessment was shared by the Monitor who had been appointed by the Court.

A five-year strategic plan, under various scenarios, was developed, covering the years 2016 – 2020, for a Court sanctioned Plan of Arrangement to settle all outstanding liabilities, successfully exit from the CCAA proceedings and place the Company and its projects on a firm footing with a five year runway in a position to restart mining operations upon a recovery in the iron ore price, while providing creditors with the hope of some recovery through an equity participation in LIM's assets and business.

LIM's focus during calendar 2016 was to implement a financial restructuring that would enable the Company to emerge with a viable business in the most favourable position to continue as a going concern. This involved challenging negotiations with major contract counterparties and suppliers and more than 100 creditors.

PLAN OF ARRANGEMENT – FINANCIAL RESTRUCTURING

The Plan was designed to restructure LIM's business to preserve its mining assets, permit the Company to continue its site activities in a standby mode in the near term, preserve a significant portion of the Company's tax losses and to position the Company to refinance an orderly resumption of its iron ore mining activities when the price of iron ore and economic conditions warrant.

The Plan was put forward in the expectation that all creditors, stakeholders and other persons with an economic interest in LIM and its business would derive a greater benefit from the implementation of the Plan than would result from a bankruptcy or immediate liquidation of assets.

The principal terms of the Plan were to convert the debts of Labrador Iron Mines Holdings Limited ("LIMH") into equity in LIMH and convert the debts of the operating subsidiary Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI") into equity in LIM. In addition, creditors of LIM and SMI received shares in Houston Iron Royalties Limited ("**RoyaltyCo**"), a newly-formed corporation that now has the right to receive a royalty equal to 2% of the sales proceeds (FOB Port of Sept-Îles) received by LIM from sales of iron ore from LIM's Houston and SMI's Malcolm properties.

A total of 102 claims were received, totaling $93 million. The Plan of Arrangement was approved unanimously by creditors of LIMH and by all except one creditor of LIM, and approved by the Court. As a result of implementation of the Plan, creditors of LIMH now hold, as a group, approximately 22% of the shares of LIMH and creditors of LIM and SMI hold, as a group, a 49% equity interest in LIM and a 100% interest in RoyaltyCo. Approximately 50 creditors with claims of $5,000 or less, or creditors with larger claims who elected to reduce their claims to $5,000, were paid in full, in cash.

As a result of the successful completion of the Plan of Arrangement in December 2016, LIM's financial situation improved significantly. The group has been transformed from having almost $100 million in debt claims and liabilities to being debt free, while retaining all its important assets.

Today, Labrador Iron Mines Holdings Limited has only one asset, namely its 51% shareholding in Labrador Iron Mines Limited which holds all of the group's mineral properties and assets.

On behalf of the Board of Directors, I would like to recognise the hard-work and exceptional performance of LIM's management in successfully completing the Plan of Arrangement, and exiting CCAA in just 20 months. I would also like to thank the creditors for supporting the Plan and welcome them as shareholders.

HOUSTON

Mr. Kearney reviewed LIM's Houston Project:

LIM's iron ore projects now consist of the Houston property and, subject to further exploration and development, other iron ore properties in the vicinity of Schefferville, including the Elizabeth taconite deposit.

Houston, which is LIM's principal asset, is situated in Labrador about 25 kilometres ("km") southeast of the town of Schefferville, Quebec. Together with the Malcolm deposit, considered to be its northwest extension, Houston is estimated to contain a National Instrument 43-101 ("NI 43-101") resource of 40.6 million tonnes grading 57.6% iron ("Fe").

Planning for the development of the Houston Project continues, although such planning is limited to the use of internal resources. The original Houston development plan was revised in response to lower iron ore prices and in order to reduce upfront capital. The revised development plan is based on lower-cost dry crushing and screening only. When in full production, the Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year, with an initial mine-life of 8 to 10 years. The capital investment to put Houston into production, with a projected ten-year mine life, is relatively modest, and the lead time for development relatively short, compared with most other iron ore projects under development in the Labrador Trough.

Subject to securing development financing, LIM is now positioned to resume mining operations as soon as the price of iron ore and economic conditions warrant.

PROPERTY CARE AND MAINTENANCE

LIM's current operational activities focus on care and maintenance of the Company's mineral properties and assets.

Notwithstanding the challenging financial environment during the past several years, LIM continued to conduct a variety of operational activities with the objective of preserving its assets, maintaining its mineral properties on a standby basis, fulfilling environmental and regulatory obligations and controlling costs.

During the past two years, we conducted the field programs required to maintain our mineral claims in good standing although a number of non-core mineral claims have been dropped or surrendered.

Progressive rehabilitation work at the James Mine has been completed. The open pit is now flooded with natural water, as planned, and water is discharging by way of a reclaimed tributary. The rehabilitation work included placement of overburden and organic material on the settling pond area, waste rock stockpile and treat rock stockpile. We also completed vegetation work in the James Mine area and completed a geotechnical study to assess the waste rock stockpile stability. We also carried out an environmental site assessment as well as concluding an evaluation of the Redmond Creek fish habitat replacement.

The Company continues to fulfill all its environmental regulatory and reporting requirements, which principally relate to maintaining acceptable water quality and fish habitat conditions in the lakes and tributaries surrounding the James Mine.

The Company continued its efforts to offset operating costs by the sale of non-core assets and equipment and by generating third party income from otherwise idle property and equipment. Such initiatives include the development of a rail car repair and refurbishment business at the Centre Ferro facility in Sept-Iles, Quebec. LIM has succeeded in reducing its ongoing care and maintenance costs significantly, while at the same time completing required reclamation activities.

The asset sales concluded or contemplated include: maintenance facilities and other real property located in Schefferville and Sept-Îles miscellaneous production equipment, rail sidings and non-core capital assets; and interests in various iron ore deposits.

CORPORATE G&A

From a corporate perspective, LIM has significantly reduced corporate overhead and we continue to focus on cost reduction. A major work-force reduction and office lease rationalization process was completed which significantly reduced corporate overhead. Corporate salaries have also been reduced and all directors' fees have been waived.

Some questions have been raised regarding senior executive compensation as disclosed in the Information Circular for this meeting. It should be noted that this disclosure is in respect of the year ended March 31, 2017, which as I have mentioned was a very active year. Since year end March 31, 2017 further reductions in senior executive compensation have been implemented in the current year. Further, part of the reported executive compensation for previous years was subject to compromise and settled as part of the CCAA, in the same way as all other creditors.

I would like to take this opportunity to thank the senior management and remaining staff of LIM who stayed loyal and committed, working under very uncertain circumstances.

IRON ORE PRICE

Let me remind shareholders that the Company's direct shipping iron ore ("DSO") projects were conceived and developed in 2010 and 2011 in an environment of much higher iron ore prices. For example, when certain service and supply contracts were signed in March 2011, the price of iron ore was around US$190 per tonne CFR China compared to the current price of US$60 per tonne CFR China.

Since the beginning of 2014, the price of iron ore has declined 55% to US$60 per tonne (62% Fe fines on a CFR China basis), compared to an average price of US$135 per tonne in 2013 and US$97 per tonne in 2014.

Historically, the price of iron ore reached an all-time high of US$191 in February of 2011 and a low of US$37 in December of 2015. The steep decline in the price of iron ore in the period since 2013 has been attributed to the substantial increase in production by the world's top iron ore producers in Australia and Brazil.

The iron ore market continues to be very volatile. Driven by increased Chinese demand, the price of iron ore doubled in 2016, reaching a two-year high of US$80 per tonne (62% Fe CFR China basis) by the end of the year. In early 2017 the price continued to rise, peaking at US$97 per tonne in February 2017, its highest level since mid-2014. However, during the quarter ended June 30, 2017 the iron ore price declined to a low of US$55 per tonne, before recovering to US$75 per tonne subsequent to quarter end and then down again to about US$60 per tonne.

It is anticipated that the supply surplus will continue to grow to potentially over 100 million tonnes in 2017. Hancock Prospecting's new Roy Hill mine in Australia has started commercial production, contributing another 50 million tonnes per annum to the supply side.

However, lower prices have forced the closure of higher cost domestic Chinese producers. The resultant shortfall in Chinese domestic production is currently being displaced by lower cost Australian imports.

The large producers have been able to remain profitable in spite of depressed iron ore prices because of lower production costs and have defended the strategy of boosting production, arguing that if they backed off competitors would take market share. However, they have been criticized for intentionally oversupplying the market to suppress iron ore prices to drive smaller producers out of business. The top four producers are re-asserting their status as an oligopoly in the market and this dominant position is forecast to increase to 75% within the next two years and will hopefully result in more disciplined supply growth and less volatility in market prices.

The market outlook for iron ore remains uncertain. Robust steel production and iron ore demand from China have underpinned the iron ore price over the past ten years. China's increasing steel intensity (steel usage per capita) has been driven by rapid economic growth and continued urbanization, leading to significant increases in the rate of residential construction, public infrastructure development and durable goods production. Demand for steel, and thus for iron ore, is largely dependent on economic and infrastructure growth in China. Despite an economic slowdown, it would seem that 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.

Based on current industry analyst consensus, the iron ore spot price is anticipated to be in the US$60 to US$70 per tonne range over the next two years, while the forecast for long-term iron ore prices is in the range of US$70 to US$80 per tonne.

LABRADOR TROUGH OVERALL RESTRUCTURE

All Canadian iron ore producers in the Labrador Trough have felt the impact of lower iron ore prices. At previous Annual Meetings I discussed the need for a rethink and restructuring of the iron ore business in the Labrador Trough in order for Canada to remain competitive globally.

This is largely a function of infrastructure: transport and power. While extensive and existing infrastructure is in place, access to this infrastructure at reasonable commercial terms remains a huge challenge. Access to infrastructure is key to bringing down high costs.

It is difficult to compete globally if more than two thirds of operating costs are incurred on power, transport and ocean freight. To operate economically in this market environment, iron ore projects in Canada, including the Company's Schefferville Projects, need to reduce costs to be competitive. Canada is on the opposite side of the world from the main iron ore market in China. Australia not only has a huge ocean freight advantage shipping to China, but Australian operating costs are generally lower than Canadian costs.

New infrastructure and investment will allow us to develop and operate our projects more effectively and cheaply. Both government participation and private sector investment is crucial to the establishment of necessary infrastructure. These investments are too big for any single mining company and, in my opinion, rightfully the responsibility of Government, which is in the best position to accomplish this and the country is ultimately the long-term beneficiary.

In the past year there have been some notable improvements in infrastructure at the Port of Sept Iles.

Investissement Quebec, the investment arm of the Government of Quebec, purchased Cliffs' port assets at the Pointe Noire area of the Port of Sept-Iles for a purchase price of $68 million, plus the assumption of environmental liabilities.

The port assets were subsequently transferred to Société Ferrovaire et Portuaire de Pointe Noire, (a public private partnership) which now includes Tata Steel Minerals Canada and Champion Iron and which LIM has been invited to join. These port assets include the Wabush yard, dumper and loader, the Bloom Lake dumper and loader, the Wabush Pellet Plant and the Arnaud Railway which connects that part of the Port to the QNSL railroad of IOC, which in turn connects the Port to Labrador City and, via the TSH railway, to Schefferville.

Also in 2016, the Government of Quebec made a financial contribution of $175 million to Tata Steel Minerals Canada to support the achievement at Schefferville of a direct shipping iron ore project (DSO project) which will help Plan Nord succeed by promoting, amongst others, transshipment activities in the Port of Sept-Îles where Tata Steel Minerals Canada is the first mining company to use the rail and port assets of the Pointe Noire area, acquired by Société Ferrovaire et Portuaire de Pointe Noire.

At the new multi-user deep water dock the Port of Sept-Iles is connecting the new multi-user dock by installing a new conveyor system. Completion of this project at a cost of $15 million is anticipated in February 2018.

NEAR-TERM FOCUS

LIM owns extensive iron ore resources, processing plant and equipment and rail infrastructure and facilities in its Schefferville Projects. LIM's current operational activities focus on care and maintenance of the Company's mineral properties and assets. The Company is cognizant that its operations will need to be funded on a care and maintenance basis. In that regard, we have identified surplus assets to be sold on an orderly basis in order to cover stand-by reclamation and operating costs for a two year period.

LIM does not plan to develop the Houston Project until market conditions improve. There is currently no indication that the iron ore market is likely to materially improve in the short to medium term and it is likely to be a number of years before market conditions improve such that the value of LIM's existing assets may improve significantly or where it may be possible to extract value from a joint venture or sale.

To have a viable economic operation LIM needs a higher iron ore price and needs to "re-set" its projects. LIM is pursuing longer term strategic initiatives aimed at necessary permanent structural reductions in operating costs and revenue deductions. These include: focusing on dry processing only for its DSO projects, maintaining product quality, improving recoveries, alternative port arrangements at Sept-Iles, sharing facilities with other companies and developing alternative destination markets with lower freight costs for the Company's products.

LIM negotiated the suspension of most of its major commercial contracts and agreements. In general, these contracts and agreements have not been terminated, but rather the ongoing commitments have been suspended until mining operations resume. LIM is therefore seeking to negotiate revised commercial terms with its major contractors and suppliers. Operating cost saving initiatives are required across the board, including with respect to mining costs, rail transportation, fuel procurement, aviation services, hydro-electric power, human resources and manpower and corporate and administration costs.

LIM needs to secure additional financial resources to fund the development of our Houston project. However, there are no assurances that the Company will be successful in obtaining any required financing. If LIM is unable to successfully obtain adequate additional financing, the Company will be required to curtail all operations and development activities.

In the meantime, Labrador Iron Mines Holdings Limited, which holds only 51% of the shares of Labrador Iron Mines Limited, plans to evaluate other possible opportunities in the mining business.

I would like to thank the Board of Directors who stayed in their positions, without compensation, fulfilling their fiduciary responsibilities through the difficult CCAA restructuring period.

Finally, I would like to thank all our stakeholders: employees, contractors, suppliers, governments, local communities and our shareholders for their continuing support.

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