LABRADOR IRON MINES HOLDINGS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE QUARTER ENDED JUNE 30, 2014

Dated: July 30, 2014

GENERAL

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto of Labrador Iron Mines Holdings Limited ("LIM" or the "Company") for the quarter ended June 30, 2014.

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

This MD&A contains forward-looking statements.

LIM is listed on the Toronto Stock Exchange under the symbol "LIM".

OVERVIEW

Labrador Iron Mines is engaged in the mining of iron ore and in the exploration and development of direct shipping iron ore projects (the "Schefferville Projects") in the central part of the prolific Labrador Trough region, one of the major iron ore producing regions in the world, situated in the Menihek area in the Province of Newfoundland and Labrador and in the Province of Québec, centered near 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 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-Îles on the Atlantic Ocean and benefit from established infrastructure, including the town of Schefferville, airport, roads, hydro power and rail service.

LIM 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 stockpiles.

The Company's mine operations are 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.

LIM has not recommenced mining operations for the 2014 operating season, due to a combination of the prevailing low price of iron ore in 2014 to date, 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 establishing a lower cost operating framework and completing development of the Company's flagship Stage 2 Houston Mine, while concurrently negotiating the commercial terms of major contracts and seeking additional capital investment and working capital.

Accordingly, the Company's plan for the balance of calendar 2014 is 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 is also completing its exploration program on the Howse Deposit and completing the expansion of its Silver Yards rail spur, both of which activities are fully funded by TSMC.

Resources

As at March 31, 2014, LIM had NI 43-101 compliant measured and indicated mineral resources of approximately 54.8 million tonnes at an average grade of 56.8% iron ("Fe") on the Schefferville Projects. In addition, the Company holds previously-mined stockpiles with a NI 43-101 compliant, indicated mineral resource of approximately 3.5 million tonnes at an average grade of 49.1% Fe and an inferred resource of approximately 2.9 million tonnes at an average grade of 48.8% Fe. These previously-mined stockpiles are located within 15 kilometres ("km") of Silver Yards and form part of LIM's Stage 1 deposits.

LIM's 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. The Company holds approximately 108 million tonnes in historical resources previously identified by IOC. LIM's 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.

These historical resource 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 Company also holds a NI 43-101 compliant inferred mineral resource estimate for the Elizabeth Taconite Project (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe. Taconites require upgrading through a concentrator involving a major capital investment to produce a saleable iron ore product.

A feasibility study has not been conducted on any of the Schefferville Projects and the Company's decision to undertake commercial production has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability. Mineral resources, unlike reserves, do not have demonstrated economic viability.

OPERATIONS SUMMARY

Summary

The Company's operating results for the quarters ended June 30, 2014 and 2013 are summarized in the table below.

	Quarter Ended June 30, 2014		**Quarter Ended June 30, 2013**	
(all tonnes are dry metric tonnes)	**Tonnes**	**Grade (%Fe)**	**Tonnes**	**Grade (%Fe)**
Total Ore Mined	-	-	345,603	56.7%
Waste Mined	-	-	1,033,681	-
Ore Processed and Screened	-	-	545,949	56.5%
Lump Ore Produced	-	-	10,550	57.4%
Sinter Fines Produced	-	-	329,317	59.9%
Total Product Railed	-	-	327,571	59.0%
Total Product Sold	-	-	328,026	59.0%
Port Product Inventory	-	-	110,552	60.8%
Site Product Inventory	1,995	55.6%	15,848	59.1%
Site Run-of-Mine Ore inventory	263,361	54.0%	346,597	54.7%

The Company did not conduct any mining operations during the quarter ended June 30, 2014. During calendar 2014, the Company's focus is on developing the Houston Mine and, subject to completion of financing and negotiation of major contracts, expects to be in a position to begin mining production from Houston in 2015. Accordingly, the Company's focus during the quarter ended June 30, 2014 was on corporate activities related to negotiating the commercial terms of major contracts and seeking additional capital investment and working capital.

Silver Yards – James Mine, Redmond Mine and Ferriman Stockpiles

LIM completed its third operating year from 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-Îles in early December.

The Company did not restart mining operations in April 2014, and has 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 does not currently plan 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 Company also plans to complete modifications to the Silver Yards rail siding in the second half of 2014.

Houston Project

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.

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.

An independent mineral resource estimate of the Houston deposits, prepared as of March 31, 2013, confirmed the aggregate measured and indicated resource estimate of 31.3 million tonnes at an average grade of 57.5% Fe.

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. The Malcolm 1 deposit is located approximately 4 km from Houston and is considered to be its northwest extension.

Together, the Houston and Malcolm deposits are estimated to contain Measured and Indicated resources of 40.6 million tonnes grading 57.6% Fe and comprise LIM's planned Stage 2 direct shipping iron ore ("DSO") operations. (*"Technical Report Mineral Resource Update of the Houston and Malcolm 1 Property, Labrador West Area, Newfoundland and Labrador and North Eastern Québec Canada, for Labrador Iron Mines Holdings Limited"* dated effective April 24, 2013 by Maxime Dupéré, P.Geo. of SGS Canada Inc. and Justin Taylor P.Eng. of DRA Americas Inc.).

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.

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 also 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.

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.

Capital and Operating Costs

The only capital project currently underway is completion of expansion of the Silver Yards rail siding. This capital project is fully funded by TSMC. During the quarter, the Company received an advance of $1,000,000 from TSMC and a further $2,000,000 was received subsequent to the end of the quarter.

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 the haulage road.

Operating costs per tonne during the operating seasons completed to date have been 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, which will have a material impact on the Company's ability to complete current financing negotiations and achieve future operating profitability.

Sales of Iron Ore

The Company did not conduct any mining operations or iron ore product sales during the quarter ended June 30, 2014. During calendar 2014, the Company's focus is on developing the Houston Mine and, subject to completion of financing and negotiation of major contracts, expects to be in a position to begin mining production and sales from Houston in 2015.

In May 2013, the Company signed a two-year iron ore sales agreement with IOC. Under this sales agreement, IOC agreed to buy all of the LIM iron ore produced during the 2013 and 2014 operating seasons.

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 June 30, 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 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.

Joint Venture with Tata Steel Minerals Canada to Develop the Howse Deposit

In September 2013, the Company closed its previously announced joint venture with Tata Steel Minerals Canada Ltd. ("TSMC") for the exploration and development of LIM'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).

Under the terms of the joint venture agreement, TSMC and LIM agreed to form an unincorporated joint venture (the “Joint Venture”) pursuant to which Howse Minerals Limited (“HML”), a wholly owned subsidiary of TSMC, acquired an initial 51% participating interest in the Howse Deposit for a total cash consideration of $30 million.

As part of the Joint Venture, LIM committed to conduct a $5.0 million exploration program on the Howse Deposit.

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.

The new rail line connecting TSMC’s processing plant to the Company’s existing rail spur line at Silver Yards was completed during the quarter and is expected to be operational in the near future. This work, which is fully funded, included the rehabilitation of the Company’s track from Silver Yards to the Knob Lake junction, providing approximately 6 km of used rail, which is available for the Silver Yards rail siding expansion currently underway and potentially also for future rail work at Houston.

Exploration Program Update

For the 2014 field season, the Company is focused on completion of the exploration program on the Howse Deposit.

As part of the Joint Venture, LIM committed to conduct a $5.0 million exploration program on the Howse Deposit, of which $2.9 million was expended by LIM on the 2013 Howse drilling program. The 2013 drilling program was suspended during the winter after 2,760 metres were drilled in 21 holes and geotechnical and geohydrology field studies were initiated. A further 3,500 m of exploration drilling is currently underway. LIM’s remaining financial commitment of $1.8 million for the 2014 Howse exploration program is fully funded.

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 ultimately complete a feasibility study. 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, environmental impact study and a preliminary economic assessment are expected to be completed by the end of 2014 and the feasibility study is expected to be completed in 2015.

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.

Transportation – Rail and Port

The Company did not rail or ship any iron ore product during the quarter ended June 30, 2014.

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 the haulage road to connect Houston to the current road to Silver Yards close to the Redmond Mine.

The Company also 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.

Until completion of the Houston rail siding, the Company's iron ore is loaded onto railcars at the Silver Yards processing facilities, and transported by rail via the Company's spur line to the Tshiuetin Rail Transportation Inc. ("TSH") railway, which connects to the Québec North Shore and Labrador ("QNS&L") railway at Emeril Junction and travels to the Port of Sept-Îles, where the train sets carrying the Company's iron ore are unloaded and the product is stockpiled for shipping. Upon completion of the Houston rail siding, the Company's iron ore will be loaded directly onto railcars at the new rail siding near the Houston site, which will connect to the TSH railway.

Under the Company's confidential rail transportation contracts signed with QNS&L in 2011 and with TSH in 2012, the Company committed to minimum tonnages per month over each eight month annual operating season. The Company is currently seeking to negotiate revisions to the commercial terms of its rail agreements. There is no assurance that such negotiations will be successful or that any such revised commercial terms will be achieved.

As part of its long-term confidential rail transportation contract with TSH, LIM has agreed to make contributions towards the costs of the TSH upgrade program on its Menihek rail line up to a total amount of an additional $16.5 million over four years. During 2013, TSH continued to carry out upgrade work following a cash investment by LIM of $5.0 million in 2012 (in addition to a cash investment by LIM of $3.5 million in 2011) and similar investments by TSMC. The Company contributed a further non-refundable $1.0 million to the TSH upgrade program in September 2013. The Company's remaining capital commitment towards the TSH upgrade program is $15.5 million. During the quarter, in conjunction with TSMC and TSH, the Company conducted a preliminary review of the long term capital requirements for the railway. When finalized, the Company anticipates that its capital commitment towards the TSH upgrade program will be significantly reduced.

The Company signed a two year iron ore sales and port handling agreement with IOC for the sale to IOC of all iron ore produced in the 2013 and 2014 operating seasons, under which all product sold to IOC is handled by IOC through its port facilities at Sept-Îles. However, the Company does not expect any production of iron ore product during 2014. Accordingly no iron ore product is anticipated to be sold to IOC or handled through IOC's port facilities at Sept-Îles in 2014.

The port handling arrangements for the shipment of LIM'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 conveyer 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 subsidiaries of Cliffs Natural Resources ("Cliffs") in the Pointe-Noire area of 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.

In February 2013, CN Rail announced the discontinuation of its port terminal and railway initiative for Sept-Îles and the Labrador Trough. LIM, as a participant in the CN Rail consortium, received a full refund of $1.5 million, as well as all baseline environmental and technical data prepared by CN Rail. Subsequently, LIM completed a scoping-level (+/-30%) study of a multi-user port terminal at Point 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. LIM assumes that it will be expected to invest some capital in any new terminal at Pointe Noire and that the project will be substantially financed by third parties.

Iron Ore Market Conditions

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 fell steadily in the Chinese market and the benchmark price for 62% Fe iron ore declined to below US$90 per tonne in June 2014, a decline of over 30%. The benchmark price for 62% Fe iron ore improved somewhat in July 2014 and is currently about US$95 per tonne. Iron ore exports from Australia to China have increased significantly in 2014, pushing 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 the first half of 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 is currently being displaced by lower cost Australian imports. The estimated average marginal cost of Chinese iron ore production, widely reported at approximately US$120 per tonne in 2013, is now reported to have decreased to approximately US$100 per tonne through 2014, providing a level of support for long term iron ore prices (62% Fe fines on a CFR China basis) at this level.

Outlook

The Company has not restarted mining operations in 2014, and has 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 April 2015. The Company is also completing its exploration program on the Howse Deposit and completing the expansion of its Silver Yards rail spur, both of which activities are fully funded by TSMC.

The Company does not currently plan any mining or processing activity in 2014, which is planned instead to be a development year, and expects all processing activity in 2015 to be dry processing of high grade Houston ore that will be trucked from Houston to the existing dry processing facilities at Silver Yards. 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 initial capital investment 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 Mine in 2014 is subject to the availability of new financing and completion of detailed engineering and planning. The Company is currently negotiating various financing and off-take arrangements to fund the planned first phase Houston development and related transportation expenditures. There are no assurances that the Company will be successful in obtaining the required financing and, if the Company is unable to obtain such financing, the development of the Houston Mine will be postponed.

As part of its plan to establish a lower cost operating framework and substantially reduce operating costs, the Company is seeking to negotiate revised commercial terms with its major contractors and suppliers. Operating cost saving initiatives have been completed with respect to mining equipment rates, fuel procurement, aviation services, hydro-electric power, exploration costs, winter cost management, rail car leasing rates, human resources and man power and corporate and administration costs. The Company has implemented major reductions in staff levels and compensation across the organisation and directors' fees have been waived. All non-essential capital expenditure has been deferred and no significant exploration activity is planned for 2014 outside of exploration at the Howse joint venture that is already funded by TSMC.

In addition to the above, the Company is also pursuing longer term strategic initiatives aimed at necessary permanent structural reductions in operating costs and revenue deductions. These include increasing sales volumes, while maintaining product quality, improving recoveries, potentially owner mining, alternative port arrangements at Sept-Îles, sharing facilities with TSMC and developing alternative destination markets for the Company's products. These strategic initiatives have targeted potential reductions in operating costs and revenue deductions of a minimum of $20 per tonne of saleable product. However, although such reductions are considered essential to ensure the longer term economic viability of LIM's operations, there can be no guarantee that these strategic initiatives will be concluded successfully or on a timely basis.

The Company is currently negotiating certain financing opportunities and, subject to the Company completing these financings, the Company believes it will have sufficient working capital to continue to operate over the next year. In the meantime, and pending completion of any financing, the Company will endeavor to prudently manage its cash resources in order to ensure the integrity of its properties and to meet all regulatory requirements. However, there are no assurances that the Company will be successful in obtaining any required financing, or in obtaining financing on a timely basis or on reasonable or acceptable terms and, as part of this process, the Company is continually evaluating the current situation with respect to the current price of iron ore and the timing and risk associated with potential financing proposals. If the Company is unable to obtain adequate additional financing on a timely basis, the Company would be required to curtail all operations and development activities.

Qualified Persons

Scientific and technical information disclosed herein has been prepared under the supervision of Rod Cooper, P.Eng., President and Chief Operating Officer and Michel Cormier, Geol. Eng., Vice President Exploration of the Company, both of whom act as the Company's Qualified Persons within the meaning of NI 43-101.

Technical Report entitled "*Technical Report: Schefferville Area Phase 1 DSO Iron Projects Resource Update, Western Labrador – NE Québec, Canada*" dated effective June 27, 2014 by Maxime Dupéré, P.Geo. of SGS Canada Inc., who is a Qualified Person and independent person of the Company within the meaning of NI 43-101, filed on SEDAR, may be viewed under the Company's profile at www.sedar.com.

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

Technical Report entitled *"Mineral Resource Technical Report Elizabeth Taconite Project Labrador"* dated effective June 15, 2013 by George H. Wahl, P.Geo., GH Wahl & Associates Consulting who is a Qualified Person and independent of the Company and within the meaning of NI 43-101, filed on SEDAR, may be viewed under the Company's profile at www.sedar.com.

The historical resources referred to in this document are based on work completed and estimates prepared by the Iron Ore Company of Canada prior to 1983 and were not prepared in accordance with National Instrument 43-101 ("NI 43-101"). The Company is not treating the historical resource estimates as current NI 43-101 resources. A Qualified Person has not done sufficient work to classify these estimates as current mineral resources; however, the Company considers the historical resource estimates to be relevant and reliable.

The terms "iron ore" and "ore" in this document are used in a descriptive sense and should not be construed as representing current economic viability.

RESULTS OF OPERATIONS

Quarter Ended June 30, 2014

The Company did not have any shipments of iron ore during the quarter ended June 30, 2014. Accordingly, the Company recognized no net revenue from mining operations during the quarter ended June 30, 2014, compared to net revenue of $17.9 million on sales of approximately 328,000 tonnes of iron ore in two shipments during the same quarter of the previous year.

The Company reported a net loss of $4.0 million, or $0.03 per share in the quarter ended June 30, 2014, compared to a net loss of $28.5 million, or $0.23 per share, during the same quarter of the previous year. The net loss in the quarter ended June 30, 2014 included a depletion and depreciation charge of $1.3 million, or $0.01 per share, compared to depletion and depreciation of $5.6 million or $0.04 per share charged during the same quarter of the previous year.

The decrease in net loss compared to the same quarter of the previous year is mainly attributable to a lower operating loss during the first quarter of the current fiscal year. The Company did not conduct any mining operations, other than mine site activities, during the first quarter of the current fiscal year. Consequently, the net loss is mainly attributable to site standby costs, in particular dewatering, pumping and environmental monitoring and maintenance costs, and corporate and administrative costs. By the end of May 2014, dewatering and pumping activities had ceased, which will significantly reduce site standby costs in future quarters. In comparison, during the first quarter of the previous fiscal year, the Company's mining operations resulted in an operating loss of $23.8 million, attributable to a low volume of sales combined with high transportation and high processing costs.

The Company recorded a depletion and depreciation charge of $1.3 million during the quarter, a decrease from $5.6 million charged during the same quarter of the previous year. Depletion and depreciation represents a period charge, primarily on a units-of-production basis, of the cost of Stage 1 mining assets, the Silver Yards processing plant, transportation equipment and infrastructure and site properties. The decrease in the depletion and depreciation charge in the first quarter of the current year compared to the same quarter of the previous year is due to the absence of mining and processing activities during the current year's first quarter.

During the quarter ended June 30, 2014, the Company invested only $0.06 million in property, plant and equipment, compared to approximately $8.4 million invested during the same quarter of the previous year. The current quarter's capital expenditures were limited to essential sustaining capital activities.

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended							
($000s, except per share data)	Sept 30, 2012	Dec 31, 2012	March 31, 2013	June 30, 2013	Sept 30, 2013	Dec 31, 2013	Mar 31, 2014	June 30, 2014
Net (loss)	(31,712)	(16,110)	(71,269)	(28,507)	(24,928)	(31,304)	(20,478)	(3,976)
(Loss) per share	(0.47)	(0.19)	(0.65)	(0.23)	(0.20)	(0.25)	(0.15)	(0.03)
Total assets	359,381	358,789	296,359	321,288	288,270	249,150	224,568	219,444

The increase in loss in the quarter ended September 30, 2012 relates to a significant decline in the price of iron ore during the quarter, which had a significantly negative impact on operating results for the quarter. The loss in the quarter ended March 31, 2013 includes a non-cash write-down of mineral property interests and accounts receivable totaling in aggregate of $61.2 million. The losses in the quarters ended June 30, and September 30, 2013 were impacted by higher value-in-use penalties, higher processing costs and higher depletion and depreciation charges compared to the comparable quarters in the previous year. The loss in the quarter ended September 30, 2013 includes a gain on sale of mineral property of $9.6 million. The loss in the quarter ended December 31, 2013 includes a depletion and depreciation charge of $11.3 million. The decrease in loss in the quarter ended June 30, 2014 is attributable to the Company conducting only site standby and corporate activities during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2014, the Company had current assets of $12.1 million, including inventories with a carrying value of $2.0 million and accounts receivable and prepaid expenses of $3.2 million. At June 30, 2014, the Company had $5.0 million in unrestricted cash and cash equivalents and an additional $1.8 million in current restricted cash. The Company's cash and cash equivalents are invested in an investment grade short-term money market fund and deposits with a major Canadian bank.

Current liabilities, consisting of accounts payable and accrued liabilities, finance lease obligations and rehabilitation provisions, were in aggregate $25.1 million at June 30, 2014.

At June 30, 2014, the Company had a working capital deficit of $13.0 million compared to a working capital deficit of $8.7 million at March 31, 2014. The Company had no current or long-term bank debt at June 30, 2014, however the Company had a long-term repayable deferred revenue liability of $21.4 million.

The Company has entered into finance lease agreements for its Bean Lake mine accommodation camp and is committed to minimum lease payments under these finance lease agreements. Under its rail transportation agreements, the Company is committed to minimum take or pay tonnages per month over its eight month annual operating season. The Company is currently seeking to negotiate revisions to the commercial terms of its rail agreements. There is no assurance that such negotiations will be successful or that any such revised commercial terms will be achieved.

In May 2013, the Company completed an advance payment off-take financing with RBR for gross cash proceeds of US$35.0 million which the Company has agreed to repay over a period of two years, credited against proceeds of LIM's committed sales of 3,500,000 wmt of iron ore shipments. At June 30, 2014, a total of 1,663,000 wmt of iron ore had been delivered under this contract with US$14.4 million credited against the advance payment. The Company is currently negotiating an 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 will be deferred until 2015. There is no assurance that such negotiations will be successful or that any such deferrals will be achieved.

In September 2013, the Company closed its previously announced joint venture with TSMC for the exploration and development of LIM's Stage 3 Howse Deposit. LIM received $30.0 million from TSMC for the sale of a controlling interest in the Howse Deposit, which was used to fund working capital, capital expenditure and exploration requirements for the 2013 operating season.

As part of the co-operation arrangements, TSMC advanced the Company a non-interest bearing loan of $3.0 million to undertake modifications to its Silver Yards rail siding to facilitate the construction and operation of the extended rail line from Silver Yards to TSMC's Timmins Area plant. An additional $2.0 million non-interest bearing loan was advanced by TSMC in July 2014, which will also be used by the Company to complete the modifications to the Company's Silver Yards rail siding in 2014. The Company has agreed to transfer surface rights of its rail spur main line (but not the Company's Silver Yards rail siding) to a third party rail operator, which will operate the Timmins extension rail line, for $5.0 million which will be used to repay the foregoing $5.0 million loan to TSMC.

The Company is negotiating certain financing opportunities to fund its current working capital deficit, planned capital development programs and site standby and corporate costs, so as to continue as a going concern. The Company estimates that it will require approximately $10 million to address its working capital deficit, approximately $20 million to fund the first phase of Houston capital development and approximately $12 million for site standby and corporate costs. Such financing may include off-take arrangements and potentially other financing arrangements.

Subject to completing these financings, the Company believes it will have sufficient working capital to continue to operate over the next year and continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty about the Company’s ability to continue as a going concern.

At June 30, 2014, the Company had not achieved profitable operations, had a working capital deficit, had an accumulated deficit since inception and may incur further losses in the development of its business. The Company will need to generate additional financial resources in order to address its current working capital deficit and meet its planned business objectives. 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 obtain any additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and development activities. Furthermore, 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 carrying amount of the Company’s mineral property interests at June 30, 2014 was $83.3 million.

At June 30, 2014, the net book value of property, plant and equipment was $99.5 million.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

OBLIGATIONS AND CONTRACTUAL COMMITMENTS

Contractual Obligations as at June 30, 2014	Payments Due by Period			
	Total	**Less than 1 year**	**Later than 1 year, not later than 5 years**	**After 5 years**
Office lease obligations	$2,976,000	$576,000	$2,304,000	$96,000
Mine camp lease obligations	$2,186,000	$1,111,000	$1,075,000	-
Equipment supply, port and transportation contracts and social development and training contributions	$160,598,000	$42,143,000	$95,461,000	$22,994,000
Total	**$165,760,000**	**$43,830,000**	**$98,840,000**	**$23,090,000**

The office lease obligations are the minimum lease payments due on the Company’s head office in Toronto, Ontario.

The mine camp lease obligations are the minimum lease payments due on the Bean Lake mine accommodation camp near Silver Yards.

The contractual obligations under equipment supply, port and rail transportation contracts relate to future locomotive supply, rail and port infrastructure required payments and committed future minimum volume tonnages under agreements with WLRS, QNS&L, TSH and the Port of Sept-Îles.

Under a long-term user agreement with the Sept-Îles Port Authority, 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 Resources in the Pointe-Noire area and is working closely with the Sept-Îles Port Authority to resolve these arrangements.

Social development and training relates to contributions under IBAs entered into with various First Nations communities.

FINANCIAL INSTRUMENTS

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

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

As at June 30, 2014, the carrying amounts and fair value of the Company's financial instruments were considered to be the same, primarily because of the short term nature and liquidity of these instruments. As at June 30, 2014, the Company did not hold any balances in foreign currencies, other than United States dollars.

The Company has included disclosure concerning some of the risk factors relating to its financial instruments in Note 23 to its consolidated financial statements for the fiscal year ended March 31, 2014.

OUTSTANDING SHARE CAPITAL

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

As at June 30, 2014, the Company had 126,323,123 common shares, 1,201,875 stock options, 1,380,000 broker warrants, 13,800,000 share purchase warrants and 1,077,362 deferred share units outstanding.

The following is the outstanding share data as of the date of this MD&A.

Security	Number	Weighted average exercise price	Weighted average remaining life (years)
Common shares	126,323,123	N/A	N/A
Stock options	1,201,875	$4.82	2.4
Broker warrants	1,380,000	$1.05	0.1
Share purchase warrants	13,800,000	$1.35	1.5
Deferred share units	1,077,362	N/A	N/A

Of the stock options currently outstanding, 200,000 options have an exercise price of $6.27 per share and expire on September 14, 2015; 20,000 options have an exercise price of $11.65 per share and expire on February 9, 2016; 12,500 options have an exercise price of $10.18 per share and expire on June 23, 2016; 100,000 options have an exercise price of $6.80 and expire on September 22, 2016; 40,000 options have an exercise price of $6.81 and expire on November 10, 2016; 200,000 options have an exercise price of $6.35 and expire on November 30, 2016; 20,000 options have an exercise price of $6.20 and expire on February 9, 2017; and 609,375 options have an exercise price of $3.00 and expire on July 2, 2017.

All stock options vest as to one-eighth on the first day of each quarter following their grant date.

All 13,800,000 of the share purchase warrants outstanding have an exercise price of $1.35 per share and expire on February 12, 2016.

All 1,380,000 broker warrants have an exercise price of $1.05 per unit (each, a “Unit”) and expire on August 13, 2014. Each Unit consists of one common share and one half of a common share purchase warrant. Each common share purchase warrant is exercisable into one common share at an exercise price of $1.35 per share until February 13, 2016.

The deferred share units represent stock-based compensation granted to independent directors under the Company’s Deferred Share Unit Plan.

TRANSACTIONS WITH RELATED PARTIES

During the quarter ended June 30, 2014, the Company recovered $31,624 (June 30, 2013 - $29,181) in respect of office rent from corporations with common directors and/or officers. As at June 30, 2014, $48,788 (March 31, 2014 - $48,791) is included in accounts receivable.

During the quarter ended June 30, 2014, the Company also made payments to companies with common directors and/or officers in the amount of $137,000 (June 30, 2013 - $150,000) as compensation for management services provided. At June 30, 2014, $676,754 (March 31, 2014 – $620,587) in management compensation remained payable to these related companies.

During the quarter ended June 30, 2014, the Company also incurred legal fees in respect of services provided by a professional corporation controlled by an officer in the amount of $31,080 (June 30, 2013 – $66,920). At June 30, 2014, $31,080 (March 31, 2014 – $36,960) in legal fees remained payable to this related party.

CRITICAL ACCOUNTING ESTIMATES

Commercial Production

The Company commenced commercial production for accounting purposes effective April 1, 2012. The fiscal year ended March 31, 2012 was considered to have been a start-up and testing year.

Revenue Recognition

Commencing effective April 1, 2012, revenue has been recognized when all of the following criteria have been met: (i) the significant risks and rewards of ownership of the product have been transferred to the buyer; (ii) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the product sold, has been retained; (iii) the amount of revenue can be measured reliably; (iv) the collectability of the proceeds is probable; and (v) the costs associated with the sale can reliably be measured. All of these criteria are typically considered to have been met with respect to a shipment of the Company’s iron ore when the vessel carrying the iron ore has departed the Port of Sept-Îles.

Use of estimates

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

Mineral property interests and deferred exploration expenditures

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

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

Any estimate of future cash flows is subject to risks and uncertainties and it is reasonably possible that changes in estimates could occur which may affect the expected recoverability of investments in mining properties. The ultimate recoverability of amounts deferred for mineral property interests is dependent upon, among other things, obtaining the necessary permits to operate the Schefferville Projects.

Stock-based compensation

The Company records stock-based compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model, and in respect of options vested during the year ended March 31, 2014 based on the assumptions set out in Note 10(a) to the consolidated financial statements.

The Black-Scholes pricing model, which is now widely used in determining the “fair value” of stock options, was developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restrictions and in many cases does not generate a meaningful “fair value” for stock options of companies similar to the Company. The Company’s options have characteristics that are significantly different from those of traded options and changes in any of the assumptions used can materially affect fair value estimates.

Rehabilitation Provisions

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and waste sites, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining asset to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations.

The Company has established a rehabilitation provision relating to its current Stage 1 mining operations. The total undiscounted amount that is expected to settle the Company's reclamation and remediation obligations related to this portion of its mining operations at the end of its mine-life is $4,132,368. The present value of this estimated amount has been calculated under IFRS as $3,951,282 as at June 30, 2014.

In determining the present value of the rehabilitation provision as at June 30, 2014, the Company has assumed a long-term inflation rate of approximately 1.4%, a current market discount rate ranging from 1.1% to 2.5% and a mine-life of up to 20 years. Elements of uncertainty in estimating this amount include changes in the projected life of mining operations, reclamation expenditures incurred during ongoing operations and reclamation and remediation requirements and alternatives.

NEW ACCOUNTING STANDARDS

The Company is not aware of any new accounting standards that have a material impact on the Company's consolidated financial statements for the quarter ended June 30, 2014.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties. The principal risks and uncertainties faced by the Company are set out in greater detail in the Company's annual information form ("AIF"), which is filed on SEDAR. A summary of the principal risks and uncertainties which the Company faces is set out below.

Financing and Going Concern

During the fiscal year ended March 31, 2014, the Company reported a net loss of $105.2 million, negative cash flows from operations of $37.1 million and had an ending working capital deficit of $8.7 million. During the quarter ended June 30, 2014, the Company had a net loss of $4.0 million, negative cash flows from operations of $3.9 million and an ending working capital deficit of $13.0 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.

Several conditions discussed below create a material uncertainty about the Company's ability to continue as a going concern. The Company will need to generate additional financial resources in order to fund its current working capital deficit of approximately $13.0 million as of June 30, 2014, its current standby and environmental maintenance activities at Silver Yards and planned development programs, including development of the Houston deposit, and corporate administration costs. There is a significant risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to be able to obtain additional financial resources and/or achieve positive cash flows or profitability. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail standby activities and 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, would 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.

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 those at the James and Redmond deposits and anticipated at Houston and other Stage 1 deposits, generally involve a high degree of risk. Such operations are subject to all of the hazards and risks normally encountered in the exploration for, and the development and production of, iron ore, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Processing operations are subject to hazards such as equipment failure, changes in ore characteristics, such as rock hardness, and mineralogy which may impact production rates and iron ore recovery, or failure of retaining dams which may result in environmental pollution and consequent liability.

A feasibility study has not been conducted on any of the Schefferville Projects and the Company's 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. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. There can be no assurance that the Company will be successful in obtaining any required financing or in obtaining financing on reasonable or acceptable terms.

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

Fluctuating Iron Ore Prices and Ocean Freight Rates

The viability of the Company's Schefferville Projects is dependent on the sale price of iron ore in the seaborne market, which has fluctuated considerably over the last two years. The main destination for the seaborne iron ore market is currently China, so bulk carrier ocean freight rates to China are also a significant cost that affects the profitability and viability of the Company. 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 may take several months after the initial shipment and could result in changes in net sales revenue realized by the Company.

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.

Factors beyond the control of the Company also affect ocean freight rates. Supply and demand for ocean going vessels, fuel costs and foreign currency exchange rates, among other factors, can contribute to significant ocean freight rate volatility. An increase in ocean freight rates would have a negative impact on the Company's operating results.

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 which may attach 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 (Stage 1), Houston - Malcolm (Stage 2) and Howse (Stage 3) 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. The Company does not report any mineral reserves.

Transportation and Port Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's future operations will 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 or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

The Company's iron ore product is transported via a 560 km railway line between Schefferville and the Port of Sept-Îles. This railway line is comprised of two sections, the Menihek Division railway line owned by TSH, which runs approximately 200 km between Schefferville and Emeril Junction, and the QNS&L railway line, which continues the remaining approximately 360 km to Sept-Îles. At Sept-Îles (Arnaud Junction), the QNS&L railway line connects to the Arnaud Railroad (Chemin de fer Arnaud) owned by Wabush Mines (Cliffs Resources), which runs approximately 34 km around the bay to the port terminal at Pointe-Noire.

In June 2012, the Company signed a confidential, life-of-mine agreement with TSH for the transportation of iron ore over the Menihek Division. During 2011 and 2012, TSH carried out some upgrade work on its Menihek Division rail line following a cash investment by both the Company and TSMC. This ongoing TSH rail upgrade will require continuing cash investment by the two mine operating companies and TSH, and potentially by governments to ensure that the tonnages planned for future years can be efficiently transported. As part of its long-term confidential rail transportation contract with TSH, LIM has agreed to make contributions towards the costs of this upgrade program to a total amount of an additional $15.5 million over the next four years in addition to $9.5 million in non-repayable upgrade contributions LIM has already advanced to TSH. The full amount of this $15.5 million of future upgrade contributions will be repaid to the Company over an expected period of about four years commencing in 2017, subject to LIM maintaining normal annual transportation operations on the TSH railway.

The port handling arrangements for the shipment of LIM's iron ore production for 2015 and future years remain subject to ongoing evaluation and finalization. The Company continues to evaluate different options for the unloading, stockpiling and ship loading of the Company's iron ore products at the Port of Sept-Îles. These include the potential use of the Port's proposed new multi-user deep water dock and/or other facilities of the Sept-Îles Port Authority.

Pursuant to its July 2012 long-term customer contract with the Port of Sept-Îles, the Company has secured ship loading capacity of 5 million tonnes per year, with the right to secure additional residual capacity, at this new multi-user facility. Under this contract, the Company 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. The Company has deferred payment of the final advance payment installment of $6.4 million, pending resolution of land access and product handling facility arrangements in the Pointe-Noire area of the Port. The Company continues to cooperate with the Sept-Îles Port Authority to resolve these issues and is in ongoing 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.

Ability to Attract and Retain Qualified Personnel

The Company is dependent on the services of key executives, including the Chairman and Chief Executive Officer ("CEO"), the President and Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO"), the Senior Vice President Operations ("SVP") 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 may be exacerbated as a result of 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 renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

There are a number of Innu groups based in Québec (including Schefferville and Sept-Îles) who assert aboriginal rights in Québec and Labrador. The Innu of Québec, located at Matimekush-Lac Jean near Schefferville, and at the communities of Uashat Takuaikan mak Mani-Utenam, near Sept-Îles, assert aboriginal rights to traditional lands which include parts of Québec and Labrador. Members of the Innu Uashat Takuaikan mak Mani-Utenam, near Sept-Îles, Québec, 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 Québec who in 2009 formed the "Innu Strategic Alliance" seeking to have their ancestral rights on their traditional lands which extend on both sides of Québec-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 Québec Innu would if necessary seek to block natural resource development projects in Labrador and Québec, such as the Churchill hydroelectric project in Labrador, the La Romaine hydro-electric project in Québec 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 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 will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

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 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 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 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 shares; lessening in trading volume and general market interest in the Company's shares 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 shares; and a substantial decline in the price of the shares that persists for a significant period of time could cause the Company's shares 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.

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company has adopted appropriate systems of internal controls over financial reporting. The CEO and CFO evaluated the effectiveness of the Company's internal control over financial reporting at March 31, 2014 and concluded that as of that date they were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes to the Company's internal control over financial reporting during the quarter ended June 30, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal control of financial reporting.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the Annual Information Form, the audited consolidated financial statements for the fiscal year ended March 31, 2014 and the unaudited condensed interim consolidated financial statements for the three months ended June 30, 2014, is available under the Company's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

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