

LABRADOR IRON MINES HOLDINGS LIMITED

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

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

Email: info@labradorironmines.ca

Website: www.labradorironmines.ca

ANNUAL INFORMATION FORM

as at June 29, 2010

for the Fiscal Year ended

March 31, 2010

LABRADOR IRON MINES HOLDINGS LIMITED
ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED MARCH 31, 2010

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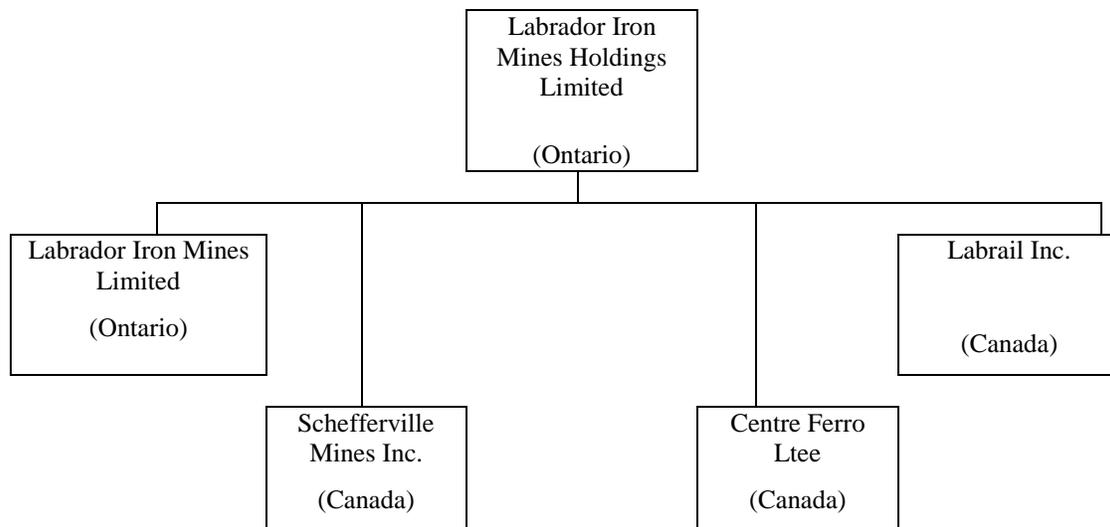
FOR THE FISCAL YEAR ENDED MARCH 31, 2010

ITEM 3 – CORPORATE STRUCTURE

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

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

The Company carries on its business through several wholly-owned subsidiaries as follows:



ITEM 4 GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Company was established in 2007 to acquire and carry on, through operating subsidiaries, the business of exploring and developing a direct shipping iron ore project in the Labrador Trough, in the Province of Newfoundland and Labrador, near the town of Schefferville, Quebec, Canada.

In December 2007 the Company closed its Initial Public Offering (“IPO”) through the issuance of 11,473,000 Units for gross proceeds of \$45,892,000, following which its common shares were listed on Toronto Stock Exchange (the “TSX”). Each Unit in the IPO comprised one common share and one-half of a share purchase warrant exercisable at \$5.00 per share for a period of two years.

Concurrent with closing its IPO, the Company acquired Labrador Iron Mines Limited (“LIM”) in exchange for 24,000,000 common shares of the Company, and LIM became a wholly-owned subsidiary of the Company. LIM was previously a wholly-owned subsidiary of Labrador Iron plc, a company incorporated under the laws of the Isle of Man. Labrador Iron plc is a wholly-owned subsidiary of Anglesey Mining plc (“Anglesey”), a public company incorporated under the laws of England and Wales

listed on the London Stock Exchange under the trading symbol “LSE:AYM”. At the time of the Company’s acquisition of LIM, LIM held 29 Mineral Rights Licences in the Province of Newfoundland and Labrador, representing 140 mineral claims over 3,500 hectares in the prolific Labrador Trough region of Canada, known for its world-class iron deposits.

In January 2008 the agent in the IPO exercised its over-allotment option and the Company issued a further 1,720,950 Units for additional gross proceeds of \$6,883,800.

In July 2008 the Company and Innu Nation of Labrador, representing the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, respectively, living in the communities of Sheshatshiu and Natuashish, Labrador, signed an Impact Benefit Agreement (“IBA”), committing to an ongoing relationship between the Innu Nation and LIM with respect to the development of the LIM’s iron ore project located in western Labrador.

The Company also signed memoranda of understanding with each of the Naskapi Nation of Kawawachikamach and the Innu Nation of Matimekush-Lac John (Schefferville), both located in north-eastern Quebec. It is expected that both of these will be converted into substantive co-operation and benefit agreements in the future and that a similar agreement will also be concluded with the communities of Uashat and Mani-Utenam, near Sept-Iles, Quebec.

In October 2009 LIM signed a Rail Co-operation Agreement with New Millennium Capital Corp. (“NML”) regarding the reconstruction of the “Timmins Extension” rail spur line which will run from the Tshuuetin Rail Transportation Inc. (“TSH”) main rail line near Schefferville, a distance of approximately 2.5 miles to LIM’s planned processing center at Silver Yards and on a further approximately 13 miles to NML’s planned processing centre at the Timmins mining area.

In October 2009 LIM entered into an agreement with NML to exchange certain of their respective mineral licences in Labrador. The exchange eliminated the fragmentation of the ownership of certain mining rights in the Schefferville area and will enable both parties to separately explore, develop and mine and optimise their respective DSO deposits in as efficient a manner as possible.

In December 2009 the Company’s wholly owned subsidiary Schefferville Mines Inc (“SMI”) acquired from Hollinger North Shore Exploration Inc. (“Hollinger”), subject to the approval of the Government of Quebec, a 100% exclusive operating license in the remaining properties which are part of the original Mining Lease dated February 9, 1953, issued to Hollinger by the Minister of Mines of the Province of Quebec. SMI also acquired a large package of mineral claims in Quebec near Schefferville.

In February 2010 LIM signed an agreement with the Sept-Iles Port Authority for the use of the Pointe-Noire facilities at the port to ship LIM’s iron ore products. LIM agreed to a base fee schedule with the Port Authority regarding wharfage fees for iron ore loading for LIM’s shipping operations beginning in mid 2010.

In February 2010 LIM received final environmental approval and project release from the Government of Newfoundland and Labrador for the first phase of Stage 1 of LIM’s project in western Labrador.

In March 2010 the Company completed a bought deal financing pursuant to a short form prospectus raising gross proceeds of \$35,057,300. The financing resulted in the issuance of 5,406,000 common shares at an issue price of \$5.55 per share and 760,000 flow-through shares at an issue price of \$6.65 per flow-through share. Anglesey sold 810,900 previously issued common shares of the Company at a price of \$5.55 per share pursuant to the exercise of an over-allotment option that was granted to the underwriters of the financing.

During May 2010 the Company constructed a new 2.5 mile railway spur line between the future LIM processing site at Silver Yards and the existing Tshieutin Rail line which runs to the Port of Sept-Iles.

ITEM 5 DESCRIPTION OF THE BUSINESS

General

The Company, through wholly-owned subsidiaries, holds 37 Mineral Rights Licences covering approximately 10,925 hectares in western Newfoundland and Labrador which are subject to a royalty of 3% of the selling price freight on board port (“FOB”) of iron ore produced and shipped from such properties. In addition, in December 2009, the Company, through its wholly-owned subsidiary, SMI, acquired interests in 253 mining rights covering approximately 10,613 hectares and, subject to obtaining certain regulatory and government consents and approvals, an exclusive operating license in 22 mining leases covering 2,036 hectares in the Schefferville area of Quebec. All of these rights and licences in Quebec are subject to a royalty of \$2.00 per tonne of iron ore produced from these properties.

The Company’s iron ore properties in western Labrador, held through LIM, and in north-eastern Quebec, held through SMI, are collectively referred to hereinafter as the Schefferville Projects. The Schefferville Projects are in the exploration and development stage, and the Company is required to receive additional permits and licences prior to the commencement of production.

The development plan for the Schefferville Projects envisions the development of the deposits in four stages, Stage 1 of which will be undertaken in three phases, comprising the deposits closest to existing infrastructure. The first phase of Stage 1 comprises the James and Redmond deposits in Labrador, the second phase comprises the Houston and Knob Lake deposits in Labrador and the third phase the Denault, Star Creek and Malcolm deposits in Quebec. The planned mining method for each deposit is open pit mining.

Formal confirmation of the release of the first phase of Stage 1 of the project by the government of Newfoundland and Labrador under the Environmental Protection Act was received in February 2010. The Company has submitted the necessary permit and licence applications required to allow construction to commence. The Company has not yet received a construction permit for the processing plant or the operating permits for the rail spur and mine. The receipt of these permits has taken longer than anticipated, which has resulted in a delay in the Company’s originally planned construction and production timeline.

Assuming all the remaining necessary permits, licenses and approvals are issued without further delay, the Company is planning to commence site construction of the mine and beneficiation facilities during the summer of 2010 and hopes to achieve start up and initial production before the seasonal shut down of operations at the end of November 2010. The Company plans to commence full scale production in April 2011 and expects production of 2 million tonnes of iron ore during that calendar year.

Competitive Conditions

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

Cycles and Seasonality

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

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

Environmental Protection

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

Employees

At March 31, 2010, the Company and its subsidiaries had a total of 30 employees. In addition, the Company utilizes the services of contractors to assist in certain tasks and projects.

Social or Environmental Policies

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

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

Project Description

The following description of the first phase of Stage 1 of the Schefferville Projects is largely taken from the Mine Development Plan submitted to the Department of Natural Resources of the Government of Newfoundland and Labrador as part of the mine permit application process. This application and description relates only to phase 1 of Stage 1 of the Schefferville Projects and will be followed by other phases and stages as engineering design and environmental studies and project approvals are completed and obtained.

The plan for the first phase of Stage 1 of the Schefferville Projects envisages initial production from James and Redmond, two brownfield deposits with low strip ratios on which initial mining or development activities had been undertaken by IOC. Mining and processing operations will be conducted using contractors for eight months per year, from April to November at an anticipated initial mining rate of 6,000 tonnes per day followed by beneficiation using simple washing and screening. The operation will

utilize well proven, relatively basic technology and will closely reflect that previously carried out by IOC in the same general location for almost thirty years from 1954 to 1982.

The first phase includes the development of James North and James South, and Redmond 2B and Redmond 5 mineral deposits which are located in western Labrador. The James and Redmond deposits are located approximately 5 km and 17 km, respectively, southwest of the town of Schefferville.

The first phase of Stage 1 has an estimated four-year operational life and is located within an area that has been previously mined. The deposits are accessible by existing gravel roads. The James property straddles an existing road to the Redmond property to the south, and continues to the Menihek hydro electric dam, where the road is terminated.

The beneficiation area, where ore will be crushed and washed, will be situated within an area called the Silver Yards, located approximately 1 km northeast of the James property in Labrador. A historical mining pit, the Ruth Pit, will be utilized as a reject fines disposal area for the washwater that originates from the Silver Yards beneficiation area.

There is an existing transmission line that was established during the historical mining operations, which transmits power from the Menihek Generating Station, now owned by Newfoundland and Labrador Hydro, to the town of Schefferville. The regional grid crosses the Redmond property and is located less than 1 km away from the Silver Yards beneficiation area along existing roadways. Diesel power will be used during the first year pending hook up to the grid.

Existing roads and rail services will be used to access the Schefferville Projects and to transport equipment and materials to and from the site, and ore to the shipping facility located in Sept-Iles, Quebec. A 2.5 mile rail spur has been re-established along the existing railbed to connect with the Silver Yards to the main line to Sept-Iles.

The *in situ* ore is estimated to contain around 56% to 58% iron and it is expected that the beneficiation process will enhance the product grade to approximately 65% iron and remove unwanted material. Two products will be produced, namely coarse lump ore and a finer sinter feed. Approximately one-quarter of the product will be lump ore.

These products will be transported by the existing railroad systems to the port of Sept-Iles on the St. Lawrence River for onward shipping, most likely to steel mills in Europe or Asia.

Major features of the first phase of Stage 1 include:

- the mining of “direct shipping” iron ore deposits in western Labrador in an area of previous iron ore mining;
- mining will be carried out by contractors using conventional open pit mining methods, employing drilling and blasting operations;
- additional small excavations that may be required will include borrow pits, quarries and side-hill cuts associated with the construction and maintenance of access roads, mine haulage roads, sumps and settling ponds, and railway spur line construction;
- ore will be beneficiated by crushing, washing and screening at the Silver Yards area. No chemicals will be used in the beneficiation process;

- the beneficiation facility will include a primary crusher, tumbling scrubber, secondary crusher, primary screening equipment, secondary screening equipment, filtration equipment, 20 tonne crane and various chutes, conveyors, and pumps;
- the beneficiation plant will be designed to process 10,000 tonnes per day (tpd) of iron ore, however the initial processing rate will be 6,000 tpd over a period of approximately 212 days per full season;
- other buildings at the Silver Yards will include: mine dry, site offices, laboratory, maintenance shed, and warehouse facilities;
- subsequent to the washing and screening process, reject fines will be pumped via pipeline to be deposited in Ruth Pit, a flooded historical open pit, which will act as a settling pond to remove suspended solids; and
- restoration of a 2.5 mile rail spur line previously operated and abandoned and laying a siding track at the Silver Yards area.

Environmental and Permitting

In April 2008 LIM submitted a Project Registration Application (the “Application”) for the first phase of development of the Schefferville Projects to the Department of Environment and Conservation in the Province of Newfoundland and Labrador and to the Canadian Environmental Assessment Agency. Filing of the Application followed extensive studies carried out over the prior three years by LIM’s engineering and environmental teams.

In August 2008 the Minister of Environment and Conservation (the “Minister”) requested an Environmental Impact Statement (“EIS”) as part of the Application process. In October 2008 the Minister published for public consultation the draft guidelines for the preparation of the EIS. Following this period of public consultation, during which LIM conducted three public meetings in Labrador and in Schefferville, the Final Guidelines were issued by the Minister in December 2008. In conjunction with its consultants, LIM carried out an extensive program to prepare the EIS based initially on the draft guidelines and then amended based on the Final Guidelines and using the extensive environmental data and studies that had been collected and undertaken by LIM over the previous three years. The EIS was submitted to the Minister and registered in December 2008.

In March 2009 the Minister requested some additional information to supplement the EIS, following which LIM submitted a revised EIS in August 2009. In November 2009 the Minister announced that the review of LIM’s EIS with respect to the first phase of Stage 1, comprising the James and Redmond deposits, had been completed. The Minister confirmed that the EIS complies with the *Environmental Protection Act* and required no further work under the Provincial environmental assessment process.

In February 2010 the Minister informed the Company that under the authority of Section 67(3)(a) of the *Environmental Protection Act*, the Government had released the Schefferville Area Iron Ore Mine (the first phase of Stage 1 of the Schefferville Projects) from environmental assessment, subject to a number of terms and conditions which the Company believes are all achievable within the planned operating parameters.

The Company subsequently submitted all the necessary applications and the various required Plans for the necessary operating permits, licenses and regulatory approvals. Many of these have now been approved, including the Construction Permit for the Silver Yards Spur Line Railroad.

The Mining Leases for the James and Redmond properties have been issued by the Province of Newfoundland and Labrador. In addition it has received Surface Use Leases for all those additional areas required for the construction and operation of the James and Redmond deposits, including the Silver Yards beneficiation area and the Rail Spur Line.

An Environmental Protection Plan (“EPP”) was submitted to the Minister of Environment and Conservation and the Minister’s approval of the EPP has been received. The EPP addressed process effluent treatment and monitoring procedures, settling pond design and operation for storm water and pit dewatering discharges, as well as caribou monitoring and mitigation in the vicinity of the Schefferville Projects.

A Memorandum of Understanding has been agreed with the Department of Environment and Conservation of the Province of Newfoundland and Labrador for the installation of a real time water quality/quantity monitoring network, prior to the start of construction, to monitor water quality and quantity.

The Company has not yet received a construction permit for the processing plant or the operating permits for the rail spur and mine. The receipt of these permits has taken longer than anticipated, which has resulted in a delay in the Company’s originally planned construction and production timeline.

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

Project Construction

The first major construction activity has been the laying of the rail spur from the Sept-Iles-Schefferville main line to the Silver Yards area where LIM plans to install the beneficiation plant. The majority of the rail hardware was assembled offsite into track panels to permit timely installation.

Laying of the new track commenced in May 2010 and has now been largely completed. The new rail spur line will be used to move to site the main components of the processing plant and the mine camp. The process and camp components have all been ordered and the majority of the components have now been delivered to the rail head.

A contract has been signed for the installation of camp accommodation facilities and a camp catering contract is pending. Once the spur line is complete the new accommodation camp, which has been built offsite, will be brought to site and assembled.

A letter of intent has been signed with a Labrador City based contractor for the mining and beneficiation activities. Once the mine operating permit has been received, the mining contractor will be mobilised to site to commence mining activities, including stockpiling of iron ore ahead of the crusher pad.

All of the items of the beneficiation plant have been ordered and manufacturing of the components has been completed. These items are now being brought to railheads at Sept-Iles and at Labrador City awaiting delivery to site.

Mining Operations

Once the plant is assembled dry run stockpiled ore will be fed to the plant to allow commissioning to take place. As soon as a steady state condition has been reached saleable product of both lump ore and sinter fines will be produced. These will then be loaded into leased rail cars that will be transported to a port facility in Sept-Iles. Mining and processing operations will be conducted using contractors, for eight months per year, from April to November, using conventional open pit mining methods, employing drilling and blasting operations, at an anticipated initial rate of 6,000 tonnes per day.

The planned annual processing schedule will be over a period of approximately 212 days per year from May to November.

The Company has not yet received a construction permit for the processing plant or the operating permits for the rail spur and mine. The receipt of these permits has taken longer than anticipated, which has resulted in a delay in the Company's originally planned construction and production timeline.

Assuming all the remaining necessary permits, licenses and approvals are issued without further delay, the Company is planning to commence site construction of the mine and beneficiation facilities during the summer of 2010 and hopes to achieve start up and initial production before the seasonal shut down of operations at the end of November 2010. The Company plans to commence full scale production in April 2011 and expects production of 2 million tonnes of iron ore during that calendar year.

Rail and Port - Transportation Infrastructure

The approximately 355 mile main rail line between Schefferville and Sept-Iles, which was originally constructed for the shipment of iron ore from the Schefferville area, has been in continuous operation for over fifty years. TSH, a consortium of three local Aboriginal First Nations, owns and operates the approximately 130 mile main line track between Schefferville and Ross Bay Junction where it connects to IOC's Quebec North Shore and Labrador ("QNS&L") Railroad which runs the remaining approximately 225 miles to Sept-Iles. TSH currently operates passenger and light freight service between Schefferville and Sept-Iles twice per week. Some refurbishment of the rails, ties and culverts of the TSH main line track will need to be carried out to enable it to continuously carry large volumes of iron ore traffic.

In 2009, the Company signed a Rail Co-operation Agreement with NML regarding the reconstruction of the "Timmins Extension" rail spur line which will run from the TSH Railroad main rail line near Schefferville approximately 2.5 miles to LIM's planned processing center at Silver Yards and on a further approximately 13 miles to NML's planned processing center at the Timmins mining area.

The Rail Co-operation Agreement provides the framework under which both LIM and NML have agreed to co-operate in the development of the transportation facilities for their direct shipping iron ore projects in the Schefferville area and which will enable each company to rebuild the necessary rail infrastructure in their respective operating areas, including the construction of passing tracks and sidings in common areas.

The Timmins Extension rail line will be laid on a 16 mile long existing rail bed that extends from Mile 353 on the TSH main line to the Timmins train turning circle. The Timmins Extension spur line, which passes from Labrador into Quebec and back into Labrador, was previously used for iron ore mining operations. The rails and ties were removed when the previous mining operations ceased in 1982 but the rail bed itself remains in place. Reconstruction of the Timmins Extension will only require relaying new rails and ties and replacement of some ballast.

Under the Rail Co-operation Agreement the parties jointly agree to apply to Government authorities for all required rights of way and/or surface rights and for the grant to each party of the rights on a specific

portion of the Timmins Extension, along with rights of access to, construction on and use of such specific portions as are mutually granted by one party to the other party.

The Parties have agreed to negotiate and enter into a Rail Operating Agreement which will provide the terms of access to and use of the Timmins Extension and the tariff to be paid by each party with respect to its use of the portion of rail line for which the other party holds the rights of way and have also agreed to collaborate to determine the most expedient means to refurbish the TSH Railway main line to standards required to carry out the transportation of minerals extracted from the direct shipping ore deposits.

In May 2010 the Company was granted a construction permit for the first part of the Timmins Extension and completed the construction of the first 4.5 kilometers of track from the main line to the Company's planned processing area at Silver Yards.

In February 2010 LIM signed an agreement with the Sept-Iles Port Authority for the use of the Pointe-Noire facilities at the port to ship LIM's iron ore products. LIM agreed to a base fee schedule with the Port Authority regarding wharfage fees for iron ore loading for LIM's shipping operations.

The Port of Sept-Iles, situated 650 kilometres down river from Quebec City on the North Shore of the Gulf of St. Lawrence on the Atlantic Ocean, is a large natural harbour, more than 80 metres in depth, which is open to navigation year round. The Port of Sept-Iles is an international marine hub, and nearly 80% of its merchandise traffic, mostly iron ore, is destined for international markets.

The Port of Sept-Iles is the most important port for the shipment of iron ore in North America, serving the Quebec and Labrador mining industry. Each year approximately 23 million tonnes of merchandise is handled, comprised mainly of iron ore.

The Company is currently in negotiations with port operators regarding rail transportation, storage, reclaim and ship-loading of its iron ore products.

The Company has not yet concluded agreements with the relevant rail companies or port operators for the transportation and handling of the Company's planned production of iron ore.

Marketing

Marketing discussions have continued with potential end users, and samples have been dispatched to a number of steel mills. These discussions have indicated an encouraging level of interest in the LIM products based on the metallurgical test results and analysis of the samples supplied. The indicated high iron grades and the low level of impurities are important and should ensure that LIM will be able to market both its lump ore and its sinter fines products.

Chinese and other Far Eastern consumers are showing a growing interest in seeking iron ore from eastern Canada. The rapid development in Chinese demand for iron ore, coupled with a desire by China to diversify from its traditional sources of supply, has begun to make eastern Canada a viable source for this market. Discussions continue with a number of Chinese customers and importers as well as a number of European producers.

LIM has not yet concluded any agreements for the sale of any iron ore.

Planned Site Program – Summer 2010 – Drilling and Testwork

A new exploration program of reverse circulation drilling and trenching is planned for the summer of 2010. This program will target both extensions to existing resources in Labrador previously drilled by

LIM, other deposits in Labrador not previously drilled by LIM but included in the IOC historical resources, as well as on a number of the Quebec deposits and properties acquired in December 2009.

There will be up to 6,500 metres of drilling carried out in Labrador and up to 3,500 metres in Quebec. This will be supported by up to 2,800 metres of trenching in Labrador and up to 3,200 metres in Quebec. In Labrador the primary targets will be additions to James, Redmond and Houston, and new targets at Ruth Lake and Gill. In Quebec the principal target will be Denault with some additional work at Star Creek and Malcolm. In addition general exploration will be carried out on the new properties acquired in Quebec on which no IOC historical resource exists and on some potential manganese properties in both Quebec and Labrador.

Risk Factors

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

Exploration, Development and Operating Risk

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 that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, 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 of investment capital. All 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. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. 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.

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. Although substantial benefits may be derived from the discovery of a major mineralized deposit, 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.

No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

Company at Exploration and Development Stage - Limited Experience with Mining Operations

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.

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.

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 Project 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 on 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 Project, 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 on the Schefferville Project, 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 Quebec 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 the 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 Quebec; 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 refining 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.

Political and Aboriginal / First Nations

The Company conducts its operations in western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, which areas are subject to conflicting First Nations land claims. There are a number of First Nations peoples living in the Quebec-Labrador peninsula with overlapping claims to treaty or asserted aboriginal land rights. Aboriginal claims to lands, and the conflicting claims to traditional rights between aboriginal groups, 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.

Section 35 of the Constitution Act, 1982 recognizes and affirms existing aboriginal and treaty rights. There have also been significant judicial decisions which have impacted the relationship of Aboriginal peoples with government. Government activities cannot infringe upon aboriginal rights unless there is proper justification. When development is proposed in an area to which an aboriginal group asserts aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required to conduct consultations concerning the proposed development with the aboriginal group that may be affected by the project.

Consultations can vary depending on the nature of the aboriginal right affected and the degree of impact. The results of the consultations may conclude that the interests of the aboriginal group be accommodated wherever appropriate. Obligations can range from information sharing to provisions for the participation of the aboriginal group in the development and compensation for impacts. Consultation must be meaningful with the view to accommodating the interests of the aboriginal group affected.

The Labrador Innu, as represented by the Innu Nation, is the only aboriginal party with a land claim that has been accepted by the Government of Newfoundland and Labrador. The Innu of Labrador claim aboriginal rights and title to land and resources in western Labrador in an area which includes the proposed Schefferville Projects area. The claim has been accepted by the Governments of Canada and of Newfoundland and Labrador. The Government of Newfoundland and Labrador, together with the Government of Canada, entered into a Framework Agreement with the Innu of Labrador in 1996 as a first step in the process towards reaching a treaty. The Land Claim Framework Agreement provides a road map for the next stage in treaty negotiations.

In September 2008, the Government of Newfoundland and Labrador and the Innu Nation of Labrador, signed the Tshash Petapen Agreement (the “New Dawn Agreement”) which resolves key issues relating to matters between the Province and the Innu Nation and will facilitate the finalization of the Innu Rights Agreement, which will include the Government of Canada. The New Dawn Agreement deals with the major outstanding issues such as land selection, aboriginal harvesting rights, access to resources, aboriginal participation in resource management and financial compensation for the Upper Churchill River and an IBA for the Lower Churchill River Hydro Electric Project, and provided a framework for the conclusion of definitive agreements, including a Land Claim Agreement in Principle and an IBA for the Lower Churchill Project.

The New Dawn Agreement also identified certain Economic Development Areas within which an Impact Benefit Agreement with the Labrador Innu will be required for any Major Development. A large area around and southeast of Schefferville and east of the Schefferville / Emerald Junction rail line has been identified as an Economic Development Area.

The Land Claim Agreement-in-Principle, contemplated by the New Dawn Agreement, was initialed by the Innu Nation and Newfoundland and Labrador in February 2010 and resolved key issues between the Province and the Innu Nation surrounding the Innu Land Claims Agreement.

Federal issues remain to be resolved in the Agreement-in-Principle and the Agreement-in-Principle is subject to ratification by the Innu people of Labrador. Once a tripartite AIP is reached, it will be released to the public for review and comment and the Final Agreement negotiations will begin. It will likely take a number of years before a Final Agreement can be reached, ratified and brought into effect.

The Labrador Metis Nation has asserted a land claim in parts of Labrador which may include the Schefferville Projects area. However, this land claim has not been accepted for negotiation by the Governments of Canada or of Newfoundland and Labrador.

The Labrador Inuit have reached a Final Land Claims Agreement with the Governments of Canada and of Newfoundland and Labrador that has been ratified by the Inuit and the Province. The Labrador Inuit land claim area does not extend to Western Labrador.

The Nunavik Inuit have asserted a claim to lands in northern Labrador. Their claim has not been accepted for negotiation by the Government of Newfoundland and Labrador.

There are a number of Innu groups based in Quebec (including Schefferville, and Sept-Iles) who assert aboriginal rights in Quebec and Labrador. The Innu of Quebec, located at Matimekush-Lac Jean near Schefferville, and at the communities of Uashat mak Mani-Utenam, near Sept-Iles, assert aboriginal rights to traditional lands which include parts of Quebec and Labrador. These claims were accepted by the Government of Canada in 1979 and by the Government of Quebec in 1980 and negotiations have taken place with regard to the Quebec part of the claim. The claims have not been accepted by the Government of Newfoundland and Labrador. No land claim settlement agreements have been reached between Canada or the Province of Newfoundland and Labrador with the Innu of Quebec. These claim areas

include the areas of the Schefferville Projects and the Quebec Innu may be regarded as having overlapping credible land claims in the Schefferville Projects area.

Members of the Innu Uashat Takuaiakan mak Mani-Utenam, near Sept-Iles, Quebec, claim ownership of some registered trap lines in the Schefferville area.

The Innu of Matimekush-Lac John and Uashat mak Mani Utenam are two of five Innu communities living in northeastern Quebec who in 2009 formed the “Innu Strategic Alliance” seeking to have their ancestral rights on their traditional lands which extend on both sides of Quebec-Labrador border recognized by Governments. The Innu Alliance seeks to exercise their traditional rights to hunt in a territory called “Nitassinan”, and specifically the parts located within the borders of Labrador, and have objected to the “New Dawn” agreement signed between the Innu Nation of Labrador and the Government of Newfoundland and Labrador under which compensation in respect of the Churchill Hydroelectric Projects will be paid to the Labrador Innu. The Quebec Innu were not included in that agreement.

The Innu Alliance has engaged in various political activities, including a demonstration at the Parliament of Canada in November 2009, a caribou hunt in Labrador in February 2010 and visits to the House of Assembly of Newfoundland and Labrador.

At various times, the Innu Strategic Alliance has stated that, in order to have their ancestral rights, including the caribou hunt recognized, the Quebec Innu would if necessary seek to block natural resource development projects in Labrador and Quebec, such as the Churchill hydro electric project in Labrador, the La Romaine hydro electric project in Quebec and mining projects near Schefferville.

As part of this campaign the Quebec Innu in June 2010 set up a barricade in Schefferville which is intended to block access to mining properties in the Schefferville area, which protest, if continued, may have an impact on the Company’s ability to develop the Schefferville Projects.

In March 2010, the Federal Minister of Indian and Northern Affairs proposed creating a forum for talks between the Innu residing both in Quebec and in Newfoundland and Labrador regarding their overlapping land claims. Canada is currently negotiating land and resource rights with the Innu of Labrador. The Minister indicated that Canada is willing to provide funding to both Innu parties to enter into exploratory talks and the Minister has appointed a special representative to act as facilitator in hopes of resolving these overlapping land claim issues.

The federally established land claim process provides for overlap agreements where two or more Aboriginal groups have overlapping claims. The Government of Newfoundland and Labrador has indicated that it would not be a party to overlap agreement negotiations.

In the 1996 Framework Agreement amongst the Innu Nation, the Federal Government, and the Government of Newfoundland and Labrador, the Innu Nation of Labrador took responsibility to resolve overlapping issues.

The Naskapi Nation located at Kawawachikamach, Quebec, about 25 kilometers northeast of Schefferville, has concluded a settlement agreement with Canada and the Province of Quebec with respect to land claims in Quebec in proximity to Schefferville Projects area. In 1978 the Naskapi entered into a comprehensive land claim agreement, called the Northeastern Quebec Agreement, which resolved these claims in and to parts of Quebec including in the Schefferville Projects area.

The Naskapi Nation asserts rights in and to part of Labrador including the Schefferville Projects area, but this claim has not been accepted by Government of Canada or by Newfoundland and Labrador. No land claim settlement agreement has been reached between Canada or the Province of Newfoundland and Labrador with the Naskapi Nation with respect to asserted claims in Labrador.

The Company has undertaken a program of community consultation and has entered into, or intends to negotiate and enter into, memoranda of understanding and later collaboration agreements with First Nations communities living in or adjacent to, or having an interest in or asserted claims to, historical lands or treaty or aboriginal rights in the Schefferville Projects area, or who may be impacted by the Schefferville Projects.

In July 2008, the Company and Innu Nation of Labrador, representing the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, respectively, living in the communities of Sheshatshiu and Natuashish, Labrador, signed an IBA, committing to an ongoing relationship between the Innu Nation of Labrador and the Company with respect to the development of the Company's iron ore project located in western Labrador. The IBA is a life of mine agreement that establishes the processes and sharing of benefits that will ensure an ongoing positive relationship between LIM and the Innu Nation of Labrador. In return for their consent and support of the project, the Innu Nation of Labrador and its members will benefit through training, employment, business opportunities and financial participation in the project.

The Company has also signed memoranda of understanding with each of the Naskapi Nation of Kawawachikamach and the Innu Nation of Matimekush-Lac John (Schefferville), both located in Quebec close to the Schefferville Projects. It is intended that both of these will be converted into substantive co-operation and benefit agreements and that a similar agreement will also be concluded with the communities of Uashat and Mani-Utenam, near Sept-Iles, Quebec.

LIM has been in negotiations towards Impact Benefit Agreements with the Innu Community of Matimekush-Lac John (Schefferville) and with the Innu of Uashat. In March 2008 LIM entered into a Memorandum of Understanding with the Innu Community Matimekush-Lac John, wherein the parties agreed to negotiate an Impact Benefit Agreement and LIM agreed to use its best efforts to employ or contract with individuals and businesses of Matimekush. LIM has been in discussions and consultations with the Chief, Council and Elders of Matimekush continuously thereafter and up to date and has met with Chief and Council on many occasions to discuss how the Company's projects can be operated in a positive way for the benefit of all.

In April 2010, following the provision of Federal Government negotiation funding to Matimekush, detailed negotiations took place between LIM and the nominated Negotiator/Legal Advisors for Matimekush. In May 2010 LIM proposed a comprehensive package of jobs, contracts, social benefits, infrastructure grants and revenue sharing, which addressed all of the demands made by Matimekush. This proposal has not been accepted and the Chief has declined to discuss the proposal or negotiate further.

The Company has been informed of threatened proceedings by the Quebec Innu Uashat mak Mani Utenam against the government of Newfoundland and Labrador challenging its issue of permits to LIM in in western Labrador.

On June 9, 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 "to ensure protection of their rights".

There can be no assurance that the Company will be successful in reaching 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, including the Naskapi and/or the Quebec Innu.

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.

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. There can be no assurance that the Company will be successful in negotiating such arrangements or in negotiating them on economically feasible terms. Failure to negotiate such arrangements 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.

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 affect on the Company and its prospects.

Ability to Attract and Retain Qualified Personnel

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.

Price Volatility of Publicly Traded Securities

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

- the extent of analyst coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;
- the limited trading volume and general market interest in the Company's securities may affect an investor's ability to trade the Company's shares;
- the relatively small size of the publicly held shares will limit the ability of some institutions to invest in the Company's securities; and

- a substantial decline in the Company's share price that persists for a significant period of time could cause its securities to be delisted from any stock exchange upon which they are listed, further reducing market liquidity.

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

Fluctuating Mineral Prices

Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. The principal factors include: diminished demand which may arise if current rates of economic growth in India and China are not sustained; supply interruptions due to changes in government policies in iron ore consuming nations, war, or international trade embargoes; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest iron ore producers; and, increases in supply resulting from the discovery and the development of new sources of iron ore. The effect of these factors on the Company's operations cannot be predicted.

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

The Company is dependent on the services of key executives, including the Chairman and Chief Executive Officer, the Chief Financial Officer, the President and Chief Operating Officer, and the Executive Vice President and a small 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.

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.

The Company has no history of earnings. The Schefferville Projects are in the exploration and development stage and there are no proven commercial quantities of mineral reserves on the Schefferville Projects.

Mineral Projects

Iron Ore Project in Western Labrador

The following is the Summary section extracted from the technical report dated March 10, 2010 entitled “Labrador Iron Mines Limited – Labrador Iron Mines Holdings Limited – Revised Technical Report on an Iron Ore Project in Western Labrador, Province of Newfoundland and Labrador” (the “Labrador Report”) prepared by A.S. Kroon, P.E. and SGS Geostat Ltd. relating to the properties located in western Labrador held by LIM. Mr. Kroon and Mr. Maxime Dupéré, the individual responsible for this report on behalf of SGS Geostat Ltd., are each a “qualified person” as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). Portions of the information in this section are based on assumptions, qualifications and procedures which are more fully described in the Labrador Report, the full text of which is available for review on the System for Electronic Document Analysis and Retrieval (“SEDAR”), which can be accessed online at www.sedar.com. The full text of the Labrador Report is hereby incorporated by reference and forms an integral part of this AIF.

Summary

Property Description and Location

LIM holds title to 36 Mineral Rights Licenses as of the date of this report issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 395 mineral claims located in western Labrador covering approximately 9,875 hectares. The LIM properties are located in the western central part of the Labrador Trough iron range and are located about 1,000 km northeast of Montreal and adjacent to or within 70 km from the town of Schefferville (Quebec).

There are no roads connecting the area to southern Labrador or to Quebec. Access to the area is by rail from Sept-Îles to Schefferville or by air from Montreal and Sept Îles. The Labrador properties are located inside a 70 km radius from Schefferville. The James, Houston, Knob Lake, Gill, Ruth 8 and Redmond deposits are within 20 km from Schefferville and form the first group of properties from which mining would commence. The Sawyer Lake and Astray Lake properties are some 50 to 65 km southeast from Schefferville and cut off from the local infrastructure by connected lakes. The Howse and Kivivic deposits are some 25 and 45 km northwest from Schefferville. The Iron Ore Company of Canada (“IOCC”) had previous mining activities close to all properties other than Sawyer and Astray Lake.

History

The Quebec-Labrador iron range has a tradition of mining since the early 1950's and is one of the largest iron producing regions in the world. The former direct shipping iron ore (DSO) operations at Schefferville (Quebec and Labrador) operated by IOCC produced in excess of 150 million tons of lump and sinter fine ores over the period 1954-1982. The first serious exploration in the Labrador Trough occurred in the late 1930s and early 1940's when Hollinger North Shore Exploration Company Limited (Hollinger) and Labrador Mining and Exploration Mining Company Limited ("LM&E") acquired large mineral concessions in the Quebec and Labrador portions of the Trough. Mining and shipping from the Hollinger lands began in 1954 under the management of the IOCC, a company specifically formed to exploit the Schefferville area iron deposits.

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

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

Geology

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

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

The Labrador Trough contains four main types of iron deposits:

- Soft iron ores formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation; they are composed mainly of friable fine-grained secondary iron oxides (hematite, goethite, limonite);
- Taconites, the fine-grained, weakly metamorphosed iron formations with above average magnetite content and which are also commonly called magnetite iron formation;
- More intensely metamorphosed, coarser-grained iron formations, termed metataconites which contain specular hematite and subordinate amounts of magnetite as the dominant iron minerals;
- Minor occurrences of hard high-grade hematite ore occur southeast of Schefferville at Sawyer Lake, Astray Lake and in some of the Houston deposits.

Second stage of enrichment included the addition of secondary iron and manganese which appear to have moved in solution and filled pore spaces with limonite-goethite. Secondary manganese minerals, i.e., pyrolusite and manganite, form veinlets and vuggy pockets. The types of iron ores developed in the deposits are directly related to the original mineral facies. The predominant blue granular ore was formed from the oxide facies of the middle iron formation. The yellowish-brown ore, composed of limonite-goethite, formed from the carbonate-silicate facies, and the red painty hematite ore originated from mixed facies in the argillaceous slaty members. Only the direct shipping ore is considered beneficiable to produce lumps and sinter feed and will be part of the resources for the LIM project.

Exploration

Most historic exploration on the properties was carried out by IOCC until the closure of their operation in the 1980s. A considerable amount of data used in the evaluation of the current status of the resource and reserve evaluation is provided in the documents, sections and maps produced by IOCC or by consultants working for them. Recent exploration was carried out by LIM in the last four years (2005 to 2009). On some of the properties trench sampling as well as bulk sampling was carried out. The exploration data that can be used for the NI 43-101 compliant resource estimates has been developed for the James, Redmond 2B and Redmond 5 deposits.

Ongoing exploration on LIM's Schefferville area other properties will essentially focus at two or three different levels depending upon the proposed development schedule for the particular deposit. The Houston, Knob Lake, Sawyer Lake, Howse and Astray Lake deposits are currently at the most advanced stage, and additional RC drilling will be required to enable the classification of resources to be compliant with NI 43 101. Additional RC drilling programs and trench sampling is required for other deposits. Bulk sampling for metallurgical testing of the manganese deposits will be necessary to prepare the final process flow sheet for treatment of the manganese material.

Drilling and Sampling

Diamond drilling of the Schefferville iron deposits has been a problem historically in that the alternating hard and soft ore zones tend to preclude good core recovery. Traditionally IOCC used a combination of reverse circulation drilling, diamond drilling and trenching to generate data for reserve and resource calculation. A large number of original IOCC data have been recovered and reviewed by LIM. For the most recent calculations of the resources for the James deposit data from 105 reverse circulation drill holes has been used. The systematic drilling has been carried out on sections 30 metres apart.

During the time that IOCC owned the properties sampling of the exploration targets were by trenches and test pits as well as drilling. In the test pits and trenches geological mapping determined the lithologies and the samples were taken over 10 feet (3.0 metres). The results were plotted on vertical cross sections. All drilling and sampling of the iron deposits covered in this study has been carried out by LIM during 2006, 2008 and 2009, predominantly with RC drilling. The geological sections originally prepared by IOCC have been updated with the information obtained through LIM's exploration. A total of 162 holes were drilled, 141 of which were RC drilled holes. A total of 2,300 metres of trenching has been carried out on six of the properties (James, Redmond 2B, Redmond 5, Houston 1, Houston 3 and Gill). A bulk sample program was started in 2006 (3,600 kgs from James and Houston) but the major bulk sampling was carried out in 2008. During that year a total of 5,900 tonnes was excavated from the James South, Knob Lake, Redmond 5 and the Houston deposits.

Sample Preparation, Security and Data Verification

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

Metallurgical Testing

During February 1989 three mineralized samples comprising approximately 12.7 tonnes or 45 drums of James ore were treated at Lakefield Research Laboratories (now SGS-Lakefield), Lakefield, Ontario. In 1990, a bulk sample of mineralized material from James deposit weighing approximately three tonnes was transported to Centre de Recherches Minerales (CdRM), Quebec City, for testing.

Trench samples taken in 2006 from the James and Houston deposits were tested for compressive strength, crusher index and abrasion index at SGS-Lakefield. Composite crushing, dry and wet screen analysis, washing and classification tests were done at "rpc The Technical Solutions Centre" in Fredericton, New Brunswick.

From the 2008 Exploration Drill Program, five iron ore composite samples from the James deposit were submitted to SGS-Lakefield for mineralogical characterization to aid with the metallurgical beneficiation program. The samples were selected based on their lower iron grade. Emphasis was placed on the liberation characteristics of the iron oxides and the silicates minerals.

The 2008 bulk sample program, during which a total of some 5,900 tonnes was collected, provided representative 200 kg samples from each of the raw ore type, (James: blue ore, Knob Lake: red ore, Houston: blue ore and Redmond 5: blue ore) that was sent to SGS Lakefield laboratories for metallurgical testing. Other tests (angle of repose, bulk density, moisture, direct head assay and particle size analysis determinations) were also carried out. Preliminary scrubber tests were performed on all four samples. Only the James South sample was submitted for Crusher Work Index tests. The potential of beneficiation by gravity was explored by Heavy Liquid Separation and Vacuum filtration testwork was also carried out by Outotec.

The material collected from the James South bulk sample was sent to a number of other laboratories for additional test work, including Derrick Corporation for screening tests, Outotec in Jacksonville, and SGA Laboratories in Germany for Sinter Tests and Lump Ore characterization. Material from the Redmond deposit was sent to MBE Coal & Minerals Technologies in Germany and to Corem in Quebec City.

SGA concluded: “In summary, it can be stated that the tested sample showed excellent sintering behavior, clearly improving sintering productivity and metallurgical properties of the sinters. The high iron content and low gangue as well as the low portion of fines determine the high quality of this ore grade. Such fines will be well accepted in the market.” SGA also concluded: “High reducibility evaluated for James South being superior to other ore grades on the European market. In summary, it can be stated that James South ore represents a high quality lump ore grade which will be well accepted on the European market.”

Mineral Resources and Mineral Reserves

As of the date of this report, only the resources for James, Redmond 2B and Redmond 5 deposits, for which SGS-Geostat prepared a resource estimate (Technical Report dated December 18, 2009), are NI 43-101 compliant. The total of these resources is shown in Table 1-1.

Table 1-1

Total NI 43-101 Compliant Resources

NI 43-101 Compliant	Tonnes	Fe%	SiO₂%	Mn%
Indicated	11,031,000	57.4	12.8	0.7
Inferred	220,000	53.6	14.7	0.9

All other resource estimates quoted in this report are based on prior data and reports prepared by IOCC, the previous operator. These historical estimates are not current and do not meet NI 43 101 Definition Standards and are reported here for historical purposes only. A qualified person has not done sufficient work to classify the historical estimate as current mineral reserves. The historical estimates should not be relied upon. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration.

The IOCC estimated mineral resources and reserves were published in their Direct Shipping Ore (DSO) Reserve Book published in 1983. The estimate was based on geological interpretations on cross sections and the calculations were done manually. Table 1-2 shows the summary of the estimate of the (non compliant with NI 43-101) historical mineral resources of the LIM owned deposits. IOCC categorized their estimates as “reserves”. The author has adopted the same principle of the 2007 Technical Report prepared by SNC-Lavalin that these should be categorized as “resources” as defined by NI 43 101.

Table 1-2**Summary of Historical IOCC Mineral Resource Estimates**

(The estimates are not compliant with NI 43-101 and are based on historical standards used by IOCC)

The old IOCC classification reported all resources (measured, indicated and inferred): the total mineral resource.

Non-compliant with NI 43-101	Tons	Fe%	SiO₂%	Mn%
Iron Resources	73,537,000	58.0	7.1	-
Manganese Resources	1,163,000	44.8	6.9	8.6

Other Relevant Data and Information

The Knob Lake Iron Range is well known for the hematite-goethite iron deposits and this region has been exploited for some 30 years by IOCC. The LIM Project will attempt to reactivate the area. The short-term strategy will be to establish the operation on the best-known deposits of James, Redmond 2B & 5 and Houston, all relatively close to Schefferville.

LIM proposes to advance the Project in a number of Phases. The first will involve the development and production from the compliant resources nearest to the current infrastructure specifically the James and Redmond deposits. Subsequent stages and phases will follow from other deposits as their resource estimates are brought into compliance. It is expected that resource estimates for all the remaining deposits will be made over a number of years in line with a long term development plan for the total project. Following James and Redmond it is expected that those deposits closest to the current infrastructure, namely Houston, Knob Lake, Gill and Ruth 8 will be the next to be brought into resource compliance and into production. Those deposits further from the infrastructure, Howse, Sawyer Lake, Astray and Kivivic will not follow for some time.

The first stage of the Phase One Project to be developed by LIM will involve the reactivation of the James and Redmond 2B & 5 deposits which following submission of an Environmental Impact Statement (EIS), which has been released from the Environmental Assessment process by the Government of Newfoundland and Labrador. LIM's proposed mine operations will involve the extraction of iron ore by developing open pit mines at the James and Redmond deposits. It is proposed that beneficiation will take place at the Silver Yard area and a 4.4 km rail spur will be re-established along the existing railbed to connect with the main rail line. Construction activities are planned to commence in mid-March 2010 with initial mine development to begin in July 2010.

As was the case with IOCC, all mining operations will be by conventional open pit mining methods. The working period is anticipated to start in April and to continue to November with a work stoppage of four months. The mining contractor will provide all equipment to drill, blast, load and haul ore, waste rock and top soils to the designated locations. Mining plans have been prepared to determine mineable mineral resources for the James and Redmond deposits. The mineable mineral resources for these deposits have been estimated at 8.9 million tonnes and about 10.8 million tonnes of waste.

It is believed that the "direct shipping" iron ore produced by IOCC needed none or only very little processing and that only crushing and screening was performed before the ore was loaded on trains to be transported to Sept-Îles. LIM has evaluated washing and screening of the ore to improve the quality and

grade of products and to ensure a greater degree of consistency in the production of lump ore and sinter fines. It is expected that the proposed washing and screening process will remove low grade and silica material and should increase the grades of the final product by about 10-15% of the mined grade.

The only means to transport iron ore from Schefferville to sea-ports is by rail. The railway originally constructed by IOCC is still available and in operation. Some refurbishing of the tracks, rails and culverts will have to be carried out through a recommended multi-year repair and replacement program. LIM is negotiating an agreement with Tshiuetin Rail Transport (“TSH”), a company owned by three Quebec First Nations and also with Quebec North Shore & Labrador Railway (QNS&L) to reach Sept Îles.

LIM has been collecting seasonal baseline data since mid-2005. The James and Redmond properties have recently completed environmental assessment and have been released from any further environmental assessment. Each mine site will be closed after depletion of mineable reserves and restored according to regulations.

LIM has established an active community relations program since mid-2005 and an ongoing effort is made to work very closely with the four relevant First Nations to focus on developing and maintaining productive working relations, ensuring a good understanding of the proposed project. LIM has signed an Impact Benefits Agreement with the Innu of Labrador and Memoranda of Understanding with other First Nations. LIM has also assisted three Quebec based First Nations to identify and undertake the work necessary to allow for a timely expansion/upgrade of the TSH operations to include the shipment of iron ore.

The successful start up of LIM’s direct shipping iron ore project will likely be the first positive economic stimulus to the northwest Labrador economies in 30 years. It should lead to 20+ years of economic stability. The project will develop deposits of iron ore and manganese not previously worked by IOCC but which were evaluated by IOCC and were part of IOCC’s reserves and resources at the time of closure of its operations in the area in 1982.

There is a high level of existing infrastructure in the Schefferville area, and LIM currently intends to utilize contractors for the majority of the operational activities who will supply their own capital equipment except for the beneficiation plant will be supplied by LIM. The Central Zone and South Central Zone deposits are located within reach of existing infrastructure, including road access, adjacent to electrical power lines and close to the railway terminal and proposed loading yard.

The market for iron ores and related products has seen some substantial changes in recent years. It is expected that the European market is the most likely destination for products from the LIM Project given the freight advantage of Sept-Iles due to its proximity to Europe. However, there remains a strong demand for iron ore from the Far East and in particular from China.

Conclusions

The review of the data that was made available to the author and the knowledge of the project obtained during the 2007 SNC-Lavalin study (of which he was the major participant) of LIM’s project related to a renewed development of LIM’s iron deposits in Labrador has shown that there is more than sufficient merit to continue the exploration to further confirm the resources estimated by IOCC. The results of the program of trenching and RC drilling in 2006, 2008 and 2009 have confirmed a large amount of the resources in the James, Redmond 2B and the Redmond 5 deposits. The exploration on the other properties, as well as the properties obtained in an exchange with NML, should bring the historic

estimates of resources to comply with the requirements of NI 43 101.

The resource estimates for the properties comprising LIM's Project were established by IOCC, an experienced iron ore operator, during the 20+ year period that IOCC successfully operated mines in the Schefferville area which were developed on the basis of similar resource estimates. There is no reason to conclude that IOCC utilized other than best industry practices. It is reasonable, therefore, to conclude that such historic resources can be brought to compliance with NI 43 101 requirements with a continued program of verification as recommended herein. The next step for this study is to continue with the confirmation of the resources for the properties and to make more of the resource estimates NI 43 101 compliant.

The resources closest to the existing Schefferville infrastructure and contained in the James and Redmond deposits have been confirmed and made NI 43-101 compliant, and exploration on the Houston deposit is sufficiently advanced to justify the estimation of an NI 43-101 compliant resource, though some additional drilling will be required on the portion of that deposit recently acquired from NML.

Most infrastructure around Schefferville is already in place and relative low capital expenditures will be required to restore these facilities. The relatively low cost new washing plant to produce "direct shipping" ore will be able to be used for the production of some 15 to 18 million tonnes. The newly obtained properties close to Schefferville (Gill and Ruth Lake) and the recommended exploration on these properties should confirm additional NI 43-101 compliant resource estimates.

The other deposits (Astray Lake, Sawyer Lake, Howse and Kivivic) are further from Schefferville and require more infrastructure development and therefore higher capital expenditures. The knowledge of these deposits is also less detailed and more exploration will be required to bring these historic inferred resources to a NI 43 101 compliant indicated classification.

Recommendations

Following the review of all supplied data and the interpretation and conclusions of this review, there is more than sufficient merit to continue exploration to further confirm the historic resources estimated by IOCC. The results of the past exploration have been very positive and have already shown that the IOCC data is very reliable and can be confirmed with the recent exploration. Exploration completed on the first phase deposits (James, Redmond 2B and Redmond 5) have confirmed and added to these resources, bringing them into compliance with NI 43-101. Some additional drilling is recommended to explore possible extensions to these first phase deposits.

An exploration program is also recommended to evaluate the historical IOCC resources for the deposits (including newly acquired claims) that are next in line to be developed after the James, Redmond 2B and Redmond 5 deposits. Establishment of NI 43-101 compliant resources on these second phase deposits (Houston, Knob Lake, Gill and Ruth Lake) will add to the life of the planned operations.

Houston Property

The Houston Property is one of the properties described in the Labrador Report above. In addition to the description of the Houston Property in the Labrador Report, a separate technical report was subsequently prepared regarding the Houston Property individually. The following is extracted from the Summary section of the technical report dated May 18, 2010 entitled "Resource Estimate & Technical Report on the Houston Iron Ore Deposit Western Labrador Province of Newfoundland and Labrador Canada" (the

“Houston Report”) prepared by Terence N. McKillen, BA(Mod), MA, MSc, PGeo relating to the Houston Property in western Labrador held by LIM. Mr. McKillen is Executive Vice President and a director of the Company and is a “qualified person” within the meaning of NI 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. Mr. McKillen is not independent of the Company as described in section 1.4 of NI 43-101.

Portions of the information in this section are based on assumptions, qualifications and procedures which are more fully described in the Houston Report, the full text of which is available for review on SEDAR, which can be accessed online at www.sedar.com. To the extent that disclosure in the Summary section of the Houston Report duplicates disclosure in the Summary section of the Labrador Report included above in this AIF, the duplicated disclosure has been omitted from the summary of the Houston Report below. The full text of the Houston Report is hereby incorporated by reference and forms an integral part of this AIF.

Property Description and Location

LIM holds 100% title to 34 Mineral Rights Licenses as of the date of this report issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 395 mineral claims located in western Labrador covering approximately 9,875 hectares, including the Houston deposits. All of the LIM properties, including Houston, are located in the western central part of the Labrador Trough Iron Range and are located about 1,140 km northeast of Montreal and within a few kilometres to 70 km from the town of Schefferville (Quebec). The Houston deposit is approximately 20 km from Schefferville and comprises 8 Mineral Rights Licenses representing 66 mineral claims covering approximately 1,650 hectares.

Drilling and Sampling

For the most recent calculations of the resources for the Houston deposit, data from 4,418 metres of drilling in 84 historical reverse circulation drill holes and 1,485 samples has been used. The systematic drilling has been carried out on sections 100 feet (30 metres) apart.

IOC also sampled targets by trenching and test pits in addition to drilling. The test pits and trenches were to determine lithologies, ore body limits and quality of ore on surface. A total of 200 metres in 64 test pits and 6,700 metres in 159 trenches with their 2,086 samples from historical records were considered in this report. Samples were usually collected over 10 feet (3.0 metres) intervals.

In addition to historical data, LIM carried out several exploration programs since 2006 with the purpose of verifying the historical resources. This included 4,181 metres in 63 drill holes, 554 metres in 10 trenches and 1,449 samples. Most of the drilling completed was using tricone reverse circulation.

A bulk sample program was started in 2006 (2,400kg from Houston) but the major bulk sampling was carried out in 2008 when 2,000 tonnes of ore were excavated from the Houston 1 deposit.

Metallurgical Testing

Four bulk trench samples of 600kg each taken in 2006 from the Houston deposit were tested for compressive strength, crusher index and abrasion index at SGS Lakefield. Composite crushing, dry and wet screen analysis, washing and classification tests were done at “rpc - The Technical Solutions Centre” in Fredericton, New Brunswick.

During the 2008 bulk sample program, a total of 2,000 tonnes of ore was collected from the Houston deposit from which 200 kg representative samples were taken for each of the raw ore types. At Houston, only blue ore was collected and sent to SGS Lakefield laboratories for metallurgical testing. Other tests (angle of repose, bulk density, moisture, direct head assay and particle size analysis determinations) were also carried out. Preliminary scrubber tests were also performed. The potential of beneficiation by gravity was explored by Heavy Liquid Separation and Vacuum filtration testwork was also carried out by Outotec.

Mineral Resources and Mineral Reserves

Tables 1 and 2 summarize the resource estimate for the Houston deposit, both iron and manganiferous iron resources, which are NI 43-101 compliant. No mineral reserves are reported in this document.

Table 1
Houston Deposit - NI 43-101 Compliant vs. Historical Iron Resources
(Direct Shipping Resources – DSO)

Ore Type	Classification	43-101				Historical		
		Tonnage (x1,000)	SG	Fe%	SiO ₂ %	Tonnage (x1,000)	Fe%	SiO ₂ %
NB-LNB	Measured	6,700	3.52	61.12	8.58	-	-	-
	Indicated	5,274	3.51	60.40	9.61	9,114	57.43	7.13
	Inferred	1,004	3.48	59.17	11.43	-	-	-
HSiO ₂	Measured	1,329	3.33	52.64	21.33	-	-	-
	Indicated	1,382	3.33	52.71	21.08	-	-	-
	Inferred	494	3.32	52.55	21.19	-	-	-
Total	Measured	8,029	3.49	59.71	10.69	-	-	-
	Indicated	6,656	3.47	58.80	12.00	9,114	57.43	7.13
	Inferred	1,498	3.43	56.99	14.65	-	-	-

Table 2
Houston Deposit - Total NI 43-101 Compliant Manganiferous Iron Resources

NI 43-101 Compliant	Tonnes (x1,000)	Fe%	SiO ₂ %	Mn%
Measured (LMN+HMN)	480	54.2	8.8	5.8
Indicated (LMN+HMN)	351	54.4	9.5	5.0
Total	831	54.3	9.1	5.5

(Note: approximately 4 million tonnes of measured and indicated manganiferous iron resources lie outside the limits of claims held by LIM)

IOC estimated mineral resources and reserves were published in their Direct-Shipping Ore (DSO) Reserve Book published in 1983. The estimates were based on geological interpretations on cross sections and the calculations were done manually. IOC categorized their estimates as “reserves”. The author has

adopted the same principle as the 2007 Technical Report on LIM's Western Labrador Iron Deposits prepared by SNC-Lavalin that these should be categorized as "resources" as defined by NI 43-101.

The IOC classification reported all resources (measured, indicated and inferred); the total mineral resource. These historical estimates are not current and do not meet NI 43-101 Definition Standards and are reported here for historical purposes only. The historical estimates should not be relied upon.

LIM's resource estimates for the Houston deposit of 14.68 million tonnes (including HSiO_2 not reported previously) at a grade of 59.3% iron in the Measured and Indicated categories represents an increase of 61% over the historical resource of 9.1 million tons. A further 1.5 million tonnes of resources has been classified in the Inferred category. The Houston deposit remains open to the northwest and southeast and to depth.

Block Modeling

LIM used Gemcom GEMS 6.2.3 software for the resource estimation. The ordinary kriging interpolation method was used to estimate the resources by block modeling with block sizes of 5x5x5 metres and block rotation of 45.6° which corresponds to the general strike of the deposit. LIM used the geological and ore models interpreted in plane and in sections. LIM used different search ellipses derived from 3D semi-variogram analyses for the classification of the resources.

Analyses

Analyses for all of the samples from the 2006, 2008 and 2009 drilling and trenching programs were carried out by SGS-Lakefield Laboratory and/or by Activation Laboratories. The analytical method used was borate fusion whole rock X-Ray Fluorescence.

Density

A variable specific gravity (density) was used for the modeled ore types. LIM used the following equation: $SG \text{ (in-situ)} = (2.3388 + Fe \times 0.0258) \times 0.9$. The regression formula was calculated by LIM based upon 229 specific gravity tests.

Other Relevant Data and Information

The Houston deposit is located within reach of existing infrastructure, including road access, electrical power lines and the railway terminal and proposed rail loading yard, although LIM anticipates constructing a new 10 km haulage road to link the Houston deposit to the Redmond mine site, thus keeping its operations completely within the Province of Newfoundland and Labrador.

Conclusions

The author has reviewed all of the data in the possession of LIM relating to the Houston and nearby iron and manganese deposits owned by LIM and has personal knowledge of the overall project from initial conception and property acquisition dating back to 2005. All of LIM's exploration work programs carried out in 2006 through 2009 were conducted under the supervision of the author.

Technical reports prepared by LIM's senior geological staff reporting on annual work programs, including drilling, trenching and bulk sampling, and the block modeling and resource estimation of the Houston deposit, were carried out under the direct supervision of the author.

The geological interpretation of the Houston deposit is restricted to the zones considered of economic quality. The historical IOC parameters of the Non-Bessemer and Bessemer ore types were considered together for the geological interpretations and modeling. The High Silica (Hi-SiO₂) ore types containing >50% Fe and from 18% up to 30% SiO₂ were also considered for the geological interpretation and modeling of the selected mineral deposits.

The geological modeling of the Houston deposit was performed using standard sectional modeling of 30-metre spacing. Geological interpretation and modeling of the mineral deposits on paper sections and plans from IOC were digitized and updated with new information acquired during the recent field work seasons.

LIM used Gemcom GEMS 6.2.3 software for the resource estimation. The ordinary kriging interpolation method was used to estimate the resources by block modeling with block sizes of 5x5x5 metres and block rotation of 45.6° which corresponds to the general strike of the deposit. LIM used a composite length of 3.0 metre, considered suitable in comparison to the dimension of the blocks used for the model. The search ellipses were obtained from 3D semi-variogram analyses for the classification of the resources. The block model estimation used the topography and the overburden contact in the parameters settings.

The results of LIM's work to date on the Houston deposit has shown that there is more than sufficient merit to continue exploration and development to further confirm, expand and reclassify the existing resources, especially to the south, to the north and to provide further detail between the various zones of mineralization.

A considerable amount of infrastructure remains around Schefferville and LIM is currently restoring or adding new facilities including a beneficiation plant and rail car loading facility at the Silver Yard, a 4.4 km rail spur line and a 70-man camp at Bean Lake. Such facilities would be available for any production from the Houston deposit.

Recommendations

The results of exploration to date have been very positive and have already shown that the IOC data is very reliable and have been confirmed with the recent exploration. Exploration completed on the first phase deposits belonging to LIM in western Labrador including Houston, James, Redmond 2B and Redmond 5 have confirmed and added to the historic resources previously defined by IOC, bringing them into compliance with NI 43-101.

Following a review of all data relative to the Houston deposit and the interpretation and conclusions of this review, there is more than sufficient merit to continue exploration to further expand the resource base of the Houston deposit by step out and infill drilling to the south as well as exploring in more detail between the currently defined zones of mineralization.

Iron Ore Project in North-Eastern Quebec

The following extract is the Summary section of the technical report dated March 10th, 2010 entitled "Schefferville Mines Inc. - Labrador Iron Mines Holdings Limited – Technical Report of an Iron Ore Project in Northern Quebec, Province of Quebec" (the "Quebec Report") prepared by A.S. Kroon, P.E.

relating to the properties located in eastern Quebec held by SMI. Mr. Kroon is a “qualified person” as such term is defined in NI 43-101. Portions of the information in this section are based on assumptions, qualifications and procedures which are more fully described in the Quebec Report, the full text of which is available for review on SEDAR, which can be accessed online at www.sedar.com. The full text of the Quebec Report is hereby incorporated by reference and forms an integral part of this AIF.

Property Description and Location

SMI holds title to 218 Mining Titles covering 9,014 hectares in the province of Quebec and exclusive operating interest to 23 Mining Leases covering 2,816 hectares in the province of Quebec. The SMI properties are located in the western central part of the Labrador Trough iron range and are located about 1,000 km northeast of Montreal and adjacent to or within 70 km from the town of Schefferville (Quebec).

There are no roads connecting the area to southern Labrador or to the rest of Quebec. Access to the area is by rail from Sept-Îles to Schefferville or by air from Montreal and Sept Îles. The properties are located inside a 40 km radius from Schefferville with the exception of the Murdoch Lake and Eclipse properties that are some 100 km from Schefferville. The properties close to Schefferville are mostly accessible by gravel roads while the properties far away from the town are only accessible by helicopter.

History

The Quebec-Labrador iron range has a tradition of mining since the early 1950's and is one of the largest iron producing regions in the world. The former Direct Shipping iron ore (“DSO”) operations at Schefferville (Quebec and Labrador) operated by IOCC produced in excess of 150 million tons of lump and sinter fine ores over the period 1954-1982. The first serious exploration in the Labrador Trough occurred in the late 1930s and early 1940's when Hollinger North Shore Exploration Company Limited (Hollinger) and Labrador Mining and Exploration Mining Company Limited (“LME”) acquired large mineral concessions in the Quebec and Labrador portions of the Trough. Mining and shipping from the Hollinger lands began in 1954 under the management of the IOCC, a company specifically formed to exploit the Schefferville area iron deposits.

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

Following the closure of the IOCC mining operations, ownership of the leases reverted to Hollinger. All of the properties comprising SMI's Schefferville area project were part of the original IOCC Schefferville holdings and formed part of the 250 million tons of reserves and resources identified by IOCC in the area. In addition a number of properties' contain historic manganese resources.

Geology

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

formation unit, the Sokoman Formation, part of the Knob Lake Group, forms a continuous stratigraphic unit that thickens and thins from sub-basin to sub-basin throughout the fold belt.

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

The Labrador Trough contains four main types of iron deposits:

- Soft iron ores formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation; they are composed mainly of friable fine-grained secondary iron oxides (hematite, goethite, limonite);
- Taconites, the fine-grained, weakly metamorphosed iron formations with above average magnetite content and which are also commonly called magnetite iron formation;
- More intensely metamorphosed, coarser-grained iron formations, termed metataconites which contain specular hematite and subordinate amounts of magnetite as the dominant iron minerals;
- Occurrences of hard high-grade hematite ore occur southeast of Schefferville.

Second stage of enrichment included the addition of secondary iron and manganese which appear to have moved in solution and filled pore spaces with limonite-goethite. Secondary manganese minerals, i.e., pyrolusite and manganite, form veinlets and vuggy pockets. The types of iron ores developed in the deposits are directly related to the original mineral facies. The predominant blue granular ore was formed from the oxide facies of the middle iron formation. The yellowish-brown ore, composed of limonite-goethite, formed from the carbonate-silicate facies, and the red painty hematite ore originated from mixed facies in the argillaceous slaty members. Only the direct shipping ore is considered beneficiable to produce lumps and sinter feed and will be part of the resources for the SMI Labrador Iron Mines project.

Exploration

Most historic exploration on the properties was carried out by IOCC until the closure of their operation in the 1980s. A considerable amount of data used in the evaluation of the current status of the resource and reserve evaluation is provided in the documents, sections and maps produced by IOCC or by consultants working for them. No recent exploration was carried out on the Quebec properties. New exploration data that will be provided through trench sampling and RC drilling can be used for the NI 43-101 compliant resource estimates by comparing the new data with the old IOCC information. Bulk sampling for metallurgical testing of the manganese deposits will be necessary to prepare the final process flow sheet for treatment of the manganese material.

Drilling and Sampling

Diamond drilling of the Schefferville iron deposits has been a problem historically in that the alternating hard and soft ore zones tend to preclude good core recovery. Traditionally IOCC used a combination of reverse circulation drilling, diamond drilling and trenching to generate data for reserve and resource calculation. A large number of original IOCC data has been recovered and some have been reviewed by SMI. During the time that IOCC owned the properties sampling of the exploration targets were by trenches and test pits as well as drilling. In the test pits and trenches geological mapping determined the lithologies and the samples were taken over 10 feet (= 3.0 metres). The results were plotted on vertical cross sections. The geological sections originally prepared by IOCC will have to be up dated with new RC drilling and sampling results.

Sample Preparation, Security and Data Verification

All drilling and sampling of the iron and manganese deposits used for this study has been done by IOCC during the time that they owned and produced direct shipping iron ore from adjacent and nearby properties (from 1954 to 1982). The sample preparation, analysis and security in place during the operations of IOCC is not specifically known but it can be assumed that it was done following acceptable industry practice and the standards for an experienced mining company at that time.

Mineral Resources and Mineral Reserves

All resource estimates quoted in this report are based on prior data and reports prepared by IOCC, the previous operator. These historical estimates are not current and do not meet NI 43 101 Definition Standards and are reported here for historical purposes only. A qualified person has not done sufficient work to classify the historical estimate as current mineral reserves. The historical estimates should not be relied upon. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration.

The IOCC estimated mineral resources and reserves were published in their Direct Shipping Ore (DSO) Reserve Book published in 1983. The estimate was based on geological interpretations on cross sections and the calculations were done manually. The Table 1-1 shows the summary of the estimate of the (non compliant with NI 43-101) historical mineral resources of the deposits owned by SMI owned deposits. IOCC categorized their estimates as “reserves”. The author has adopted the same principle of the 2007 SNC-Lavalin Technical Report that these should be categorized at “resources” as defined by NI 43 101.

Table 1-1

Summary of Historical IOCC Mineral Resources Estimates

(The estimates are not compliant with NI 43-101 and are based on historical standards used by IOCC)
The old IOCC classification reported all resources (measured, indicated and inferred): the total mineral resource.

Non-compliant with NI 43-101	Tons	Fe%	SiO₂%	Mn%
Iron Resources	63,186,000	55.1	6.2	-
Manganese Resources	5,987,000	47.3	5.5	5.6

Other Relevant Data and Information

The Knob Lake Iron Range is well known for the hematite-goethite iron deposits and this region has been exploited for some 30 years by IOCC. The SMI Schefferville Project will determine if the iron and manganese properties have the potential economics for renewed exploitation. The following are some observations that illustrate that after a relatively short exploration program these properties could enter into a production phase.

It is believed that the DSO produced by IOCC needed none or only very little processing and that only crushing and screening was performed before the ore was loaded on trains to be transported to Sept-Îles. It is expected that the proposed washing and screening process will remove low grade and silica material and should increase the grades of the final product by about 10-15% of the mined grade.

The ores from the manganese deposits will be subject to some form of beneficiation to achieve greater manganese content and to remove undesirable impurities. Beneficiation technology as applied to manganese ores is similar to that for iron ores.

Conclusions

The review of the data that was made available to the author and the knowledge of the Labrador Iron Mines Ltd. ("LIM") (a wholly owned subsidiary of Labrador Iron Mines Holdings Limited) project obtained during the 2007 SNC-Lavalin study (of which he was the major author) and the 2010 study of the project related to a renewed development of the iron deposits in Labrador near Schefferville, Quebec has shown that there is more than sufficient merit to continue exploration to further confirm the resources estimated by IOCC on the Quebec properties. Exploration on the properties in Quebec should bring the historic estimates of resources to comply with the requirements of NI 43 101 and support the undertaking of a feasibility study.

The IOCC explored deposits remained ready for exploitation when favorable market conditions would return and the economics of new mines could be demonstrated. Some of these deposits are now owned, wholly or partially, by SMI and a pre feasibility study should be considered to demonstrate economic viability of the restart of the iron and/or manganese ore production. The resource estimates for the properties comprising SMI's project were established by IOCC, an experienced iron ore operator, during the 20+ year period that IOCC successfully operated mines in the Schefferville area which were developed on the basis of similar resource estimates. There is no reason to conclude that IOCC utilized other than best industry practices. It is reasonable, therefore, to conclude that such historic resources can be brought to compliance with NI 43 101 requirements with a continued program of verification as recommended herein.

Most infrastructure around Schefferville is already in place and relative low capital expenditures will be required to restore and revamp the old structures and rail yards. The production of DSO requires only a simple process of screening, crushing and, in some cases, washing and the capital cost of building such a processing plant near Schefferville would be relatively low. Subject to the historical resources on of the newly obtained properties close to Schefferville (Malcolm, Denault, Barney, Fleming 9, Star Creek and Lance Ridge) being brought into NI 43-101 compliance, the economic viability of additional infrastructure investment (railway spur extension) and the construction of a beneficiation plant could be demonstrated.

The other deposits (Squaw Woolett, Partington, Eclipse and Trough 1) are further from Schefferville and require additional infrastructure development and therefore higher capital expenditures. The knowledge of these deposits is also less detailed and more exploration will be required to bring these historic inferred resources to a NI 43 101 compliant indicated classification. When these resources are demonstrated to exist the feasibility of producing from these deposits can be evaluated.

Recommendations

Following the review of all supplied data and the interpretation and conclusions of this review, it is recommended that the exploration on the iron and manganese properties continue. The results of the exploration on other properties have been very positive and have already shown that the IOCC data is very reliable and can be confirmed with the new exploration. It was also recommended in the study prepared by MRB & Associates (MRB) that an exploration program should be considered on the newly acquired manganese properties.

Initial exploration on the new properties (Malcolm 1, Denault, Star Creek and Lance Ridge) is recommended to confirm the IOCC historical resources and evaluate them according to NI 43-101 standards.

The estimated total budget for the Confirmation Exploration program is \$2,146,000. The drilling and sampling program would likely be followed with a pre-feasibility study for which the budget estimate is \$680,000.

ITEM 6 – DIVIDENDS

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

ITEM 7 – DESCRIPTION OF CAPITAL STRUCTURE

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

At March 31, 2010 the Company had 43,369,951 issued and outstanding common shares, and at June 29, 2010 the Company had 43,490,755 issued and outstanding common shares.

ITEM 8 – MARKET FOR SECURITIES

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

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

Share Price Range 2009/10			
Month	High	Low	Volume
April 2009	\$1.70	\$1.00	273,551
May 2009	\$1.70	\$1.25	119,687
June 2009	\$2.05	\$1.45	167,354
July 2009	\$2.00	\$1.25	201,748
August 2009	\$1.90	\$1.63	328,527
September 2009	\$1.69	\$1.36	589,567
October 2009	\$2.15	\$1.45	1,016,688
November 2009	\$2.28	\$1.65	726,657
December 2009	\$3.48	\$1.94	1,511,338
January 2010	\$7.30	\$2.92	9,594,841
February 2010	\$6.74	\$5.05	3,507,939
March 2010	6.55	5.39	5,514,327
April 2010	7.65	5.95	5,836,554
May 2010	6.77	4.40	3,953,208
June 1 to June 28, 2010	5.68	4.74	1,809,800

Broker Warrants

In March 2010 the Company issued 369,960 broker warrants as part of the compensation to the underwriters pursuant to the short form prospectus offering of common shares and flow-through shares. The broker warrants have an exercise price of \$6.36 and expire on September 25, 2011. As at the date of this AIF, 360,711 broker warrants were outstanding.

ITEM 9 – ESCROWED SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at March 31, 2010, and the date hereof, no common shares were held in escrow or subject to contractual restriction.

ITEM 10 – DIRECTORS AND OFFICERS**Name, Occupation and Security Holding**

Name and Municipality of Residence	Principal Occupation During the Preceding Five Years	Director Since ⁽⁵⁾	Shares held Directly or Indirectly or over which control or direction is exercised
John F. Kearney Toronto, Ontario	Chairman, Chief Executive Officer and Director of the Company Chairman and CEO, Canadian Zinc Corp. Chairman Conquest Resources Limited, Anglesey Mining plc, Xtierra	May 2007	2,530,101 (5.81%)

<u>Name and Municipality of Residence</u>	<u>Principal Occupation During the Preceding Five Years</u>	<u>Director Since</u> ⁽⁵⁾	<u>Shares held Directly or Indirectly or over which control or direction is exercised</u>
	Inc. and Minco plc; Director of Vatukoula Gold Mines plc.		
D. William Hooley Rhos-on-Sea, Wales, United Kingdom	President, Chief Operating Officer and Director of the Company Chief Executive Officer of Anglesey Mining plc	May 2007	6,250 (0.01%)
Terence N. McKillen ⁽⁴⁾ Mississauga, Ontario	Executive Vice President and Director of the Company Director, President and Chief Executive Officer of Conquest Resources Limited, and Xtierra Inc. Chief Executive & Director Minco plc	May 2007	1,600,000 (3.68%)
Matthew Coon Come ⁽²⁾⁽³⁾ Ottawa, Ontario	Grand Chief of Grand Council of the Crees and the Cree Regional Authority. Previous Grand Chief of Assembly of First Nations	August 2007	Nil
Eric W. Cunningham ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario	Mining Consultant	August 2007	13,500 (0.03%)
Gerald Gauthier ⁽¹⁾⁽³⁾ Toronto, Ontario	Mining Engineer, Chief Operating Officer of Xtierra Inc.	August 2007	Nil
Richard Lister ⁽¹⁾⁽²⁾ Toronto, Ontario	Retired Mining Executive	August 2007	Nil
Richard Pinkerton Toronto, Ontario	Vice President Finance of the Company since May 2010. Previously Managing Director of Northern Securities Inc.	N/A	Nil
Neil J.F. Steenberg Toronto, Ontario	Secretary of the Company Lawyer	N/A	1,000 (0.01%)
Danesh Varma London, England	Chief Financial Officer of the Company Chief Financial Officer of Minco plc, Conquest Resources Limited and Xtierra Inc.	N/A	Nil

Name and Municipality of Residence	Principal Occupation During the Preceding Five Years	Director Since ⁽⁵⁾	Shares held Directly or Indirectly or over which control or direction is exercised
Donna Yoshimatsu Toronto, Ontario	Vice President Investor Relations of the Company	N/A	27,500 (0.06%)

Notes:

- (1) Independent director and Member of the Company's Audit Committee.
- (2) Independent director and Member of the Company's Compensation and Governance Committee.
- (3) Independent director and Member of the Company's Health and Safety Committee.
- (4) Mr. McKillen is the controlling shareholder of 3222594 which holds 1,600,000 Common Shares.
- (5) Each director holds office until the next annual meeting of shareholders or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the Company's by-laws.

Corporate Cease Trade Orders or Bankruptcies

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

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

- (a) Mr. Kearney was a non-executive director of McCarthy Corporation plc, a UK based investment company from July 2000 to March 2003. In June 2003, McCarthy Corporation plc adopted a voluntary arrangement with its creditors pursuant to the legislation of the United Kingdom.
- (b) Mr. Gauthier was an executive director and President of United Keno Hill Mines Limited (TSX:UKH) from May 1999 to October 2001. In February 2000, United Keno Hill Mines Limited filed for protection pursuant to the *Company's Creditors Arrangement Act* ("CCAA") and on October 30, 2000 proposed a plan of arrangement with its creditors. The plan was approved but never implemented.
- (c) Mr. Varma was President and Managing Director of American Resource Corporation Limited in respect of which a cease trade order was issued in June 2004 for failure to file its financial statements. The cease trade order is still currently in effect.
- (d) Mr. Steenberg serves as a Director of Tagish Lake Gold Corp. ("Tagish"). On April 9, 2010, Tagish filed an application to the British Columbia Supreme Court and an Order was made granting an Initial Order under CCAA.

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

Personal Bankruptcies

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

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

ITEM 11 – PROMOTERS

Anglesey, having taken the initiative in founding and organizing the Company and in the development of the Schefferville Project up to the completion of its IPO in December 2007 has been a promoter of the Company within the meaning of applicable securities laws. Anglesey, through its wholly owned subsidiary Labrador Iron plc, owns 17,789,100 common shares or approximately 40.9% of the issued and outstanding common shares of the Company after giving effect to Anglesey’s sale of 810,900 common shares for gross proceeds of \$4,500,495 pursuant to the exercise of the underwriters’ over-allotment option described in the Company’s short form prospectus offering in March 2010.

ITEM 12 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management is not aware of any material legal proceedings, actual, contemplated or threatened to which the Company is a party or which any of their properties or assets are subject, except for: (a) pending legal proceedings against Hollinger North Shore Exploration Inc. (“Hollinger”) concerning iron ore properties in Quebec which were acquired by the Company’s subsidiary, SMI, from Hollinger in December 2009 (the properties are subject to outstanding litigation of various disputes including claims for breach of contract by Hollinger); and (b) threatened proceedings by the Quebec Innu Uashat mak Mani Utenam against the government of Newfoundland and Labrador challenging the issue of its permits to LIM in western Labrador.

ITEM 13 – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, shareholder beneficially owning (directly or indirectly) or exercising control or direction over more than 10% of the common shares, or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company’s last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company, other than Messrs. Kearney, Hooley and Varma who are directors of Anglesey which in 2007 was the vendor to the Company of the Company’s principal properties in Labrador and currently holds 17,789,100 common shares (40.9%).

ITEM 14 – TRANSFER AGENTS AND REGISTRARS

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

ITEM 15 – MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the only material contract entered into by the Company during its most recently completed financial year was the Underwriting Agreement between the Company and Canaccord Financial Ltd., Jennings Capital and Haywood Securities dated March 11, 2010 referred to in the Short Form Prospectus filed on SEDAR on March 19, 2010.

ITEM 16 – INTERESTS OF EXPERTS

Certain information of a scientific or technical nature regarding the Company's properties included in this AIF is based upon the Quebec Report of A.S. Kroon, P.E. of Brossard, Quebec, and SGS Geostat Ltd. of Blainville, Quebec dated March 18, 2010 entitled "*Labrador Iron Mines Limited – Labrador Iron Mines Holdings Limited – Revised Technical Report of an Iron Ore Project in Western Labrador, Province of Newfoundland and Labrador*" and the Labrador Report of A.S. Kroon, P.E. dated March 10, 2010 entitled "*Schefferville Mines Inc. – Labrador Iron Mines Holdings Limited - Technical Report of an Iron Ore Project in Northern Quebec, Province of Quebec*" and the Technical Report prepared by Mr. Maxime Dupéré, Geo of SGS Geostat Ltd., dated December 18, 2009 entitled "*Technical Report Resource Estimation of the James, Redmond 2B and Redmond 5 Mineral Deposits located in Labrador, Canada*". Mr. Kroon and Mr. Maxime Dupéré are both "qualified persons" as such term is defined in NI 43-101 and were at the date of the technical reports independent of the Company within the meaning of NI 43-101. To the Company's knowledge, Mr. Kroon and Mr. Dupéré do not have any interest in the Company's properties and do not own any securities of the Company. Copies of the technical reports can be found on the Company's disclosure page under the Company's profile on www.sedar.com.

D. William Hooley, B.Sc.(Eng.), FAusIMM, President, Chief Operating Officer and a director of the Company and Terence N. McKillen, M.Sc., P.Geo., Executive Vice President and a director of the Company, both act as the Company's qualified persons under the meaning of NI 43-101 and have reviewed this AIF.

The Company's auditors are McGovern, Hurley, Cunningham, LLP, Chartered Accountants, who have prepared an independent auditors' report to the shareholders of the Company on the consolidated balance sheets of the Company as at March 31, 2010 and 2009 and the consolidated statements of operations and comprehensive income (loss) and deficit and cash flows for the years ended March 31, 2010 and March 31, 2009. The auditors' report is dated June 15, 2010. McGovern, Hurley, Cunningham, LLP have advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

To the knowledge of the Company, each of these experts held less than 1% of the outstanding common shares of the Company at the time of the preparation of the reports and/or at the time of the preparation of the technical information contained or incorporated by reference in this AIF, except for Mr. McKillen who holds 1,600,000 shares (3.68%).

ITEM 17 – ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular filed on SEDAR dated July 27, 2009 for its most recent annual meeting of security holders that involved the election of directors, which was held on September 15, 2009, together with the Audited Financial Statements and Management's Discussion and Analysis for the year ended March 31, 2010 available under the Company's profile on SEDAR at www.sedar.com.

The Company shall provide, upon request and upon payment of a reasonable charge where permitted, a copy of its 2010 Annual Information Form, the March 31, 2010 Audited Financial Statements and the

accompanying auditor's report thereon, Management's Discussion and Analysis, any subsequent interim financial statements and the Information Circular.

Cautionary Note – Forward Looking Statements

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

Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, mineral reserves, mineral resources, results of exploration, reclamation and other post-closure costs, capital costs, mine production costs, the timing of exploration, development and mining activities and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements by reason of factors such as changes in general economic conditions and conditions in the financial markets, changes in demand and prices for the minerals the Company expects to produce, delays in obtaining permits, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the Company operates, technological and operational difficulties encountered in connection with the Company's activities, labour relations matters, costs and changing foreign exchange rates and other matters discussed under "Risk Factors" herein and in "Management's Discussion and Analysis" for the year ended March 31, 2008.

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

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

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