LABRADOR IRON MINES HOLDINGS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2010

Dated: June 29, 2010

GENERAL

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes thereto of Labrador Iron Mines Holdings Limited (the "Company") for the year ended March 31, 2010.

As at March 31, 2010, the Company had $48,299,095 in cash and cash equivalents, and is in sound financial condition to carry out its planned programs to move its direct shipping iron ore Schefferville Projects in western Labrador and north-eastern Quebec into production.

The financial information contained in the discussion of results and operations was prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts in this discussion are expressed in Canadian dollars, unless identified otherwise.

This MD&A contains forward looking statements.

Except where otherwise stated, the resources referred to in this document are historical and have not been confirmed in accordance with the standards in National Instrument 43-101 ("NI 43-101"). The terms "iron ore" and "ore" in the document are used in a descriptive sense and should not be construed as representing current economic viability.

The historical resources referred to in this document are based on work completed and estimates prepared by the Iron Ore Company of Canada prior to 1983 and were not prepared in accordance with NI 43-101. The historical resource estimate is still considered relevant and reliable. The Company is not treating the historical resource estimate as a defined current resource verified by a Qualified Person.

OVERVIEW

The Company is a mineral resource company focused on exploring, developing and mining direct shipping iron ore in western Labrador and north-eastern Quebec in Canada near Schefferville, Quebec. The Company's shares are listed on the Toronto Stock Exchange under the symbol "LIM".

Through its wholly-owned subsidiary Labrador Iron Mines Limited ("LIM"), the Company holds interests in 37 Mineral Rights Licenses issued by the Department of Natural Resources, Province of Newfoundland and Labrador, covering approximately 10,925 hectares. These Mineral Rights Licenses are held subject to a royalty of 3% of the selling price freight on board ("FOB") port of iron ore produced and shipped from the properties.

In addition, through its wholly owned subsidiary, Schefferville Mines Inc ("SMI"), the Company holds interests in 253 Mining Rights issued by the Ministry of Natural Resources, Province of Quebec, covering approximately 10,613 hectares. SMI also holds an exclusive operating license in a mining lease covering 23 parcels totaling about 2,036 hectares. These rights and license are held subject to a royalty of $2 per tonne of iron ore produced from the properties.

The Schefferville Projects – Western Labrador and North-Eastern Quebec

The Company's iron ore projects are located in the western central part of the Labrador Trough iron range, one of the major iron ore producing regions in the world. The Projects are divided into two separate portions, one within the Province of Newfoundland and Labrador, and the other within the Province of Quebec, both located near the town of Schefferville, Quebec (collectively, the "Schefferville Projects").

The iron ore deposits forming the Schefferville Projects are predominantly hematite ore. These iron ore deposits were part of the original Iron Ore Company of Canada ("IOC") direct shipping Schefferville operations conducted from 1954 to 1982 and formed part of the 250 million tons of historical reserves and resources previously identified by IOC.

The Company's plans for the Schefferville Projects envision the development and mining of the deposits in four stages. Stage 1, which will itself be undertaken in three phases, will comprise the deposits closest to existing infrastructure. The first phase of Stage 1 will involve mining of the James and Redmond deposits in Labrador, the second phase the Houston and Knob Lake deposits in Labrador, and the third phase the Denault, Star Creek and Malcolm deposits in Quebec.

The James deposit is accessible by existing gravel roads and is located approximately 5 km southwest of the town of Schefferville. The Redmond deposit is located approximately 10 km south of the James deposit and can be reached by existing gravel roads. The Knob Lake deposit, located approximately 3 km southwest of the town of Schefferville and the Houston deposit located approximately 20 km southeast of Schefferville can also be reached by existing gravel roads. The Denault and Star Creek deposits are located 7 km and 10 km respectively east of James and the Malcolm deposit is 8 km from James and 5 km north of Houston.

The Company has confirmed NI 43-101 compliant indicated resource of 11 million tonnes on the James and Redmond deposits and NI 43-101 compliant measured and indicated resource of 14.7 million tonnes on the Houston deposit. The remaining seventeen deposits, excluding James, Redmond and Houston, have a total combined historical resource estimated to be approximately 125 million tons based on work carried out by IOC prior to the closure of its Schefferville operations in 1984. The historical estimate was prepared according to the standards used by IOC and, while still considered relevant, is not compliant with NI 43-101.

During the mining of the Stage 1 deposits, planning will be undertaken for the future operation of the more distant deposits in Stages 2, 3 and 4. As currently envisioned Stage 2 will comprise the Howse (Labrador), Barney (Quebec) and adjacent deposits which are located about 25 km northwest of Schefferville and relatively close to existing infrastructure. The Astray and Sawyer deposits in Labrador (Stage 3), located approximately 50 to 65 km southeast of Schefferville, do not currently have road access but can be reached by float plane or by helicopter. The Kivivic deposit in Labrador and the Eclipse deposit in Quebec are located between 40 km to 70 km northwest of Schefferville and may eventually become Stage 4, but will require substantial infrastructure and building of road access.

The Company plans to bring the historical resources on these other deposits into NI 43-101 compliant status sequentially in line with their intended phases of production, commencing with the deposits in the second phase in Stage 1.

Throughout the year ended March 31, 2010, the Company made steady progress in advancing the Schefferville Projects toward production with ongoing active programs, including drilling, metallurgical testing, environmental, permitting, marketing, engineering and purchasing.

In December 2009, in a series of five transactions, the Company acquired control over an additional 50 million tons of direct shipping iron ore in the Province of Quebec, together with a large package of mineral claims in the Schefferville area which are considered prospective for exploration for iron ore and which also host a number of small high grade manganese deposits.

The acquisition of these Quebec properties, particularly those close to the town of Schefferville, will help extend the life of Stage 1 and will have a positive effect on the overall project development plan and defer the time at which capital expenditure to develop the more distant Stage 3 and 4 deposits needs to be made.

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.

Exploration Program 2009 – Drilling and Testwork

A program of reverse circulation drilling commenced at the beginning of June 2009 and was completed at the end of October 2009. The deposits tested comprise the four deposits planned to be mined in the Company's Stage 1 plan, being James, Redmond, Knob Lake and Houston, together with some limited drilling on the more distant Stage 2 Howse deposit.

The results of this testwork formed the basis for NI 43-101 compliant resource estimates on the James, Redmond and Houston deposits. The classification of resources was completed using the results of drilling and trenching carried out by LIM during the 2006, 2008 and 2009 field seasons, which comprised twinning, in-fill and step-out drilling and trenching, as well as drill and trench data previously generated by IOC.

James and Redmond
Indicated Resource Estimates
(at a cut off grade of 50% iron)

Deposit	**NI 43-101 compliant Resource** Million Tonnes	**Grade** (% Fe)
James	8.1	57.7
Redmond	2.9	56.4
Total	**11.0**	**57.4**

Houston Measured and Indicated Resource Estimate
(at a cut off grade of 50% iron)

	NI 43-101 compliant Resource Million Tonnes	**Grade** (% Fe)
Measured	8.0	59.7
Indicated	6.7	58.8
Total	**14.7**	**59.3**

These new estimates show a significant increase in tonnage over the historical resources (not NI 43-101 compliant), previously estimated by IOC prior to 1982.

This new estimate for Houston includes high silica ore not previously included in historical resources (not NI 43-101 compliant), previously estimated by IOC prior to 1982.

The independent resource estimates for James and Redmond were prepared by SGS Geostat Ltd. of Blainville, Quebec (Qualified Person Maxime Dupéré, P.Geo.) in accordance with NI 43-101. See Technical Report filed on SEDAR December 18, 2009.

The resource estimate for Houston was prepared internally and verified by Terence N. McKillen, P. Geo., Executive Vice President and a Director of the Company, who is a Qualified Person in accordance with NI 43-101. See Technical Report filed on SEDAR May 25, 2010.

Metallurgical Testing 2009

Metallurgical testwork continued during calendar 2009 aimed at improving expected recovery levels from all size fractions of mined material while maintaining high iron and low impurity levels in the final product.

Testwork on the properties of the lump and fines was carried out at SGA, an independent laboratory in Germany.

SGA reported the following chemical analysis for the two samples:

	Total Fe (%)	SiO_2 (%)	$Al_2 0_3$ (%)	P (%)	Mn (%)
James Deposit					
Lump	66.98	1.81	0.17	0.02	0.09
Sinter (+0.3mm)	67.23	1.49	0.17	0.02	0.09

The results and report from that testwork on the James South lump ore sample indicate a high iron content of 66.98% with favorably low content of non-ferrous metals. SGA concluded that the lump ore represents a high quality lump ore grade which will be well accepted in the European market. The results and report from that testwork on the James South sinter fines indicate an iron content of 67.23% with favorably low content of deleterious metals. SGA concluded that the high iron content and low gangue content determine the high quality of this ore, and that the fines will be well accepted in the European market.

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.

Environmental and Permitting Work Advanced

On November 5, 2009, the Minister of Environment and Conservation of the Province of Newfoundland and Labrador announced that the review of LIM's Environmental Impact Statement ("EIS") for 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. On February 12, 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 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.

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.

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 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.

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. Tshiuetin Rail Transportation Inc ("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 New Millennium Capital Corp. ("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 was 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 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.

Iron Ore Price Outlook

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

High demand for iron ore in recent years has been driven primarily by China and south-east Asia. This demand effectively raised the price of iron ore "fines" from around US$42 per tonne FOB in 2005, to about US$50 per tonne FOB in 2006, to about US$55 per tonne FOB in 2007, and to about US$95 per tonne FOB in 2008. Lump ore has traditionally commanded about a 25% premium to fine ore.

During the last quarter of calendar 2008 and the first quarter of calendar 2009, associated with the downturn in most major economies, there was a considerable degree of weakness in the world-wide steel industry with a number of major steel producers announcing significant production cut-backs and redundancy programs. This downturn was particularly severe in Europe and North America and resulted in a decline in the spot iron ore prices from the record high prices achieved earlier in 2008.

During 2009 benchmark price negotiations Rio Tinto settled with a number of Japanese and Korean steel mills at a fines benchmark price of approximately US$65 per tonne FOB, representing a reduction of around 33% from 2008 levels. Negotiations with the Chinese industry represented by the China Iron & Steel Association failed to agree on a 2009 benchmark price and China effectively bought iron ore at the Rio Tinto benchmark price when available or at spot, which began to rise during the second half of the year reaching around US$105 per tonne FOB by the end of calendar 2009. These prices generally increased during the first quarter of calendar 2010 reaching around US$145 per tonne FOB by the end of March 2010. There has been a dramatic rise subsequent to then, peaking at US$175 per tonne FOB in mid April 2010 before falling back slightly.

Negotiations regarding setting a traditional benchmark price continued during the last months of 2009 and the first months of 2010 but eventually broke down. The major suppliers and consumers have now each reached separate agreements but all based around a quarterly pricing mechanism using average spot prices during a preceding three month period. For the second quarter of calendar 2010 this appears to be around US$120 per tonne FOB and likely US$160 per tonne FOB for the next quarter.

This mechanism, whilst seemingly accepted by Asian buyers, is much criticized in Europe and may be subject to a range of anti-competition arguments. Steel production in Europe has recovered from the lows of late calendar 2008 and has now reached within 15% of the early calendar 2008 peak.

The current increases in iron ore costs will inevitably lead to increases in steel prices by the mills which itself may lead to reduced levels in steel demand in subsequent periods. At the same time the Chinese government has sought to rein in some domestic growth by reducing the levels of credit available for real estate development by private enterprise and this too could reduce demand.

Such outcomes would normally be expected to put downward pressure on iron ore prices in the medium term but the recent announcement by the Australian government to introduce a resources super-profits tax appears to be resulting in the deferral of a number of iron ore expansion projects in that country. This is likely to lead to stronger price support in the medium to longer term before major new projects, particularly in Africa, can be brought on stream.

The Company is of the opinion that iron ore prices will remain strong for both calendar 2010 and calendar 2011, as iron ore production increases worldwide to meet expected demand led by China, and whilst there may be some reduction in the subsequent years, the Company does not believe we are likely to see a return to calendar 2008 lows.

Qualified Persons

Scientific and technical information disclosed herein has been prepared under the supervision of D. William Hooley, B.Sc. (Eng.), FAusIMM, President, Chief Operating Officer and a director of the Corporation and Terence N. McKillen, M.Sc., P.Geo., Executive Vice President and a director of the Corporation, both of whom act as the Corporation’s qualified persons under the meaning of NI 43-101.

SELECTED ANNUAL FINANCIAL DATA
($000's except for per share data)

	March 31, 2010	March 31, 2009	March 31, 2008
(Loss) before income taxes	(2,748)	(1,136)	(4,978)
Net income (loss)	1,165	(352)	(1,282)
Net income (loss) per share	0.03	(0.01)	(0.09)
Cash and cash equivalents	48,299	35,202	47,483
Total assets	210,034	177,686	175,722
Total long-term financial liabilities	1,000	-	-
Cash dividends declared per share	-	-	-

RESULTS OF OPERATIONS

For the year ended March 31, 2010 the Company reported net income of $1,164,772, or $0.03 per share, compared to a loss of $352,488, or $0.01 per share, during the prior year.

The main components of net income for the year were a future income tax recovery of $3,912,647, compared to a future income tax recovery of $784,000 in the prior year, offset by corporate and administration expenses of $1,685,541, compared to corporate and administration expenses of $1,225,517 in the prior year and stock-based compensation expense of $85,973, compared to stock-based compensation of $654,613 in the prior year.

The significant increase in future income tax recovery in fiscal 2010 was a result of a reduction in the Ontario tax rate that was substantively enacted on November 16, 2009. As a result of this change, the Company's expected future income tax rate in Ontario decreased from 29% to 25%.

The increase in corporate and administration expenses in fiscal 2010 was due to a general increase in the level of corporate activity, higher insurance premiums and increased investor and public communication expenses compared to the prior year.

During the year the Company retroactively restated stock-based compensation expense amounting to $3,275,000 relating to certain stock options granted as part of the Initial Public Offering ("IPO") of the Company in 2007, which was originally classified as an issuance cost related to the IPO and recorded to share capital and warrants in the year ended March 31, 2008.

The Company subsequently determined, considering the guidance in the CICA Handbook Emerging Issues Committee ("EIC") 94, *Accounting for Corporate Transaction Costs*, that this expense would have been more appropriately classified as an operating expense for the year ended March 31, 2008. This change in accounting treatment has resulted in an increase in share capital of $2,915,000 and an increase in warrants of $360,000 at March 31, 2008 and March 31, 2009 and an increase in deficit of $3,275,000 at March 31, 2008 and March 31, 2009. This change also resulted in an additional expense of $3,275,000 for the year ended March 31, 2008, resulting in a restated loss of $1,282,039 compared to net income of $1,992,961 as previously reported. Total shareholders' equity remained unchanged as a result of this restatement.

Mineral Property Interests and Deferred Exploration Expenditures for the years ended March 31, 2010 and 2009:

	Year ended March 31, 2010 $	Year ended March 31, 2009 $
Balance, beginning of period	140,797,497	127,934,282
Additions:		
Community	229,484	334,808
Engineering	981,658	1,979,839
Environment and permits	1,068,802	1,597,170
Exploration	4,150,488	4,938,893
Feasibility	-	1,323,626
Transport services	368,350	728,403
Travel and accommodations	219,883	262,476
Stock-based compensation	66,868	1,698,000
	7,085,533	12,863,215
Property acquisitions	3,000,000	-
Balance, end of period	150,883,030	140,797,497

During the year the Company invested $10,085,533 in its mineral properties, (the principal components of which were property acquisitions, exploration, engineering, environmental permitting and transport services), compared with $12,863,215 during the prior year.

During the year the Company invested $7,037,601 in property, plant and equipment compared to $1,030,325 invested in property, plant and equipment in the prior year end.

The substantial increase in the Company's investment in property, plant and equipment in the year was due to the investment in processing equipment and rail spur line construction materials in anticipation of the commencement of construction.

The Short Form Prospectus Financing was completed on March 25, 2010, raising gross proceeds of $35,057,300. As at the date of this MD&A, no meaningful reconciliation of the anticipated use of proceeds of the Short Form Prospectus Financing and the actual use of proceeds can be provided, as such proceeds have for the most part not yet been spent.

The following table shows how the proceeds from the Company's IPO completed in December 2007 have been used to March 31, 2009 and to March 31, 2010 compared to the use of proceeds as set out in the Company's prospectus dated November 23, 2007 (the "IPO Prospectus").

	As disclosed in the IPO Prospectus	Cumulative Actual up to March 31, 2009	March 31, 2010
	$	$	$
Gross Proceeds	52,775,800	52,775,800	52,775,800
Commission	(3,430,427)	(3,430,427)	(3,430,427)
Expenses of the IPO	(750,000)	(1,200,000)	(1,200,000)
Net Proceeds	48,595,373	48,145,373	48,145,373
Use of Net Proceeds			
Work programs	5,500,000	5,810,000	10,588,000
Feasibility studies	2,200,000	2,680,000	2,680,000
Environmental	1,200,000	1,820,000	2,889,000
Marketing and other studies	2,100,000	1,400,000	1,629,000
General and administrative expenses	1,850,000	1,780,000	4,787,000
Reserve for infrastructure upgrades and capital expenditures	12,000,000	10,960,000	3,922,000
Infrastructure upgrades and capital expenditures - actual	-	1,040,000	8,078,000
Unallocated working capital	23,745,373	22,655,373	13,572,373
	48,595,373	48,145,373	48,145,373

The actual net proceeds of the IPO were approximately $48.1 million, rather than net proceeds of $48.6 million as anticipated, as the expenses of the IPO were $1.2 million, compared to anticipated expenses of approximately $0.75 million.

The Company expended more on each line item than contemplated in the IPO Prospectus, the major increase being in environmental and other studies where significantly more work was required by regulators, including the preparation of an Environmental Impact Statement and a revision thereto, and which extended for a longer period of time. More exploration drilling, trenching and sampling was carried out on the Stage 1 deposits, part of which will be used in mine planning, and less on the Stage 3 and Stage 4 deposits. These variances are not expected to significantly impact the Company's ability to achieve its business objectives or milestones.

The additional expenditures on work programs and deferred exploration up to March 31, 2010 enabled the completion of major drilling and trenching programs which led to the preparation of new resource estimates in compliance with NI 43-101, the undertaking of major environment and permitting studies which led to the completion of the provincial environment assessment process, extensive community consultation and negotiations which led to the signing of an Impact Benefit Agreement and Memorandum of Understanding with effected First Nations, metallurgical testing and marketing studies aimed at demonstrating expected product quality and potential off take arrangements and mine planning and infrastructure design to be incorporated into the final engineering studies.

SUMMARY OF QUARTERLY RESULTS

	in $000's, except per share data							
	Quarter ended June 30, 2008	Quarter ended September 30, 2008	Quarter ended December 31, 2008	Quarter ended March 31, 2009	Quarter ended June 30, 2009	Quarter ended September 30, 2009	Quarter ended December 31, 2009	Quarter ended March 31, 2010
Net income (loss)	(200)	(397)	(682)	927	(287)	(530)	2,356	(375)
Income (loss) per share	(0.01)	(0.01)	(0.02)	0.02	(0.01)	(0.02)	0.06	(0.01)
Total assets	176,092	178,431	178,199	177,686	177,156	177,060	178,194	210,033

The net income in the quarter ended March 31, 2009 included a restatement of stock-based compensation expense to mineral properties and the net income in the quarter ended December 31, 2009 included a revision to future income tax recovery.

For the quarter ended March 31, 2010 the Company reported a loss of $374,832, or $0.01 per share, compared to net income of $927,227, or $0.02 per share, during the fourth quarter of the prior year.

In the quarter ended March 31, 2010 the Company invested $2,827,832 in the purchase of equipment, service buildings and vehicles, compared to $45,243 in the fourth quarter of the prior year.

The substantial increase in the Company's investment in property, plant and equipment in the quarter ended March 31, 2010 was due to the investment in processing equipment and rail spur line construction materials in anticipation of the commencement of construction.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2010, the Company held $48.3 million in cash and cash equivalents and is in sound financial condition. The cash and cash equivalents are invested in investment grade short-term money market instruments and deposits with a major Canadian bank. Current liabilities, comprising accounts payable and accrued liabilities, were $2.1 million. The Company has no debt and has no externally imposed capital requirements.

The carrying value of the Company's mineral property interests as at March 31, 2010 was $150.9 million compared to $140.8 million at March 31, 2009. The increase was a result of the investment during the year of $7.1 million of capitalized exploration and development expenditures and $3 million on property acquisitions.

Tests for recoverability were performed to determine if the estimated fair value exceeds the carrying amount of the Company's mineral property interests. The estimated fair value of the Company's mineral property interests was determined using projected prices of iron and also included performing a comparison of the Schefferville Projects with comparable asset values in the market. In assessing the future estimated cash flows management used various estimates including, but not limited to, estimated operating and capital costs and estimated indicated, inferred and historical resources. In management's opinion the long term outlook for the price of iron ore remains strong.

By their very nature, there can be no assurance that these estimates will actually be reflected in the future operation of the Schefferville Projects. The ultimate recoverability of amounts deferred for mineral property interests is dependent upon, among other things, obtaining the necessary permits to operate the Schefferville Projects.

As at March 31, 2009, March 31, 2010 and the date hereof, management does not consider that there has been any impairment in the value of the Company's mineral property interests.

The balance of the future income tax liabilities as at March 31, 2010 was $31.3 million, down from $35.7 million as at March 31, 2009, as a result of a reduction in the Ontario tax rate that was substantively enacted on November 16, 2009.As at March 31, 2010, and as at the date of this MD&A, the Schefferville Projects were still in the exploration and development stage and, as a result, the Company has had no source of revenue, other than interest income, since inception. The Company has depended upon its cash resources raised in the two financings described below to fund its exploration, development, operating and administrative expenses.

In December 2007, followed by the exercise of an over-allotment option, the Company completed its IPO, raising gross proceeds of $52,775,800.

On March 25, 2010 the Company completed a $35,057,300 bought deal equity financing by way of a short form prospectus (the "Short Form Prospectus Financing"). The Company issued 5,406,000 common shares from treasury at an issue price of $5.55 per common share and 760,000 flow-through shares from treasury at an issue price of $6.65 per flow- through share in the Short Form Prospectus Financing. The Company intends to use the proceeds from the Short Form Prospectus Financing for exploration and development of the Company's mineral projects, and for general corporate and working capital purposes.

The Short Form Prospectus Financing also included an over-allotment option granted to the underwriters to purchase 810,900 previously issued common shares of the Company from Anglesey Mining plc, the Company's largest shareholder, at a price of $5.55 per share. This over-allotment option was exercised on March 31, 2010, however the Company did not issue any common shares from treasury or receive any cash proceeds in connection therewith.

The Company believes that it has sufficient funding from its IPO and the Short Form Prospectus Financing to undertake its planned exploration and development programs, and to produce the first one million tonnes of iron ore from Stage 1 of the Schefferville Projects.

OFF BALANCE SHEET TRANSACTIONS

The Company has no off balance sheet transactions.

OBLIGATIONS AND CONTRACTUAL COMMITMENTS

The Company has committed to put phase one of the Schefferville Projects into production and through a combination of the $52.8 million raised in the IPO and the $35.1 million raised in the Short Form Prospectus Financing has adequate production financing for the first one million tonnes of production from the Schefferville Projects.

The Company has entered into an Impact Benefits Agreement ("IBA") with the Innu Nation of Labrador. The IBA is a life of mine agreement which establishes the processes and the sharing of benefits that will ensure an ongoing positive relationship between the Company and the Innu Nation of Labrador. In return for its consent and support, the Innu Nation of Labrador and their members will benefit through employment, training, business opportunities and financial participation in the Schefferville Projects. The Company has also signed Memoranda of Understanding with each of the Innu Nation of Matimekush-Lac John and with the Naskapi Nation reflecting the agreement of the parties to negotiate more detailed cooperation and benefit agreements.

During the year ended March 31, 2010, the Company acquired interests in certain mineral properties located in Quebec for total consideration of $3,000,000, including $2,000,000 payable in cash. $250,000 was paid on signing and as at March 31, 2010 $1,750,000 remains payable in installment amounts to December 31, 2011 ($250,000 is due on June 30, 2010, and $500,000 is due on each of December 31, 2010, June 30, 2011 and December 31, 2011).

The Company does not believe that there are any significant environmental obligations requiring material capital outlays relating to exploration or development work performed to date, however the Company anticipates that such obligations will arise when full scale mining of the Schefferville Projects commences. These obligations may become material in the near future and will be reviewed at that time.

		Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Property purchase payments	$1,750,000	$750,000	$1,000,000	Nil	Nil
Office lease obligations	$3,142,000	$334,000	$1,002,000	$668,000	$1,138,000
Mine camp lease obligations	$3,000,000	$600,000	$1,800,000	$600,000	Nil
Total	$7,892,000	$1,684,000	$3,802,000	$1,268,000	$1,138,000

The Company is also obligated to spend $5,054,000 in Canadian exploration expenses (“CEE”) by December 31, 2011 as a result of the issuance of flow-through shares in the Short Form Prospectus Financing in March 2010. The Company is also obligated to renounce the CEE to subscribers of the flow-through shares.

FINANCIAL INSTRUMENTS

The Company’s treasury policy is to invest its cash and cash equivalents in investment grade short-term money market instruments and deposits with a major Canadian bank. This has been the Company’s treasury policy since completion of the IPO in 2007 and has not changed as a result of changes in economic conditions. The Company monitors these investments and is satisfied with the credit rating and liquidity of its bank. The Company has never held any asset backed financial instruments.

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

As at March 31, 2010 the carrying amounts and fair value of the Company’s financial instruments were considered to be the same, primarily because of the short term nature and liquidity of these instruments. As at March 31, 2010 and as the date hereof, the Company did not hold any balances in foreign currencies.

The Company has included disclosure concerning some of the risk factors relating to its financial instruments in Note 8 to its consolidated financial statements for the year ended March 31, 2010.

OUTSTANDING SHARE CAPITAL

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

As at March 31, 2010 the Company had 43,369,951 common shares outstanding. The Company also had 1,899,500 stock options and 369,960 broker warrants outstanding at March 31, 2010.

During the year ended March 31, 2010, 55,500 stock options were exercised.

Subsequent to March 31, 2010, 111,555 stock options and 9,249 broker warrants were exercised.

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

Security	Number	Weighted average exercise price $	Weighted average remaining life (years)
Common shares	43,490,755	N/A	N/A
Stock options	1,787,945	2.00	2.20
Broker warrants	360,711	6.36	1.25

Each stock option is exercisable into one common share of the Company at an exercise price of $2.00 per share until August 31, 2012. Each stock option vests as to one-eighth thereof on the first day of each calendar quarter over a two year period commencing October 1, 2009.

Each broker warrant is exercisable into one common share of the Company at an exercise price of $6.36 per share until September 25, 2011.

TRANSACTIONS WITH RELATED PARTIES

During the year ended March 31, 2010, the Company recovered $176,633 (2009 - $61,625) in respect of office rent from corporations with common directors and/or officers, of which $9,655 (2009 – Nil) was outstanding at March 31, 2010.

The Company also made payments to corporations with common directors and/or officers, in respect of management compensation provided in the amount of $489,737 (2009 - $200,000) during the year ended March 31, 2010.

The Company also incurred legal fees in respect of services provided by an officer in the amount of $162,800 (2009 - $27,351) during the year ended March 31, 2010 of which $104,000 (2009 - $4,445) was outstanding at March 31, 2010.

An amount of $40,018 (2009 - $Nil) was receivable at March 31, 2010 from Anglesey with respect to a portion of the issue costs of the Short Form Prospectus Financing.

The transactions with related parties were within the normal course of business and have been recorded at the exchange amounts, being the amounts agreed to between the transacting parties.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates

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

Mineral property interests and deferred exploration expenditures

The Company's mineral properties were acquired in exchange for common shares of the Company, and the properties were valued at the fair market value of the common shares, based on the issue price of the common shares in the IPO in 2007. The carrying value of mineral property interests also includes an amount corresponding to a future income tax liability and the fair value of the capitalized stock option compensation awarded to exploration or project personnel.

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

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

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

Stock-based compensation

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model, and in respect of options vested during the year ended March 31, 2010 based on the assumptions set out in Note 6(c) to the consolidated financial statements for the year ended March 31, 2010.

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

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse.

The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net tax asset is recognized.

Asset retirement obligations (environmental estimates)

The Company will be required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mineral properties. This amount will be initially recorded in the period in which it is identified at its discounted present value, with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount will be recorded as an increase to mineral property interests and will be amortized over the useful life of the property. No significant asset retirement obligation has arisen to date and consequently no such amount has been recorded as at March 31, 2010. However, an amount will be estimated and recorded in the periods beginning after site operations commence and environmental rehabilitation obligations can be estimated. Various assumptions will be used in determining the liability including the terms and conditions of any permit, current mine plans and future retirement costs. These estimates require judgments as to the nature, cost and timing of the work to be completed and may change with changes to costs, environmental laws and remediation requirements and practices.

NEW ACCOUNTING STANDARDS

Section 3064, Goodwill and Intangible Assets

In February 2008, the CICA issued the new Section 3064 to replace Section 3062, "Goodwill and Other Intangible Assets" and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, the CICA issued amendments to Section 1000 "Financial Statement Concepts" and Accounting Guideline 11, "Enterprises in the Development Stage" and withdrew Section 3450, "Research and Development Costs." The Company adopted Section 3064 effective April 1, 2009. The adoption of this section did not have a significant impact on the Company's consolidated financial statements.

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 – Disclosures. The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of these amendments resulted in additional disclosures in the notes to the consolidated financial statements.

Impairment Testing of Mineral Exploration Properties, EIC-174

On March 27, 2009, the CICA approved EIC-174 “Mining Exploration Costs.” This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company adopted this standard effective March 31, 2009. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial statements.

International Financial Reporting Standards (“IFRS”)

In February 2008, the CICA Accounting Standards Board confirmed that publicly accountable enterprises would be required to apply, and report in accordance with IFRS, in full and without modification, effective in fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the conversion, for comparative purposes, of our previously reported balance sheet as at March 31, 2010 and our interim and consolidated statements of income and cash flows for the year ended March 31, 2010 from Canadian GAAP to an IFRS basis.

The Company’s transition to IFRS consists of three phases: (i) an initial diagnostic phase; (ii) an impact analysis, evaluation and solution development phase; and (iii) an implementation and review phase. The Company is in the second phase of the transition project having completed the first phase at the end of the fourth quarter of fiscal 2010.

Key Activities	Timing	Current Status
Financial Statement Preparation • Analyze and select ongoing policies where alternatives are permitted including IFRS 1 exemptions • Quantify key differences between IFRS and the Company’s application of Canadian GAAP • Prepare IFRS consolidated	• Quantification of impact of key differences on opening balance sheet by Q4 2011 • Draft financial statements to be prepared for senior management approval in Q3 2011 • Audit Committee review of the draft financial	• Finalization of key accounting differences completed in Q4 2010

financial statements including first-time adoption reconciliations	statements and key accounting policy decisions in Q4 2011	
Training • Provide technical training to key finance and accounting personnel	• Ongoing training to key personnel as needed	• Specific training provided to key personnel involved with the IFRS conversion is ongoing and continued training is planned for calendar 2010
Business Activities • The Company has limited business activities at the time	• Upon commencement of mining operations in calendar 2010, the Company will adopt accounting policies that comply with IFRS and reflect the nature of operations	• The Company will continue to monitor its business activities to determine whether there are changes that will require review under the IFRS conversion process
Financial Information Systems • Identify changes required to financial information systems and implement solutions • Determine and implement solution for capturing financial information under Canadian GAAP and IFRS (for comparative purposes)	• Changes to the financial information systems to be identified and implemented by end of Q4 2011 • Solution for capturing financial information under Canadian GAAP and IFRS in Q1 2011	• Identifying changes required to financial information systems and proposal for solutions to be delivered in Q2 2011 • Implementation of reporting tool by the end of Q1 2011 to facilitate the capture of financial information under both Canadian GAAP and IFRS
Control Environment • Maintain effective Disclosure Controls & Procedures (“DC&P”) and Internal Controls over Financial Reporting (“ICFR”) throughout the IFRS conversion project	• Assessment of DC&P and ICFR will be performed throughout 2010 and 2011 as the accounting policy changes are being documented and finalized	• The exact nature of the changes has not yet been determined pending completion of the accounting policy documentation expected by the end of Q3 2011

Set out below are the key areas where changes in accounting policies are expected to potentially have a significant impact on the Company’s consolidated financial statements. The list and components below should not be regarded as a complete list of changes that will result from the transition to IFRS. At this stage, we have not completed quantifying the impact of these differences on the Company’s consolidated financial statements.

Asset retirement obligations

Under IFRS, constructive obligations must be considered in addition to legal obligations when determining the asset retirement obligation ("ARO"). Canadian GAAP only requires legal obligations to be considered. The Company will be required to identify and continually update the amount of the ARO liability recognized for changes in the discount rate whereas under Canadian GAAP, the existing present value of the estimated liability does not require subsequent adjustment for market interest changes in the discount rates. IFRS requires that an entity review the carrying amount of a non-financial liability at each balance sheet date and adjust to reflect the current amount that the entity would rationally pay to settle the present obligation or to transfer it to a third party on the balance sheet date.

Income taxes

A deferred tax liability is not recognized under IFRS if the liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit. A subsequent change in future income tax rates under Canadian GAAP impacts the income statement, while under IFRS, the tax rate change affects the original transaction (reducing the asset/liability). A proposal has been put forth to allow first time adopters to choose between Canadian GAAP or IFRS treatment for opening income tax balances. A decision from the International Accounting Standards Board is expected in October of 2010. The IFRS presentation of income tax balances on the statement of financial position separates the debit and credit components of the tax balance whereas under Canadian GAAP, the balances are netted and presented as a single amount.

Impairment of Non-Financial Assets

Under IFRS, an entity must assess at each reporting date whether there is any indication that an asset might be impaired. If any such indication exists, the entity must estimate the recoverable amount of the asset, which is defined as the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. An impairment loss must be recorded if the carrying value of the asset or CGU is less than the recoverable amount of the asset or CGU. The first step in recognition of an impairment loss under Canadian GAAP is based on undiscounted cash flows, which does not exist under IFRS. Therefore an impairment loss could be recognized under IFRS earlier than under Canadian GAAP. IFRS permits the reversal of previous impairment losses

Share-based compensation

The Company recognizes share-based compensation as a single pool with a fair value based on a specified vesting period. Under IFRS, the Company will treat each installment as a separate arrangement with its own distinct fair value measurement. Compensation cost for each tranche will be recognized over its own distinct vesting period under IFRS.

Property, plant and equipment

Key differences with respect to property, plant and equipment include component accounting which must be more rigorously applied to physical and non-physical components, the mandatory capitalization of interest costs and requirements for annual review of estimates of useful life, residual value and depreciation method. Depreciation expense commences when an asset is ready for use whereas under Canadian GAAP, depreciation expense commences when an asset is put into use.

NORMAL COURSE ISSUER BID

The Company's normal course issuer bid expired on October 2, 2009. As at that date, the Company had repurchased 45,500 shares at a cost of $43,026, all of which shares were returned to treasury and cancelled.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties. The principal risks and uncertainties faced by the Company are set out in greater detail the Company's IPO Prospectus, the Company's short form prospectus dated March 19, 2010 (the "Short Form Prospectus") and in the Company's annual information form ("AIF") for the year ended March 31, 2010 (each of which is filed on SEDAR). A summary of principal risks and uncertainties which the Company faces is set out below.

Exploration, Development and Operating Risks

Exploration for minerals and development of mining operations involve many risks, most of which are outside the Company's control. There can be no assurance that any mineral production will be obtained or continued from the Company's properties, or that any such production will be profitable. In addition to the normal and usual risks of exploration and mining, the area of western Labrador and north-eastern Quebec near Schefferville, Quebec is situated in a remote location and does not have road access to other parts of Canada. The only means to transport iron ore from the Schefferville Projects is by rail, and some refurbishment of the tracks, rails and culverts will have to be carried out.

The Company's future operations will require reliable rail transportation from the Schefferville region to the Port of Sept-Iles and ship berthing, storage and loading facilities at such port. The Company has not finalized any commercial arrangements for the transportation, handling or shipping of its planned production of iron ore. 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.

Permitting

The Schefferville Projects are located in a remote area in western Labrador and north-eastern Quebec adjacent to the boundary between the provinces. The Company is required to obtain various permits to carry on its activities and is subject to various reclamation and environmental conditions. While the Company has all necessary permits to complete the exploration work, resource definition work and feasibility and engineering studies, additional permits will be required to bring the Schefferville Projects into production.

On November 5, 2009, the Minister of Environment and Conservation of the Province of Newfoundland and Labrador advised the Company that the review of the Company's Environmental Impact Statement for the first phase of Stage 1 comprising the James and Redmond deposits had been completed and that she would be making a recommendation for consideration by the Government of Newfoundland and Labrador to release the Project from further environmental assessment. On February 12, 2010, the Minister informed the Company that under authority of Section 67(3)(a) of the *Environmental Protection Act*, the Lieutenant-Governor in Council had released the Schefferville Area Iron Ore Mine from further environmental assessment, subject to a number of terms and conditions.

The Company has submitted applications for the necessary operating permits, licenses and approvals. There can be no assurance that the necessary permits and approvals will be issued within a reasonable time, or at all. If the necessary permits and approvals are not issued within a reasonable time the Company may be delayed in achieving its planned commencement of production. To the extent such approvals are required and not obtained, the Company may be delayed, curtailed or prohibited from proceeding with the planned development of the Schefferville Projects or from commencing or continuing its mining operations.

Subsequent phases and stages of the Schefferville Projects will be subject to further environmental assessments.

Environmental

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. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The ultimate amount of reclamation to be incurred for the planned mining operations at the Schefferville Projects is uncertain. Although the Company will make provisions 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 are 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. Any changes in such laws could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company and 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 Projects, the Company must obtain regulatory approvals, permits and licenses and there is no assurance that such approvals, permits and licences 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.

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

The Innu of Matimekush-Lac John and Uashat 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.

Metal Prices and Market Sentiment

The prices of metals, including iron and steel, fluctuate widely and are affected by many factors outside the Company's control. The relative price of metals and future expectations for such prices, have a significant impact on the market sentiment for investment in mining and mineral exploration companies. Metal price fluctuations may be either exacerbated or mitigated by international currency fluctuations which affect the sales revenue received in terms of the domestic currency in which such metals are produced. To date the Company has relied on equity financings for its working capital requirements and to fund its exploration, development and permitting activities. There is no assurance that any additional financing will be available to the Company, if necessary, or that any additional financing, if necessary, will be available on acceptable terms.

Nature of Operations

The Company is in the development stage, as defined by CICA Accounting Guideline 11, as the Scheffervile Projects are not yet in production.

Management has carried out an assessment of the going concern assumption and has concluded that the Company has sufficient cash and cash equivalents (as well as no debt obligations outside of normal course accounts payable and accrued liabilities) to continue operating at current levels for the ensuing twelve months. Accordingly, the Company's financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and balance sheet classifications that would be necessary were the going concern assumption not appropriate.

The recoverability of the carrying value of mineral property interests and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, obtaining the necessary permits to operate a mine, the achievement of profitable operations, and the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values of the Company's assets.

Currency risk

When in production, the Company will be exposed to currency risk as the price of iron ore is generally quoted and denominated in U.S. dollars, whereas most of the Company's costs, and its reporting currency, are in Canadian dollars. Changes in the U.S./Canadian dollar exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

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, or Quebec, as applicable, 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 due diligence with respect to determining title to and interests in its mineral properties, there is no guarantee that such title to or interests in the mineral 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 First Nations land claims, and title may be affected by, among other things, undetected defects. Surveys have not been carried out on any of the mineral properties in accordance with the laws of Newfoundland and Labrador or Quebec and therefore their exact location and area could be in doubt. The Company can give no assurance as to the validity of title of the Company to its mineral properties or the size of such mineral properties.

Certain of the Quebec properties acquired by the Company in December 2009, including the properties held under the 1953 Quebec Mining Lease, are subject to some outstanding litigation between certain third parties and Hollinger North Shore Exploration Inc. ("Hollinger") relating to various disputes, including legal claims for breach of contract and/or specific performance by Hollinger, under which such third parties may, separately, claim interests in or ownership of these properties. Such third parties may seek to join SMI or LIM or the Company in this litigation. Such claims are considered to be without merit or legal foundation and, if pursued, will be vigorously defended but may negatively impact the Company's ownership of or interests in such properties.

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles ("GAAP").

The Company has adopted basic systems of internal controls over financial reporting. The CEO and CFO evaluated the effectiveness of the Company's internal control over financial reporting at March 31, 2010 and concluded that as of that date it was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

There were no significant changes to the Company's internal control over financial reporting during the year ended March 31, 2010.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurances that material information is gathered and reported to senior management, including the CEO and CFO as appropriate, to permit timely decisions regarding public disclosure.

Management, including the CEO and CFO evaluated the effectiveness of the Company's disclosure controls and procedures at March 31, 2010. Based on this evaluation, the CEO and CFO concluded that as of March 31, 2010 the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

It should be noted that while the Company's CEO and CFO believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures can prevent all errors or mistakes. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no significant changes to the Company's disclosure controls and procedures during the year ended March 31, 2010.

OUTLOOK

The immediate and medium-term outlook for the minerals industry remains more positive than previously. Chinese demand for iron ore continues to grow rapidly and the economies of the remainder of the world are beginning to recover to close to 2008 peak levels. World parity prices for iron ore have increased substantially during the last three months as a result of an apparent global shortage of iron ore. Whilst there may some softening in these prices during the medium to longer term, management is of the view that both demand and prices will remain generally strong and that for calendar 2010, the first year of planned commercial production from the Schefferville Projects, and beyond, iron ore prices will continue to increase before stabilizing around 2012 to 2013.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the audited consolidated financial statements, MD&A and AIF for the year ended March 31, 2010, the IPO Prospectus, the Company's material change reports dated December 23, 2009, February 15, 2010, February 17, 2010, March 5, 2010 and March 26, 2010, the early warning report dated March 25, 2010 and the Short Form Prospectus are available under the Company's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-

looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.