LABRADOR IRON MINES HOLDINGS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FISCAL YEAR ENDED MARCH 31, 2015

Dated: July 23, 2015

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 ("LIM" or the "Company") for the fiscal year ended March 31, 2015.

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

This MD&A contains forward-looking statements.

OVERVIEW AND OUTLOOK

Labrador Iron Mines is engaged in the business of mining of iron ore and the exploration and development of direct shipping iron ore projects (the "Schefferville Projects") in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world, situated in the Menihek area in the Province of Newfoundland and Labrador and in the Province of Quebec, centered near the town of Schefferville, Quebec.

LIM commenced mining operations in 2011 and in the three year period of 2011, 2012 and 2013 produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the Chinese spot market.

LIM's Schefferville Projects are connected by a direct railway to the Port of Sept-Iles on the Atlantic Ocean and benefit from established infrastructure, including the town of Schefferville, airport, roads, hydro power and rail service.

Status of Mining Operations

LIM did not undertake mining operations for the 2014 operating season, and has not recommenced mining operations for the 2015 operating season, due to a combination of prevailing low iron ore prices and a continuing need for start-up working capital and development financing for the Company's Houston Project.

Since the beginning of 2014, the spot price of iron ore has fallen more than 60% to approximately US$50 per tonne currently, compared to an average price of US$135 per tonne in 2013 (62% Fe fines on a CFR China basis). Iron ore exports from Australia to China have risen significantly as the world's top iron ore producers have substantially increased production, pushing prices down to the lowest levels in six years and contributing to a growing global surplus of iron ore, coincident with an economic slowdown in China and other parts of Asia. The weakness in the iron ore market has continued into 2015 and is showing no signs of an immediate recovery.

The Company's direct shipping iron ore ("DSO") projects were conceived and developed in 2010 and 2011 in an environment of much higher iron ore prices than today. For example, when certain service and supply contracts were signed in March 2011, the price of iron ore was around US$190 per tonne CFR China compared to the current price of approximately US$50 per tonne CFR China. To have a viable economic operation in a lower iron ore price environment, LIM needs to "re-set" its projects.

In view of the prevailing iron ore price outlook, and based on the Company's experience over its three previous operating seasons, LIM made a strategic shift in corporate focus during 2014 toward establishing a lower cost operating framework, while concurrently attempting to negotiate more favourable commercial terms of major contracts and secure additional capital investment and working capital.

In these circumstances, on April 2, 2015, the Company initiated proceedings under the *Companies' Creditors Arrangement Act* (described in more detail below) to provide an opportunity for the orderly restructuring of the Company's business and financial affairs, so as to enable the Company to emerge with a viable business in the most favourable position to secure additional development financing to proceed with the development of the Company's Houston Project and continue as a going concern.

LIM owns extensive iron ore resources, processing plants and equipment and rail infrastructure and facilities in its Schefferville Projects but is currently in a very challenging financial position. The Company believes that an orderly CCAA process that enables the restructuring of the Company's debts, the restructuring of certain of its operating contracts and securing additional development financing to proceed with the development of the Company's Houston Project is in the best interest of all of stakeholders.

The capital investment to put Houston into production is relatively modest, and the lead time for development relatively short, compared with most other iron ore projects under development in the Labrador Trough. A successful financial restructuring will position the Company to resume mining operations as soon as economic conditions warrant. Moreover, the resumption of mining operations at Houston, with its projected eight or ten year mine life, will be of significant economic and social benefit to the various local communities, including First Nations. In the alternative to the foregoing, the implementation of an orderly asset sale process under the supervision of the Court will maximize the value of the Company's assets for the benefit for all stakeholders.

Ongoing Operational and Corporate Activities

Notwithstanding the challenging environment during the past year, the Company continues to conduct a variety of necessary operational and corporate activities with the objective of preserving its assets, maintaining its mine site on a standby basis, fulfilling all environmental and regulatory obligations and continuously reducing costs.

The Company completed the first phase of the James Mine rehabilitation program during 2014. Perimeter berms were constructed at all accessible locations around the open pit. The settling ponds area was reclaimed and diversion ditches were also built to better manage surface water run-off in the area. Following final inspection of this reclamation work in the summer of 2015, the Company expects to receive a partial release of the financial assurance previously provided to guarantee completion of this reclamation work.

Also during 2014, a new dry materials landfill was constructed near the Redmond Mine after a Certificate of Approval was issued by the Minister of Environment and Conservation. Construction of the dry materials landfill is expected to reduce future reclamation costs and consequently a partial release of the financial assurance previously provided with respect to this reclamation was received.

Additionally during 2014, the Company completed seeding of the Redmond Creek fish habitat facility, which is a 1500 m^2 spawning and rearing habitat for brook trout. An independent report found the facility to be in excellent condition and that brook trout were using the habitat. Again, the financial assurance previously provided as a result of completing this required progressive reclamation was partially released.

The Company continues to fulfill all its required environmental monitoring and other regulatory requirements, which principally relate to conducting ongoing water quality sampling. To date, the Company's water sampling results continue to be compliant with environmental and regulatory standards.

In September 2014, the Company completed an expansion and modification of the Silver Yards rail siding, fulfilling its obligation to do so under its joint venture with Tata Steel Minerals Canada Limited ("TSMC"). The expansion, which was fully funded by TSMC, will facilitate larger loading capacity and ensure that Silver Yards remains independent of the run-through rail line extension to TSMC's mining projects. Other than completion of this required capital project, the Company has suspended all capital expenditure to conserve cash resources.

The Company also completed the remainder of its $5.0 million exploration program on the Howse Deposit in 2014, fulfilling the Company's last major financial commitment under its joint venture with TSMC. The Company has suspended all exploration activities to conserve cash resources other than property lease payments and minimum expenditures required to maintain mineral claims in good standing. A number of non-core mineral claims have been dropped or surrendered.

Meanwhile, planning for the development of the Houston Project has continued, although such planning is limited to the use of internal resources. Civil construction work that would be required to develop the Project was re-tendered to three qualified contracting firms in 2014, resulting in a potential reduction in the capital cost to complete the access road and the railway siding.

From a corporate perspective, the Company continues to focus on cost reduction and financial restructuring efforts. In addition to suspending all capital expenditure and exploration activities, the Company completed a major work-force reduction during the past year, significantly reducing corporate overhead. Combined with the limited cost of site maintenance and standby activities, the Company has succeeded in reducing its ongoing costs significantly.

In February 2015, the Company voluntarily delisted its common shares and warrants from the Toronto Stock Exchange primarily as a further cost reduction measure.

In March 2015, the Company sold its remaining minority interest in the Howse Project to TSMC for $5.0 million, the proceeds of which are being used to fund the Company's restructuring activities.

Financial Restructuring under CCAA

As at March 31, 2015, the Company had a working capital deficit of $66.4 million and had not met certain financial obligations. The Company needs to secure additional financing and complete a financial restructuring in order to continue as a going concern. Both a refinancing and financial restructuring are required to manage the Company's working capital deficit and to fund continuing operations, corporate administration and future mine development programs.

On April 2, 2015, the Company instituted proceedings in the Ontario Superior Court of Justice (the "Court") for a financial restructuring by means of a plan of compromise or arrangement under the *Companies' Creditors Arrangement Act* ("CCAA") and was granted an order (the "Court Order"), as amended and extended on April 30, 2015, providing creditor protection until July 31, 2015, subject to further amendment and extension. The Company's subsidiaries Centre Ferro Ltd. and Labrail Inc. have not been included in the CCAA proceedings.

The Company initiated proceedings under CCAA to provide an opportunity for the orderly restructuring of the Company's business and financial affairs, so as to enable the Company to emerge with a viable business in the most favourable position to secure additional development financing to proceed with the development of the Company's Houston Project and continue as a going concern.

The Court Order grants a stay which generally precludes any enforcement or collection action being taken against the Company with respect to pre-CCAA liabilities or contracts. The relief is designed to stabilize operations and business relationships with contractors, suppliers and creditors and to provide an opportunity for the Company to negotiate a settlement of liabilities and a restructuring of major contracts. Upon completion of such negotiations, a proposed plan of arrangement for a financial restructuring will be presented to the Company's creditors. The plan of arrangement must be approved by the Company's creditors and the Court prior to it being given effect. Such proposed plan of arrangement has not yet been presented to creditors.

In order to keep stakeholders current on the operational and business status of the Company and to advance discussions with respect to the Company's required financial and contract restructuring, the Company continues to regularly meet with major stakeholders. The Company also continues to actively cooperate with its neighbours in the Labrador Trough business community during this challenging period.

In the meantime, the Court Order grants the Company the authority to carry on business in a manner consistent with the preservation of its business and property. Among other things, the Company is authorized and empowered to continue corporate and site standby activities and to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons considered necessary by the Company in the ordinary course of business.

Requirement for Refinancing and Restructuring

Due to its working capital deficit at March 31, 2015 and the capital requirements of developing the Houston Project, the Company needs to secure additional financing. In order to attract additional financing, the Company needs to also complete a restructuring of its major contracts. Such a restructuring of the Company's major contracts is required to ensure the viability and profitability of the Company's future mining operations.

In November 2014, the Company entered into a non-binding memorandum of understanding with RBRG Trading (UK) Limited ("RBRG"), an existing creditor and offtake partner, and its related company, Gerald Metals SA ("Gerald"), which contemplated RBRG's agreement to support the proposed restructuring and the provision by Gerald of interim financing and a conditional mine development credit facility upon implementation of a restructuring. As of the date hereof, these support and financing agreements have not yet been concluded.

While the ability to continue corporate and site standby activities over the next 12 months is not dependent on securing additional development financing, the Company's ability to develop the Houston Project is dependent on completing such additional development financing. Even if the Company is successful in completing its required settlement of liabilities and restructuring of major contracts, if the Company is unable to obtain additional development financing on a timely basis or on reasonable or acceptable terms, then the Company will be unable to pursue development of its Houston Project.

There are no assurances that the Company will be successful in completing its required settlement of liabilities and restructuring of major contracts under the CCAA process or otherwise.

If the Company is unable to complete a financial restructuring and obtain adequate additional financing, the Company will be required to curtail all its operations and activities and may be required to conduct a sales process to liquidate its assets.

Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

Lower Cost Structure – Re-negotiation of Commercial Terms of Major Contracts

To be able to operate economically in the current iron ore market environment, iron ore projects in Canada, including the Company's Schefferville Projects, will need to reduce costs to be competitive. To compete globally with the rest of the major iron ore producing regions of the world, it will be necessary to bring down costs of Canadian iron ore production.

LIM is pursuing longer term strategic initiatives aimed at necessary permanent structural reductions in operating costs and revenue deductions. These include: focusing on dry processing only for its DSO projects, maintaining product quality, improving recoveries, alternative port arrangements at Sept-Iles, sharing facilities with other companies and developing alternative destination markets with lower freight costs for the Company's products.

In response to weak market conditions, hard decisions have been taken to preserve the long-term future of LIM's iron ore assets and operations. Major reductions in staff levels and compensation have been implemented across the Company and all directors' fees have been waived. All non-essential capital expenditure has been deferred and no significant exploration or development activity is currently being undertaken.

LIM is currently seeking to negotiate revised commercial terms with its major contractors and suppliers. Operating cost saving initiatives are required across the board, including with respect to mining costs, rail transportation, fuel procurement, aviation services, hydro-electric power, human resources and manpower and corporate and administration costs. However, although such savings are considered essential to ensure the longer term economic viability of LIM's operations, there can be no guarantee that these strategic initiatives will be concluded successfully on a timely basis.

Sale of Howse Deposit

In September 2013, the Company entered into an agreement (the "Howse JV Agreement") with Tata Steel Minerals Canada ("TSMC") for the exploration and development of the Company's Howse Property. Under the terms of the Howse JV Agreement, Howse Minerals Limited, a wholly-owned subsidiary of TSMC, acquired an initial 51% participating interest in the Howse Property for a total cash consideration of $30 million.

As part of the Howse JV Agreement, the Company agreed to use $5.0 million of the proceeds to conduct an exploration program on the Howse Property, which program was completed in 2014.

Since March 2013, LIM and TSMC have been cooperating with each other through various multi-part cooperation agreements in the areas of logistics, property rationalization and various ancillary mutual support arrangements. As part of the logistics agreements, LIM and TSMC formalized arrangements for construction of a new rail line that extends the rail line from LIM's Silver Yards facility to TSMC's new Timmins Area processing plant. This new rail line, which was completed during 2014, is now operational and connects both companies to the TSH main rail line. Going forward, LIM and TSMC will continue to co-operate in various aspects of their respective iron ore operations in the Schefferville area.

Under the Howse JV Agreement, TSMC had the right to purchase LIM's interest in the joint venture for fair market value in certain circumstances, including the taking of any proceedings with respect to a compromise or arrangement, or a change in control of LIM. In March 2015, TSMC exercised its rights under the terms of the Howse JV Agreement to acquire LIM's remaining minority interest in the Howse Deposit for cash proceeds of $5.0 million.

LIM believes the agreed sale price was fair consideration in the prevailing market circumstances and that this transaction was the best available way to monetize its minority interest in a non-core asset.

Voluntary Delisting from the TSX

In anticipation of the Company no longer meeting the minimum listing criteria of the Toronto Stock Exchange (the "TSX"), to save the substantial listing costs associated with a TSX listing and to maintain restructuring flexibility, the Company voluntarily delisted its common shares and warrants from the TSX, effective February 23, 2015. The Company intends to seek a new stock exchange listing on either the TSX or an alternative stock exchange at the appropriate time.

HOUSTON PROJECT

LIM's Schefferville Projects now consist of the Houston property ("Houston"), which includes the Malcolm deposit, the Silver Yards processing facility ("Silver Yards") and, subject to further exploration and development, other iron ore properties in the vicinity of Schefferville.

Houston is planned to form the core of LIM's activities for the foreseeable future. Houston is situated in Labrador about 15 kilometres ("km") southeast of the James Mine and Silver Yards processing plants. Together with the Malcolm Deposit, considered to be its northwest extension, the Houston deposits are estimated to contain a National Instrument 43-101 ("NI 43-101") resource of 40.6 million tonnes grading 57.6% iron ("Fe"). When in full production, the Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year, with an initial mine-life of 8 to 10 years.

The development plan for Houston is relatively simple. The major component consists of constructing an 8 km gravel road, including a 30 m bridge over the Gilling River. The new road will connect to an existing road located near Redmond Mine, which leads to the Silver Yards facility. The overall one-way distance by road from Houston to Silver Yards is approximately 20 km. Including initial mine development, the initial capital investment to develop the Houston Mine, excluding working capital, is expected to be approximately $20 million.

During 2014, the Houston development plan was revised in response to lower iron ore prices and in order to reduce upfront capital. The revised plan is based on lower-cost dry crushing and screening only, with deferral of the originally proposed wet plant. The Silver Yards wet plant will be maintained in standby condition and may be re-commissioned to process lower grade plant feed from Houston and, potentially, production from other deposits in later years.

It is also planned to construct a new rail siding near the Houston Mine. When the rail siding is complete, it will be used in conjunction with the Silver Yards rail siding to increase train loading capacity up to approximately 3 million tonnes per year, and will reduce the operating cost of overland haulage from the Houston Mine to the rail head.

Development of the Houston Project is subject to the availability of development financing. The Company has been negotiating a potential support arrangement with RBRG Gerald Metals, an existing creditor and offtake partner, which, if successfully entered into, is expected to provide potential future development financing for the Houston project. The conditions of this potential support arrangement and potential financing, which have not been finalized, will include a requirement for the Company to restructure its existing liabilities, by means of a plan of arrangement, and to successfully negotiate more favourable commercial terms of major supply and service contracts and to suspend or defer commitments that have or otherwise would come due.

There are no assurances that the Company will be successful in entering into this potential support arrangement with RBRG Gerald Metals or in successfully meeting the conditions thereof. There are no assurances that the Company will be successful in obtaining the required development financing and if the Company is unable to obtain such financing, the development of Houston will be postponed.

OPERATIONS SUMMARY

Summary

The Company's operating results for the fiscal years ended March 31, 2015 and 2014 are summarized in the table below.

	Fiscal Year Ended March 31, 2015		**Fiscal Year Ended March 31, 2014**	
(all tonnes are dry metric tonnes)	**Tonnes**	**Grade (%Fe)**	**Tonnes**	**Grade (%Fe)**
Total Ore Mined	-	-	1,945,708	56.2%
Waste Mined	-	-	2,022,498	-
Ore Processed and Screened	-	-	2,469,491	55.0%
Lump Ore Produced	-	-	213,598	57.2%
Sinter Fines Produced	-	-	1,330,979	59.9%
Total Product Railed	-	-	1,546,134	59.2%
Total Product Sold	-	-	1,606,566	59.3%
Cumulative Inventory Adjustment (1)	-	-	(50,577)	56.0%
Site Product Inventory	1,995	55.6%	1,995	55.6%
Site Run-of-Mine Ore inventory	263,361	54.0%	263,361	54.0%

(1) Cumulative inventory adjustment represents product lost in the normal course during train unloading, port handling and ship loading since 2011.

During the fiscal year ended March 31, 2014, the Company achieved its sales target of a total of approximately 1.7 million wet metric tonnes of iron ore in ten cape-size ocean shipments.

During the fiscal year ended March 31, 2015, the Company did not conduct any mining, processing or railing activities. Rather, the Company's focus was on corporate activities related to seeking additional development and working capital financing and negotiating revised commercial terms of major service and supply contracts and planning activities related to Houston Project development. The Company's objective is to be in a position to complete construction and begin mining operations from Houston when market conditions permit, subject to completion of financing and restructuring efforts.

In May 2013, through its wholly-owned subsidiary, the Company completed an advance payment off-take financing with RBRG Trading (UK) Limited (formerly RB Metalloyd Limited) ("RBRG"), pursuant to which RBRG advanced a pre-payment of US$35 million which was repayable over a period of two years, credited against proceeds of LIM's committed sales of 3,500,000 wet metric tonnes ("wmt") of iron ore shipments in 2013 and 2014. Repayment of this financing is secured by a charge over certain stockpiles and is guaranteed by the parent Company. At December 31, 2013, a total of 1,663,000 wmt of iron ore had been delivered under this contract with US$14.4 million credited against the advance payment. The remaining commitment of 1.8 million tonnes was due to be delivered and a remaining balance of US$20.6 million was to be repaid during 2014. This product delivery commitment was not met and repayment of the balance of the advance payment has not been made. Demand for payment has been made by RBRG together with claims for penalties. The Company has not acknowledged the claim for penalties and is currently seeking to negotiate an extension of the delivery schedule for the volume of product previously committed to be shipped in 2014 and to restructure the associated financing. There is no assurance that such negotiations will be successful or that any such deferrals or restructuring will be achieved.

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

In May 2013, the Company also signed a two-year iron ore sales agreement with the Iron Ore Company of Canada ("IOC"). Under this sales agreement, IOC agreed to buy all of the LIM iron ore produced during the 2013 and 2014 operating seasons. RBRG entered into an iron ore off-take agreement with IOC under which RBRG agreed to buy all of the LIM iron ore from IOC during the 2013 and 2014 operating seasons. The Company is not in default under the iron ore sales agreement with IOC.

Transportation – Rail and Port

The Company did not rail or ship any iron ore product during 2014 and does not plan to rail or ship any iron ore product in 2015.

Under the Company's confidential rail transportation contracts signed with the Quebec North Shore & Labrador ("QNS&L") Railway in 2011 and with the Tshiuetin Rail Transportation ("TSH") Railway in 2012, the Company committed to minimum tonnages per month over each eight month annual operating season. Commitments under these contractual obligations were not met in 2014 and have been informally deferred. The Company is currently seeking to negotiate revisions to the commercial terms of its rail agreements. There is no assurance that such negotiations will be successful or that any such revised commercial terms will be achieved.

As part of its long-term confidential rail transportation contract with TSH, in anticipation of increasing volume requirements, LIM agreed to make contributions towards the costs of the TSH upgrade program on its Menihek rail line up to a total amount of an additional $16.5 million over four years. During 2013, TSH continued to carry out upgrade work following a cash investment by LIM of $5.0 million in 2012 (in addition to a cash investment by LIM of $3.5 million in 2011) and similar investments by TSMC. The Company contributed a further non-refundable $1.0 million to the TSH upgrade program in 2013. The Company did not make any contribution towards the upgrade program in 2014 and does not have plans for any additional contribution in 2015. During the summer of 2014, in conjunction with TSMC and TSH, the Company conducted a review of the long-term capital requirements for the TSH railway in the context of revised anticipated volumes and it is expected that the capital requirements for the TSH upgrade program can be significantly reduced.

The Company signed a two-year iron ore sales and port handling agreement with IOC for the sale to IOC of all iron ore produced in the 2013 and 2014 operating seasons, under which all product sold to IOC would be handled by IOC through its port facilities at Sept-Iles. The Company did not produce any iron ore product during 2014 and no iron ore product was sold to IOC or handled through IOC's port facilities at Sept-Iles in 2014. This agreement has expired.

The port handling arrangements for the shipment of LIM's iron ore production for future years remain subject to ongoing evaluation and finalization. The Company is one of several resource companies that have entered into a long-term contract with the Sept-Iles Port Authority for capacity at a new multi-user dock in the Pointe-Noire area of the Port of Sept-Iles. The multi-user dock is a $220 million project (of which the users are funding $110 million by way of refundable advance payments) comprising two berths equipped with two ship-loaders as well as two conveyer lines. The multi-user dock is expected to have an annual capacity of up to 50 million tonnes per year, of which the Company has reserved 5 million tonnes of annual capacity. The Port reports that the project is scheduled for completion in the summer of 2015.

Under the long-term user agreement, the Company paid $6.4 million in 2012 as a first installment of an advance payment and agreed to a final advance payment installment of $6.4 million. The Company has deferred payment of this final installment pending resolution of land access and product handling facility arrangements by the Port Authority in the Pointe-Noire area of the Port and is working closely with the Sept-Iles Port Authority to resolve these arrangements. The Port Authority holds a security interest in LIM's fleet of rail cars as security for payment of the remaining $6.4 million instalment. The Company has also agreed to long-term take-or-pay volume commitments with respect to the new multi-user dock, when the multi-user dock is fully operational.

Iron Ore Market Conditions

Since the beginning of 2014, the price of iron ore has declined more than 60% to approximately US$50 per tonne (62% Fe fines on a CFR China basis) currently, compared to an average price of US$135 per tonne in 2013 and US$97 per tonne in 2014.

Iron ore exports from Australia to China increased significantly in 2014, pushing spot prices to the lowest levels in six years and contributing to a growing global surplus. Inventories at Chinese ports reached record levels of over 100 million tonnes, increasing supply and leading to lower prices. The price of iron ore rebounded 40% from April to mid-June 2015 to reach US$65, driven by expectations that output would be constrained by a prolonged wet season in the Pilbara region of Australia. However, the price subsequently resumed its decline hitting a six-year low of US$45 per tonne in July 2015 and is currently approximately US$50 per tonne. Port inventories have been reduced to approximately 85 million tonnes in recent months.

The explanation for the increase in supply is that the world's big four iron ore producers significantly increased production in 2014. Iron ore output from Vale, Rio Tinto, BHP Billiton and Fortescue is estimated to have risen 15% during 2014, adding about 130 million tonnes of product to the market.

It is anticipated that the supply surplus will continue to grow, from an estimate of 20 million tonnes in 2015, to potentially over 100 million tonnes in 2017. In the second half of 2015, Hancock Prospecting's new Roy Hill mine in Australia is anticipated to begin commercial production, eventually contributing another 50 million tonnes per annum to the supply side.

Lower prices have forced the closure of higher cost domestic Chinese producers. The resultant shortfall in Chinese domestic production is currently being displaced by lower cost Australian imports. Chinese domestic production is forecast to drop further from nearly 300 million tonnes in 2014, to approximately 125 million tonnes by 2017, on an equivalent 62% Fe basis. As higher-cost mines in China close, demand for seaborne supply should increase but will be tempered by the closure of smaller high cost and inefficient Chinese steel makers.

However, higher cost miners continue to shut capacity in response to low prices and the iron ore supply problem would appear to be subsiding to some extent. Higher cost Chinese production has closed and, outside China, many fourth quartile projects have shut down. Vale has announced that it is taking 25 to 30 mtpy of low margin iron ore supply offline, shifting production from low margin to higher margin ore, in response to the price pressure in the iron ore market. Meanwhile, Rio Tinto recently cut its forecast for 2015 and now projects that for full year 2015, it will ship 340 million tonnes, down from an earlier forecast of 350 million tonnes. Production cuts from miners in China and other high cost regions are expected to continue to offset some of the low cost supply coming online from the iron ore majors over the next two years. Some commentators have noted that the excess supply problem in iron ore is being solved by low prices and that forecasted iron ore surpluses are shrinking which could lead to an expected balanced supply/demand position by 2017, similar to the situation prevailing throughout 2013.

The iron ore industry is re-consolidating as small, high cost miners are closing. The larger lower cost miners such as Rio Tinto, BHP Billiton and Vale should continue to take market share as a result. The large producers have been able to remain profitable in spite of depressed iron ore prices because of lower production costs and have defended the strategy of boosting production, arguing that if they backed off competitors would take market share. However, they have been criticized for intentionally oversupplying the market to suppress iron ore prices to drive smaller producers out of business. The top four producers are re-asserting their status as an oligopoly in the market and currently control 54% of the supply. This dominant position is forecast to increase to 75% within the next two years and will likely result in more disciplined supply growth and less volatility in market prices.

The market outlook for iron ore remains uncertain. There has been significant price volatility in iron ore prices over the past few years and there will likely be further volatility in the future. Robust steel production and iron ore demand from China have underpinned the iron ore price over the past ten years. Despite an economic slowdown, it would seem that Chinese steel production continues to increase and China will need to import more iron ore to replace the shutdown of domestic production, which should help iron ore price stability.

Growth in iron ore demand has been dominated by China, whose steel production and consumption has been steadily increasing over the past decade. The country's rapidly increasing steel intensity (steel usage per capita) has been driven by rapid economic growth and continued urbanization, leading to significant increases in the rate of residential construction, public infrastructure development and durable goods production. Improved demand for steel in construction would be a potential catalyst for a restocking of iron ore in China as inventories have been depleted over the past 18 months. Demand for steel, and thus for iron ore, is largely dependent on economic and infrastructure growth in China, and any economic recovery in the rest of the world. Economic growth in China is expected to continue, although at a lower rate. The collapse of the Chinese equity markets and some other early indications of slower Chinese economic growth, including very weak domestic steel markets, have put that demand recovery scenario at risk.

Based on current industry analyst consensus, the iron ore spot price is anticipated to be in the US$55 to US$65 per tonne range over the next two years while the forecast for long-term iron ore prices is in the range of US$70 to US$80 per tonne, a significant reduction from estimates over the past three years that exceeded US$100 per tonne.

In the longer term, the cost curve plays an integral role in establishing an effective 'floor' for iron ore prices. It was believed that the average marginal cost of Chinese iron ore production provides a level of support for long-term iron ore prices. The estimated average marginal cost of Chinese iron ore production was widely reported at approximately US$120 per tonne in 2013, but with the closure of high cost Chinese production is now reported to have decreased to below US$100 per tonne.

All iron ore producers in the Labrador Trough have felt the impact of lower iron ore prices. To compete globally with the major iron ore producing regions in the rest of the world, it will be necessary to bring down costs of Canadian iron ore production. Canada is on the opposite side of the world from the main iron ore market in China. Australia not only has a huge ocean freight advantage shipping to China, but Australian operating costs are generally lower than Canadian costs. It is difficult to compete globally if more than two thirds of operating costs are incurred on power, transport and ocean freight. To operate economically in this market environment, iron ore projects in Canada, including the Company's Schefferville Projects, need to reduce costs to be competitive.

Resources

LIM's most recent NI 43-101 compliant technical report, entitled *"Technical Report: Schefferville Area Phase 1 DSO Iron Projects Resource Update, Western Labrador – NE Quebec, Canada*" dated effective June 27, 2014, reports resources as at March 31, 2014. Refer to "Qualified Persons" section below.

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

LIM's Schefferville Projects comprise 20 different iron ore deposits of varying sizes, which were part of the original IOC direct shipping operations conducted from 1954 to 1982 and formed part of the 250 million tonnes of historical reserves and resources previously identified by IOC. The Company holds approximately 108 million tonnes in historical resources previously identified by IOC. LIM's iron ore deposits which comprise the Schefferville Projects are divided into two separate portions, one within the Province of Newfoundland and Labrador and the other within the Province of Quebec.

These historical resource estimates are based on work completed and estimates prepared by IOC prior to 1983 and were not prepared in accordance with NI 43-101. The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. A Qualified Person has not completed sufficient work to classify the historical estimates as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. However, the historical estimates should not be relied upon.

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

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

Elizabeth represents an opportunity for LIM to develop a major new taconite operation in the Schefferville region of the Labrador Trough. During the 2011 and 2012 field seasons, LIM's exploration and drill programs identified a large iron ore body, leading to an independent NI 43-101 mineral resource estimate comprising two adjacent deposit areas. Approximately 620 million inferred tonnes at an average grade of 31.8% Fe have been estimated in Elizabeth No. 1 and a potential 350 million to 600 million tonnes at an average grade 31.9% Fe have been estimated in Elizabeth No. 2.

The initial Elizabeth target measures approximately four km in strike length and consists of magnetite and hematite dominant zones. There is significant potential for resource expansion as the deposit remains open along strike to the northwest and southeast. Airborne and ground geophysics have also highlighted the Gagnon taconite target, located in Quebec, a few km from the Elizabeth Taconite Project.

There appear to be some competitive advantages for the Elizabeth Project, compared to other proposed taconite iron ore projects in the Labrador Trough. The property location is advantageous, situated in Labrador approximately two km from LIM's Silver Yards facilities, next to the former producing Wishart Mine and about 5.5 km from the town of Schefferville. The Project benefits from direct access to existing roads, a rail bed and power line corridor, in addition to LIM's existing infrastructure at Silver Yards.

Conceptually, the Elizabeth Taconite Project is being planned as an open pit with a mining capacity of 18 mtpy over an expected 30-year mine life using the Elizabeth No. 1 deposit's 620 million tonnes as a starting point for planning and design. Over the projected life-of-mine, total production from Elizabeth would be about 170 million tonnes, which equates to approximately 5 million tonnes of iron ore concentrate per year.

Summary of Mineral Resource Estimates, NI 43-101

As at March 31, 2014					
	Classification	**Tonnes** (x 1000)	**Fe** (%)	**SiO_2** (%)	**Mn** (%)
Deposits	Measured	36,680	57.1	11.9	1.2
	Indicated	18,112	56.2	12.6	1.0
	Total Measured & Indicated	**54,792**	**56.8**	**12.1**	**1.1**
	Total Inferred	**4,770**	**55.7**	**13.6**	**1.4**
Stockpiles	**Total Indicated**	**3,545**	**49.1**	**23.4**	**0.8**
	Total Inferred	**2,896**	**48.8**	**24.5**	**0.7**
As at June 15, 2013					
	Classification	**Tonnes** (x 1000)	**Fe** (%)	**SiO_2** (%)	**Mn** (%)
Elizabeth Taconite	**Total Inferred**	**620,000**	**31.8**	**42.1**	**0.9**

The resource tables set out below are extracted from technical reports summarized in the Company's Annual Information Form dated June 27, 2014 filed on SEDAR, under the heading "Item 5 – DESCRIPTION OF THE BUSINESS – Technical Reports". Refer to "Qualified Persons" section below.

Measured and Indicated Mineral Resource Estimates, by Deposit, as at March 31, 2014

Deposit	Classification	Tonnes (x1000)	Fe %	SiO_2 %	Mn %	P %	Al_2O_3 %
Redmond 2B – Fe	**Indicated**	**518**	**59.1**	**5.8**	**0.4**	**0.13**	**2.25**
Redmond 5 – Fe	**Indicated**	**1,576**	**55.0**	**11.8**	**0.8**	**0.04**	**0.73**
Knob Lake – Fe	Measured (M)	2,824	55.0	10.2	1.0	0.07	0.48
	Indicated (I)	2,259	54.3	11.2	1.1	0.06	0.46
	Total (M+I)	**5,083**	**54.7**	**10.7**	**1.0**	**0.07**	**0.47**
Denault – Fe	Measured	4,167	54.9	9.6	0.9	0.08	1.13
	Indicated	507	53.2	12.0	0.8	0.08	0.97
	Total (M+I)	**4,674**	**54.7**	**9.9**	**0.8**	**0.08**	**1.11**
Houston – Fe	Measured	24,385	57.9	13.1	0.8	0.06	0.75
	Indicated	5,736	56.8	14.8	0.8	0.06	0.69
	Total (M+I)	**30,121**	**57.7**	**13.4**	**0.8**	**0.06**	**0.74**
Malcolm 1 – Fe	Measured	2,374	60.2	9.8	0.8	0.05	0.51
	Indicated	6,686	57.1	12.3	0.8	0.07	0.53
	Total (M+I)	**9,060**	**57.9**	**11.6**	**0.8**	**0.06**	**0.52**
Total Resource – Fe	Measured	**33,750**	**57.5**	**12.2**	**0.8**	**0.06**	**0.76**
	Indicated	**17,282**	**56.4**	**12.7**	**0.8**	**0.06**	**0.66**
	Total (M+I)	**51,032**	**57.1**	**12.4**	**0.8**	**0.06**	**0.72**
Knob Lake – Mn	Measured	375	50.6	8.5	5.6	0.09	0.68
	Indicated	214	49.6	9.6	4.9	0.08	0.80
	Total (M+I)	**589**	**50.2**	**8.9**	**5.3**	**0.08**	**0.72**
Denault – Mn	Measured	1,443	52.1	6.0	6.4	0.08	1.09
	Indicated	361	51.7	6.6	6.5	0.07	0.97
	Total (M+I)	**1,804**	**52.0**	**6.1**	**6.4**	**0.08**	**1.07**
Houston – Mn	Measured	1,099	53.7	10.1	5.2	0.08	1.17
	Indicated	106	53.4	11.7	4.6	0.08	0.94
	Total (M+I)	**1,205**	**53.6**	**10.3**	**5.1**	**0.08**	**1.15**
Malcolm 1 – Mn	Measured	13	58.4	7.7	4.3	0.04	0.47
	Indicated	149	54.1	11.9	4.6	0.06	0.47
	Total (M+I)	**162**	**54.5**	**11.6**	**4.5**	**0.06**	**0.47**
Total Resource – Mn	Measured	**2,930**	**52.5**	**7.9**	**5.8**	**0.08**	**1.07**
	Indicated	**830**	**51.8**	**9.0**	**5.5**	**0.07**	**0.83**
	Total (M+I)	**3,760**	**52.3**	**8.1**	**5.7**	**0.08**	**1.01**
Total Resource – Fe and Mn	Measured	**36,680**	**57.1**	**11.9**	**1.2**	**0.07**	**0.78**
	Indicated	**18,112**	**56.2**	**12.6**	**1.0**	**0.06**	**0.66**
	Total (M+I)	**54,792**	**56.8**	**12.1**	**1.1**	**0.07**	**0.74**

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

Deposit	Classification	Tonnes (x1000)	Fe %	SiO_2 %	Mn %	P %	Al_2O_3 %
James – Fe	Inferred	232	52.7	21.7	1.0	0.02	0.36
Redmond 2B – Fe	Inferred	25	57.2	5.9	0.7	0.13	4.12
Redmond 5 – Fe	Inferred	60	52.3	11.3	1.7	0.06	0.97
Knob Lake – Fe	Inferred	644	51.8	13.5	1.2	0.09	0.45
Houston – Fe	Inferred	2,707	57.5	13.7	0.9	0.07	0.74
Malcolm 1 – Fe	Inferred	520	56.4	12.9	0.8	0.06	0.44
Knob Lake – Mn	Inferred	127	49.2	9.7	4.8	0.05	0.40
Houston – Mn	Inferred	455	53.4	11.2	4.9	0.11	1.09
Total Inferred Resource – Fe & Mn		**4,770**	**55.7**	**13.6**	**1.4**	**0.07**	**0.69**

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

Stockpiles	Classification	Tonnes (x1000)	Fe %	SiO_2 %	Mn %	P %	Al_2O_3 %
Wishart	**Indicated**	**1,151**	**48.6**	**27.1**	**0.1**	**0.04**	**0.50**
	Inferred	1,280	48.2	27.5	0.1	0.04	0.50
Ferriman 1 (C&D)	**Indicated**	**2,394**	**49.3**	**21.6**	**1.2**	**0.05**	**1.01**
	Inferred	1,616	49.3	22.1	1.2	0.05	0.87
Total Resource	**Indicated**	**3,545**	**49.1**	**23.4**	**0.8**	**0.05**	**0.84**
	Inferred	**2,896**	**48.8**	**24.5**	**0.7**	**0.05**	**0.71**

Elizabeth Taconite Mineral Resource Estimate (NI 43-101 compliant) as at June 15, 2013

(George H. Wahl, P.Geo., Independent Qualified Person -G H Wahl & Associates Consulting. See "Qualified Persons" below).

Inferred Mineral Resource	Zone Solids	Million Tonnes	Fe %	Satmagan %[2]	Al_2O_3 %	CaO %	MgO %	SiO_2 %	Mn %	P %
Magnetite Taconite	200	410	32.8	29.2	0.08	1.8	2.1	43.6	0.8	0.01
Hematite Taconite	100; 300	210	29.8	3.4	0.6	0.9	2.6	39.3	1.15	0.04
Total Inferred	**100; 200; 300**	**620**	**31.8**	**20.5**	**0.3**	**1.5**	**2.3**	**42.1**	**0.9**	**0.02**

Note 1: Tonnage is based on dry tonnes. The resources are not reported within an economic pit shell. Based on a cut-off of 26% Fe for hematite taconite and 14% Satmagan for magnetite taconite.

Note 2: Satmagan: Saturation magnetization analyzer – an instrument used for measuring the magnetic material (usually in the form of % magnetite) content of the sample.

Elizabeth Taconite No. 2 Potential Tonnages and Grades [1, 2]

The Elizabeth Taconite Project comprises two adjacent deposit areas. The NI 43-101 compliant inferred mineral resource estimate in Elizabeth No. 1 is set out in the "Elizabeth Taconite Mineral Resource Estimate" table above. The following table indicates the potential tonnage identified within the Elizabeth No. 2 deposit area.

Potential Tonnage	Zone Solids	Million Tonnes	Fe %	Satmagan %	Al_2O_3 %	CaO %	MgO %	SiO_2 %	Mn %	P %
Magnetite Taconite	**400**	300 – 500	32.4	32.7	0.3	1.8	2.4	43.8	0.9	0.01
Hematite Taconite	**500**	50 – 100	29.5	1.4	0.3	1.0	4.0	34.6	1.6	0.05
Total Potential	**400; 500**	**350 – 600**	**31.9**	**27.8**	**0.3**	**1.7**	**2.65**	**42.3**	**1.0**	**0.02**

Note 1: Figures in the table of potential tonnages do not comprise NI 43-101 defined mineral resources, however, they do provide an inventory of exploration potential tonnage and grade per ore type, based on a cut-off of 26% Fe for hematite taconite and 14% Satmagan for magnetite taconite.

Note 2: The potential tonnage and grade in the Elizabeth No. 2 deposit area is conceptual in nature and there has been insufficient exploration to define a mineral resource. The range of tonnage has been outlined based on the lateral extent of ground and airborne magnetic and gravity anomalies, surface mapping and two drill hole intercepts which define the width and estimated grade at its southeastern extent. It is uncertain if further exploration will result in such potential being delineated, in whole or in part, as a mineral resource. Taconites require further upgrading through a concentrator involving a major capital investment to produce a saleable iron ore product.

Qualified Persons

Scientific and technical information disclosed herein has been prepared under the supervision of Rod Cooper, P.Eng., President and Chief Operating Officer of the Company who is a Qualified Person within the meaning of NI 43-101.

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

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

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

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

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

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

	March 31, 2013	March 31, 2014	March 31, 2015
Revenue	95,707	85,858	-
(Loss) before income taxes	(131,075)	(105,217)	(216,671)
Net income (loss)	(129,675)	(105,217)	(216,671)
Net income (loss) per share	(1.56)	(0.83)	(1.72)
Cash and cash equivalents	16,227	7,478	6,422
Total assets	296,359	224,568	18,729
Total long-term liabilities	4,763	41,407	3,873
Cash dividends declared per share	-	-	-

RESULTS OF OPERATIONS

Fiscal Year Ended March 31, 2015

The Company did not ship any iron ore product during the fiscal year ended March 31, 2015. Accordingly, the Company recognized no revenue from mining operations during the fiscal year, compared to revenue of $85.9 million on sales of approximately 1,607,000 tonnes of iron ore in ten shipments in the previous fiscal year.

The Company reported a net loss of $216.7 million, or $1.72 per share, in the current fiscal year, compared to a net loss of $105.2 million, or $0.83 per share, during the previous fiscal year.

The net loss of $216.7 million during the current fiscal year included a non-cash asset impairment charge of $198.3 million related to mineral property interests, property, plant and equipment, inventories, accounts receivable, prepaid expenses and advances. The net loss also included a gain of $5.0 million on the sale of the Company's remaining minority interest in the Howse Property. Excluding these non-recurring charges, the net loss during the current fiscal year was $23.4 million or $0.19 per share, mainly attributable to site standby costs of $5.2 million, corporate and administrative costs of $4.3 million, a financing fee of $5.0 million and an unrecognized foreign exchange loss of $4.8 million.

Site activities consisted mainly of dewatering, which was discontinued in the first fiscal quarter, drilling on the Howse Deposit, which was completed during the third fiscal quarter, and environmental monitoring, which was conducted continuously throughout the fiscal year. Site standby costs during the fiscal year were partially defrayed by the utilization of the Company's mine accommodation camp by TSMC.

Corporate and administrative costs were reduced significantly during the current fiscal year, reflecting a reduction in staff levels and compensation, offset in part by an increase in legal and advisory fees. The foreign exchange loss reflects an unrealized currency translation adjustment with respect to the Company's advance payment liability, which is denominated in U.S. currency. The Canadian dollar depreciated significantly relative to the U.S. dollar during the fiscal year.

During the current fiscal year, the Company made capital expenditures of only $0.8 million in property, plant and equipment, compared to capital expenditures of $16.4 million in the previous fiscal year. The capital expenditures were limited to completing an expansion of the Silver Yards rail siding, funded by TSMC under a cooperation arrangement. Other than the foregoing, the Company has suspended its capital expenditure program as part of strict cost control measures in place.

As at March 31, 2015, the Company had fulfilled its commitments under its cooperation arrangements with TSMC, which consisted mainly of completing a $5.0 million exploration program on the Howse Deposit and completing an expansion of the Silver Yards rail siding.

Impairment of Carrying Values

In accordance with the Company's accounting policies, as indications of impairment existed, particularly the significant decline in the price of iron ore, the Company carried out an impairment assessment during the year ended March 31, 2015 to determine whether the carrying value of the assets had been impaired.

The impairment assessment relating to mineral property interests indicated the Company's mineral deposits to be uneconomic at prevailing iron ore prices and existing contract terms. Accordingly, the Company recorded an impairment charge equal to the full carrying value of each of its mineral property interests in the quarter ended September 30, 2014.

The impairment charge relating to property, plant and equipment related mainly to the Company's Silver Yards processing plant facilities, existing rail siding and existing fleet of railcars. The Company does not expect to utilize the Silver Yards processing plant under reasonably foreseeable market conditions. Accordingly, the Company recorded an impairment charge reflecting the full carrying value of the processing plant facilities. An impairment charge equal to the full value of the ore stockpile at Silver Yards was also recorded as this stockpile requires processing in the wet plant.

The Company recorded an impairment charge to adjust the carrying value of the Company's rail line to the value of the consideration to be received on the transfer of the ownership of a portion of the rail line (but not the Silver Yards rail siding) to a third party rail operating company. The carrying value of the Company's fleet of railcars was reduced to an estimate of their net recoverable value.

The impairment charge relating to advances related to the remaining unamortized value of non-refundable infrastructure advances that were being amortized over the life of a rail contract. The impairment charge relating to prepaid expenses relates to prepaid royalties for certain deposits not considered to be economic at prevailing iron ore prices.

Following completion of the impairment analysis, the Company recorded non-cash asset impairment charges of $198 million in the quarter ended September 30, 2014 related to mineral property interests, property, plant and equipment, inventories, accounts receivable and prepaid expenses, and advances.

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended							
($000s, except per share data)	June 30, 2013	Sept 30, 2013	Dec 31, 2013	Mar 31, 2014	June 30, 2014	Sept 30, 2014	Dec 31, 2014	Mar 31, 2015
Net income (loss)	(28,507)	(24,928)	(31,304)	(20,478)	(3,976)	(204,709)	(2,986)	(5,000)
Earnings (loss) per share	(0.23)	(0.20)	(0.25)	(0.15)	(0.03)	(1.62)	(0.02)	(0.04)
Total assets	321,288	288,270	249,150	224,568	219,444	18,084	15,870	18,729

The losses in the quarters ended June 30, and September 30, 2013 were impacted by higher value-in-use penalties, higher processing costs and higher depletion and depreciation charges compared to the comparable quarters in the previous year. The loss in the quarter ended September 30, 2013 includes a gain on sale of mineral property of $9.6 million. The loss in the quarter ended December 31, 2013 includes a depletion and depreciation charge of $11.3 million. The decrease in loss in the quarter ended June 30, 2014 is attributable to the Company conducting only site standby and corporate activities during the quarter. The increase in loss in the quarter ended September 30, 2014 is mainly attributable to non-cash impairment charges of $198 million charged during the quarter. The loss in the quarter ended December 31, 2014 did not include an impairment charge. The loss in the quarter ended March 31, 2015 included a gain of $5.0 million recorded on the sale of the remaining minority interest in the Howse Property.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2015, the Company had current assets of $7.1 million, consisting of $6.4 million in unrestricted cash and cash equivalents and accounts receivable and prepaid expenses of $0.7 million. The Company's cash and cash equivalents are invested in an investment grade short-term money market fund and deposits with a major Canadian bank.

Current liabilities, consisting of accounts payable and accrued liabilities, finance lease obligations, rehabilitation provisions, a rail construction advance and a repayable advance, were in aggregate $73.5 million at March 31, 2015.

At March 31, 2015, the Company had a working capital deficit of $66.4 million compared to a working capital deficit of $8.7 million at March 31, 2014. The Company had no current or long-term bank debt at March 31, 2015, however the Company had a repayable advance liability of US$25.1 million.

In September 2013, the Company closed its joint venture with TSMC for the exploration and development of LIM's Howse Deposit. LIM received $30.0 million from TSMC for the sale of a controlling interest in the Howse Deposit, which was used to fund working capital, capital expenditure and exploration programs during the 2013 operating season as well as the 2014 exploration program. In March 2015, TSMC exercised its rights under the terms of the Howse JV Agreement to acquire LIM's remaining minority interest in the Howse Deposit for a cash payment of $5.0 million.

As part of the co-operation arrangements, TSMC advanced the Company a non-interest bearing loan of $5.0 million to undertake modifications to its Silver Yards rail siding to facilitate the construction and operation of the extended rail line from Silver Yards to TSMC's Timmins DSO Project. The proceeds of this loan were used by the Company to complete the modifications to the Company's Silver Yards rail siding. The Company has agreed to transfer surface rights of its rail spur main line (but not the Company's Silver Yards rail siding) to a third party rail operator for $5.0 million, which will be used to repay the foregoing $5.0 million loan to TSMC.

The Company has entered into finance lease agreements for its Bean Lake mine accommodation camp and is committed to minimum lease payments under these finance lease agreements.

Under its rail transportation agreements, the Company is committed to minimum take or pay tonnages per month over its eight month annual operating season, which commitments have been informally deferred. The Company is currently seeking to negotiate revisions to the commercial terms of its rail agreements. There is no assurance that such negotiations will be successful or that any such revised commercial terms will be achieved.

As at March 31, 2015, the Company had a working capital deficit of $66.4 million and had not met certain financial obligations. On April 2, 2015, the Company initiated proceedings for a financial restructuring by means of a plan of compromise or arrangement under federal CCAA and was granted the Court Order, as amended and extended on April 30, 2015, providing creditor protection until July 31, 2015, subject to further amendment and extension. The Company's subsidiaries Centre Ferro Ltd. and Labrail Inc. have not been included in the CCAA proceedings.

The Company initiated proceedings under CCAA to provide an opportunity for the orderly restructuring of the Company's business and financial affairs, so as to enable the Company to emerge with a viable business in the most favourable position to secure additional development financing to proceed with the development of the Company's Houston Project.

The Company needs to secure additional financing and complete a financial restructuring in order to continue as a going concern. Both a refinancing and financial restructuring are required to manage the Company's working capital deficit and to fund continuing operations, corporate administration and future mine development programs.

The Court Order grants a stay which generally precludes enforcement or collection action being taken against the Company with respect to pre-CCAA liabilities or contracts. The relief is designed to stabilize operations and business relationships with contractors, suppliers and creditors and to provide an opportunity for the Company to negotiate a settlement and compromise of liabilities and a restructuring of major contracts. Upon completion of such negotiations, a proposed plan of arrangement for a financial restructuring will be presented to the Company's creditors. The plan of arrangement must be approved by the Company's creditors and the Court prior to it being given effect. Such proposed plan of arrangement has not yet been presented to creditors.

The CCAA Court Order grants the Company the authority to carry on business in a manner consistent with the preservation of its business and property. Among other things, the Company is authorized and empowered to continue corporate and site standby activities and to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons considered necessary by the Company in the ordinary course of business.

The Company is seeking to negotiate a settlement and compromise of liabilities and a restructuring of major contracts so as to enable the Company to emerge with a viable business in the most favourable position to secure additional development financing and continue as a going concern.

While the ability to continue corporate and site standby activities over the next 12 months is not dependent on securing additional development financing, the Company's ability to develop the Houston Project is dependent on completing such additional development financing. Even if the Company is successful in completing its required settlement of liabilities and restructuring of major contracts, if the Company is unable to obtain additional development financing on a timely basis or on reasonable or acceptable terms, then the Company will be unable to pursue development of its Houston Project.

There are no assurances that the Company will be successful in completing its required settlement of liabilities and restructuring of major contracts under the CCAA process or otherwise.

If the Company is unable to complete a financial restructuring and obtain adequate additional financing or liquidity in the immediate term, the Company will be required to curtail all its operations and activities and may be required to conduct a sales process to liquidate its assets under the supervision of the Court within the CCAA proceedings.

Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

OBLIGATIONS AND CONTRACTUAL COMMITMENTS

Contractual Commitments as at March 31, 2015	Payments Due by Period			
	Total	**Less than 1 year**	**Later than 1 year, not later than 5 years**	**After 5 years**
Office lease obligations	2,293,045	519,180	1,773,865	-
Mine camp lease obligations	1,315,708	661,096	654,612	-
Equipment supply, port and transportation contracts and social development and training	169,517,875	59,276,000	84,367,625	25,874,250
Total	**173,126,628**	**60,456,276**	**86,796,102**	**25,874,250**

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

The mine camp lease obligations are the minimum lease payments due on the Bean Lake mine accommodation camp near Silver Yards. The mine camp is subject to a capital lease with a registered security interest.

Under the Company's confidential rail transportation contracts signed with the Quebec North Shore & Labrador ("QNS&L") Railway in 2011 and with the Tshiuetin Rail Transportation ("TSH") Railway in 2012, the Company committed to minimum tonnages per month over each eight month annual operating season. Commitments under these contractual obligations were not met in 2014 and have been suspended. The effectiveness, validity and/or enforceability of such suspensions is not certain and may lead to a claim for damages.

The Company has deferred payment of the final installment of $6.4 million to the Port of Sept-Iles pending resolution of land access and product handling facility arrangements by the Port Authority in the Pointe-Noire area of the Port. The Company has also agreed to long-term take-or-pay volume commitments with respect to the new multi-user dock, when the multi-user dock is fully operational. The Company considers this contract to be deferred. The effectiveness, validity and/or enforceability of such deferral is not certain and may lead to a claim for damages.

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

The CCAA Court Order, issued on April 2, 2015, after the end of the fiscal year, and subsequently extended, grants a stay which precludes enforcement or collection action being taken against the Company with respect to pre-CCAA liabilities or contracts.

The Company is seeking amendments to the commercial terms of its major contracts. There are no assurances that the Company will be successful in negotiating such additional amendments to the commercial terms of its major contracts, or in obtaining additional contract suspensions or payment deferrals on a timely basis or on reasonable or acceptable terms, or at all.

FINANCIAL INSTRUMENTS

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

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

As at March 31, 2015, 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, 2015, the Company did not hold any balances in foreign currencies, other than United States dollars.

The Company has included disclosure concerning some of the risk factors relating to its financial instruments in Note 23 to its consolidated financial statements for the fiscal year ended March 31, 2015.

OUTSTANDING SHARE CAPITAL

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

As at March 31, 2015, the Company had 126,323,123 common shares, 1,030,000 stock options, 13,800,000 share purchase warrants and 1,077,362 deferred share units outstanding.

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

Security	Number	Weighted average exercise price	Weighted average remaining life (years)
Common shares	126,323,123	N/A	N/A
Stock options	887,500	$5.09	1.3
Share purchase warrants	13,800,000	$1.35	0.6
Deferred share units	1,077,362	N/A	N/A

Of the stock options currently outstanding, 200,000 options have an exercise price of $6.27 per share and expire on September 14, 2015; 100,000 options have an exercise price of $6.80 and expire on September 22, 2016; 40,000 options have an exercise price of $6.81 and expire on November 10, 2016; 200,000 options have an exercise price of $6.35 and expire on November 30, 2016; and 347,500 options have an exercise price of $3.00 and expire on July 2, 2017.

All stock options outstanding are fully vested.

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

The deferred share units represent stock-based compensation previously granted to independent directors under the Company's Deferred Share Unit Plan. The grant of new deferred share units was waived by directors and suspended effective April 1, 2014.

TRANSACTIONS WITH RELATED PARTIES

During the fiscal year ended March 31, 2015, the Company recovered $120,060 (2014 - $110,739) in respect of office rent from corporations with common directors and/or officers. As at March 31, 2015, $35,400 (2014 - $48,791) remained receivable from these related companies in respect of office rent.

During the fiscal year ended March 31, 2015, the Company incurred management compensation costs payable to companies with common directors and/or officers in the amount of $200,000 (2014 - $548,000) as compensation for management services provided. At March 31, 2015, $653,084 (2014 – $620,587) in management compensation remained payable to these related companies.

During the fiscal year ended March 31, 2015, the Company also incurred legal fees in respect of services provided by a professional corporation controlled by an officer in the amount of $171,380 (2014 – $122,040). At March 31, 2015, $41,120 (2014 – $36,960) in legal fees remained payable to this related party.

CRITICAL ACCOUNTING ESTIMATES

Revenue Recognition

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

Use of estimates

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

Mineral property interests and deferred exploration expenditures

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

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

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

Stock-based compensation

The Company records stock-based compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model, and in respect of options vested during the year ended March 31, 2015 based on the assumptions set out in Note 10(a) to the consolidated financial statements.

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

Rehabilitation Provisions

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

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

The Company has established a rehabilitation provision relating to its current Stage 1 mining operations. The total undiscounted amount that is expected to settle the Company’s reclamation and remediation obligations related to this portion of its mining operations at the end of its mine-life is $3,151,967. The present value of this estimated amount has been calculated under IFRS as $3,193,025 as at March 31, 2015.

In determining the present value of the rehabilitation provision as at March 31, 2015, the Company has assumed a long-term inflation rate of approximately 1.4%, a current market discount rate ranging from 1.1% to 2.5% and a mine-life of up to 20 years. Elements of uncertainty in estimating this amount include changes in the projected life of mining operations, reclamation expenditures incurred during ongoing operations and reclamation and remediation requirements and alternatives.

NEW ACCOUNTING STANDARDS

The Company is not aware of any new accounting standards that have a material impact on the Company's consolidated financial statements for the fiscal year ended March 31, 2015.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties. A summary of the principal risks and uncertainties which the Company faces is set out below.

Financing and Going Concern

During the year ended March 31, 2015, the Company recorded a net loss of $216.7 million, negative cash flows from operations of $9.1 million and an ending working capital deficit of $66.4 million.

On April 2, 2015, subsequent to the fiscal year end, the Company initiated proceedings for a financial restructuring by means of a plan of compromise or arrangement under federal CCAA and was granted the Court Order, as amended and extended on April 30, 2015, providing creditor protection until July 31, 2015, subject to further amendment and extension.

The continued operation and successful development of the Company's properties depends upon the Company's ability to obtain financing through private placement financing, public financing, advance payment for product, the joint venturing of projects, bank financing or other means. There is no assurance that the Company will be successful in obtaining such required financing.

Several conditions discussed below create a material uncertainty about the Company's ability to continue as a going concern. The Company will need to conduct a financial restructuring, by means of a plan of arrangement under the Companies' Creditors Arrangement Act, and generate additional financial resources or liquidity in order to address its working capital deficit of approximately $66.4 million as of March 31, 2015. The Company's planned development programs, including development of the Houston deposit, will require additional initial mine development financing of at least $20 million, and additional working capital.

There is a significant risk that a successful financial restructuring under CCAA may not be achieved and that additional financing will not be available to the Company on a timely basis or on acceptable terms.

There are no assurances that the Company will continue to be able to obtain additional financial resources and/or achieve positive cash flows or profitability. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. If the Company is unable to successfully complete a financial restructuring and obtain adequate additional financing, the Company will be required to curtail standby activities and all exploration and development activities and may be required to liquidate its assets under the formal CCAA process. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

The ongoing development of the Company's properties, including its Houston Project, will require substantial additional capital investment. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of these properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favorable to the Company.

No Assurance of Profitable Production

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital. Many of the claims to which the Company has a right to acquire an interest are in the exploration stage only and are without a known body of commercial mineralization.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

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

A feasibility study has not been conducted on any of the Schefferville Projects and the Company's decision to undertake commercial production from the James and Houston deposits has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly there is an increased risk of economic or technical failure as the volume and grade of iron ore mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral resources, or of the Company's ability to extract iron ore, could have a material adverse effect on the Company's results of operations and financial condition.

The successful commercial development of the Company's properties will depend upon the Company's ability to obtain financing through private placement financing, public financing, joint venturing of projects, bank financing, commodity financing or other means. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. There can be no assurance that the Company will be successful in obtaining any required financing or in obtaining financing on reasonable or acceptable terms.

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

Fluctuating Iron Ore Prices and Ocean Freight Rates

The viability of the Company's Schefferville Projects is dependent on the sale price of iron ore in the seaborne market, which has fluctuated considerably over the last two years. The main destination for the seaborne iron ore market is currently China and bulk carrier ocean freight rates to China are a significant cost that affects the profitability and viability of the Company. All sales of iron ore products are subject to final assays and measurements in China (CIQ adjustments), as well as final reconciliations with the ultimate purchasers. This reconciliation process may take several months after the initial shipment and could result in changes in net sales revenue realized by the Company.

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

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

Uncertainty in the Estimation of Mineral Resources

There is a degree of uncertainty to the calculation of mineral resources and corresponding grades being mined or dedicated to future production. Until mineral resources are actually mined and processed, the quantity of mineral resources and corresponding grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of the Schefferville Projects. In addition, there can be no assurance that iron ore recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Fluctuation in iron ore prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revisions of such estimates. The volume and grade of iron ore mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral resources, or of the Company's ability to extract iron ore, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources, unlike mineral reserves, do not have demonstrated economic viability.

Uncertainty Relating to Inferred Mineral Resources

There is a risk that inferred mineral resources cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured and indicated resources as a result of continued exploration, or that measured and indicated resources will be converted into proven and probable mineral reserves.

Need for Additional Mineral Reserves and Mineral Resources

Because mines have limited lives, the Company will be required to continually replace and expand its mineral resources as its mines produce iron ore. The life-of-mine estimates may not be correct. The Company's ability to maintain or increase production of iron ore in the future will be dependent in significant part on its ability to bring new mines into production and to expand mineral resources. The Company does not report any mineral reserves.

Transportation and Port Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's operations require rail transportation from the Schefferville region to a sea port and ship berthing, storage and loading facilities at such port.

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

Although the Company has negotiated agreements covering rail transportation to the Port of Sept-Iles and berthing, storage and loading facilities at Sept-Iles, the Company needs to renegotiate these agreements and re-set these arrangements. There can be no assurance that such renegotiations will be successful. There can be no assurance that reductions in capital requirements under these contracts can be achieved. Failure of such arrangements or the inability to renegotiate same on economically feasible terms could render the Schefferville Projects unviable. Unusual or infrequent weather phenomena, terrorism, sabotage, blockades, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

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

Pursuant to its July 2012 long-term customer contract with the Port of Sept-Iles, the Company has committed ship loading capacity of 5 million tonnes per year, with the right to secure additional residual capacity, at this new multi-user facility. Under this contract, the Company paid a preliminary instalment of $6.4 million towards its buy-in payment and guaranteed a final buy-in payment instalment of $6.4 million. The Company has deferred payment of the final advance payment installment of $6.4 million, pending resolution of land access and product handling facility arrangements in the Pointe-Noire area of the Port. The Company continues to cooperate with the Sept-Iles Port Authority to resolve these issues and is in ongoing discussions with the Sept-Iles Port Authority, and with other port operators, regarding rail transportation, storage, reclaim and ship-loading and trans-shipment of its iron ore products in the Port. There can be no assurance that arrangements on acceptable terms will be concluded or concluded on a timely basis.

Ability to Attract and Retain Qualified Personnel

The operation of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

The Company is dependent on the services of key executives, including the Chairman and Chief Executive Officer ("CEO"), the President and Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO"), the Senior Vice President Operations ("SVP") and a number of other skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of any of these persons or the Company's inability to retain these personnel or attract and retain additional highly skilled or experienced employees would adversely affect its business and future operations.

In common with all other mining operations in Canada and worldwide, the Company is competing for limited available skilled manpower, including professional, technical and trades personnel. The demand for skilled personnel in the Labrador Trough region may increase the Company's costs of operating which could have a material adverse effect on the Company's results of operations and financial condition.

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is often intense. Additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although the Company believes it will be successful in attracting, training and retaining qualified personnel for future operations, there can be no assurance of such success. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

Government Regulation and Permitting

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake. In order to develop the Company's Houston Project, the Closure and Rehabilitation Plan must be approved by the Newfoundland Department of Natural Resources.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

Political and Aboriginal / First Nations

The Company conducts its operations in western Labrador in the Province of Newfoundland and Labrador and in north-eastern 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 asserted aboriginal land rights. Aboriginal claims to lands, and the conflicting claims to traditional rights between aboriginal groups are not currently governed by any existing treaty rights and may have an impact on the Company's ability to develop the Schefferville Projects. The boundaries of the traditional territorial claims by these groups, if established, may impact on the areas which constitute the Schefferville Projects. Mining licenses and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

There are a number of Innu groups based in Quebec (including Schefferville and Sept-Iles) who assert aboriginal rights in Quebec and Labrador. The Innu of Quebec, located at Matimekush-Lac Jean near Schefferville, and at the communities of Uashat Takuaikan mak Mani-Utenam, near Sept-Iles, assert aboriginal rights to traditional lands which include parts of Quebec and Labrador. Members of the Innu Uashat Takuaikan mak Mani-Utenam, near Sept-Iles, Quebec, claim ownership of some registered trap lines in the Schefferville area.

The Innu of Matimekush-Lac John and Uashat Takuaikan mak Mani Utenam are two of five Innu communities living in northeastern Quebec who in 2009 formed the "Innu Strategic Alliance" seeking to have their ancestral rights on their traditional lands which extend on both sides of Quebec-Labrador border recognized by Governments. At various times, the Innu Strategic Alliance has stated that, in order to have their ancestral rights, including the caribou hunt recognized, the Quebec Innu would if necessary seek to block natural resource development projects in Labrador and Quebec, such as the Churchill hydroelectric project in Labrador, the La Romaine hydro-electric project in Quebec and mining projects near Schefferville. In June 2010, the Innu Strategic Alliance set up a barricade on the road leading from the town of Schefferville to the mining projects of two companies, including the Company, "to ensure protection of their rights". This barricade was removed by the Innu in early September 2010.

The Company entered into Impact Benefit Agreements ("IBAs") with the Innu Nation of Labrador (July, 2008), the Naskapi Nation of Kawawachikamach (September, 2010), the Innu of Matimekush-Lac John (Schefferville) (June, 2011), and the Innu Takuaikan Uashat Mak Mani-Utenam (Sept-Iles) (February, 2012) with respect to the development and operation of the Schefferville Projects. The Company also entered into an Economic Partnership Agreement (December, 2012) with the NunatuKavut Community Council, representing the Southern Inuit of Labrador.

Under the IBAs and the Economic Partnership Agreement, the Company agreed to use its efforts to provide employment and training opportunities for members of these communities and business opportunities for local aboriginal-owned and operated businesses. The Company also agreed to provide these aboriginal groups with a financial participation in the Schefferville Projects based, in part, on iron ore production. The Company further agreed to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects on local communities. Through the IBAs and Economic Partnership Agreement, the First Nations groups have consented to the Company's projects and have agreed to provide the Company continuing and unobstructed access to, and equitable enjoyment of, the iron ore projects and its properties.

The Company has not met all of its financial obligations under these agreements and is in arrears in its financial commitments. There can be no assurance that the Company will be successful in maintaining these agreements and its relationships with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company's properties or may be impacted by the Schefferville Projects.

Environmental Risks and Hazards

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

The ultimate amount of reclamation to be incurred for the planned mining operations at the Schefferville Projects is uncertain. Although the Company will make provision for reclamation obligations when these arise, it cannot be assured that these provisions will be adequate to discharge its obligations for these costs. Environmental hazards may exist on the properties in which the Company holds interests which have been caused by previous owners or operators of the properties. As environmental protection laws and administrative policies change, the Company will revise the estimate of its total obligations and may be obliged to make further provisions or provide further security for mine reclamation cost.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. Any changes in such laws, or in the environmental conditions at the Schefferville Projects, could have a material adverse effect on the Company's financial condition, liquidity or results of operations. The Company is not able to predict the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence at the Schefferville Projects, the Company must obtain regulatory approval, permits and licenses and there is no assurance that such approvals will be obtained. No assurance can be given that new rules and regulations will not be enacted or made, or that existing rules and regulations will not be applied, in a manner which could limit or curtail production or development.

Failure to comply with applicable environmental and health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that the Company has been or will be at all times in complete compliance with all such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially adversely affect the Company's business, results of operations or financial condition. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, or require abandonment or delays in development of mining properties.

Legal and Title Risks

Title to mineral properties and mining rights involves certain inherent risks including difficulties in identification of the actual location of specific properties. The Company relies on contracts with third parties and on title opinions by legal counsel who base such opinions on the laws of Newfoundland and Labrador and Quebec and the federal laws of Canada applicable therein. Although the Company has investigated title to all of its mineral properties for which it holds contractual interests or mineral licenses, the Company cannot give assurance that title to such properties will not be challenged or impugned or become the subject of title claims by First Nation groups or other parties.

Although the Company has exercised the usual due diligence with respect to determining title to and interests in the properties which comprise the Schefferville Projects, there is no guarantee that such title to or interests in such properties will not be challenged or impugned and title insurance is generally not available. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by, among other things, undetected defects. Surveys have not been carried out on any of the Schefferville Projects in accordance with the laws of Newfoundland and Labrador and Quebec; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

Factors Beyond Company's Control

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and processing facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Lags

The Company is unable to predict the amount of time which may elapse between the date when any new mineral deposit may be discovered, the date upon which such discovery may be deemed to be economic pursuant to a feasibility study and the date when production will commence from any such discovery.

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's equity financing activities and operating costs have been denominated in Canadian dollars, while the Company's advance payment off-take financing activities and iron ore sales have been denominated in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, may have a significant impact on the Company's financial position and results of operations in the future.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for the approval of such participation or such terms.

From time to time several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under the laws of the Province of Ontario, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the Annual Information Form for the year ended March 31, 2014 and the audited consolidated financial statements for the fiscal year ended March 31, 2015, is available under the Company's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

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