



Labrador Iron Mines Holdings Limited

**Notice of Annual and Special Meeting of
Shareholders
to be held
September 13, 2012**

Management Information Circular

220 BAY STREET, SUITE 700, TORONTO, ONTARIO, CANADA M5J 2W4
Telephone: 647-728-4125 Facsimile: 416-368-5344
Email: info@labradorironmines.ca Website: www.labradorironmines.ca

July 31, 2012

LABRADOR IRON MINES HOLDINGS LIMITED

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “Meeting”) of the shareholders of Labrador Iron Mines Holdings Limited (the “Corporation”) will be held at the TMX Broadcast Centre Gallery, First Canadian Place, 130 King Street West, Main Floor, Toronto, Ontario on Thursday, the 13th day of September 2012 at 11:30 a.m. (Toronto time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the fiscal year ended March 31, 2012, together with the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix their remuneration;
4. to consider and, if thought fit, to pass (with or without variation) an ordinary resolution (“the Stock Option Plan Resolution”), in the form set out in the Management Information Circular (the “Circular”) accompanying this Notice, approving all unallocated options under the Stock Option Plan of the Corporation all as more particularly described in the Circular;
5. to consider and, if thought fit, to pass (with or without variation) an ordinary resolution in the form set out in the Circular (the “DSU Plan Resolution”) approving the adoption of the Deferred Share Unit Plan (the “DSU Plan”) of the Corporation as approved by the Board, subject to shareholder approval and to approve the allocation of deferred share units to certain independent directors of the Corporation pursuant to the DSU Plan; and
6. to transact such further or other business as may properly come before the Meeting or any adjournment(s) thereof.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy.

DATED at Toronto, Canada as of the 31st day of July 2012.

BY ORDER OF THE BOARD OF DIRECTORS

“John F. Kearney”

John F. Kearney
Chairman and Chief Executive Officer

NOTES:

1. A Management Information Circular and a Proxy for holders of common shares accompany this Notice of Meeting. Shareholders who are unable to be present at the Meeting are kindly requested to specify on the accompanying form of proxy the manner in which the shares represented thereby are to be voted and to sign, date and return same in accordance with the instructions set out in the Proxy and the Management Information Circular.
2. As provided under the *Business Corporations Act* (Ontario), the directors have fixed a record date of July 31, 2012. Accordingly, shareholders registered on the books of the Corporation at the close of business on July 31, 2012 are entitled to Notice of the Meeting.
3. A copy of the consolidated financial statements of the Corporation for the financial year ended March 31, 2012 has been mailed to shareholders of the Corporation who have requested it and is available on SEDAR at www.sedar.com and on the Corporation’s website at www.labradorironmines.ca.
4. If you are a beneficial shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.



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MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular is furnished in connection with the solicitation by management of Labrador Iron Mines Holdings Limited (the “Corporation”) of proxies to be used at the annual and special meeting of shareholders of the Corporation (the “Meeting”) referred to in the accompanying Notice of Annual and Special Meeting of Shareholders (the “Notice”) to be held on Thursday, September 13, 2012, at the time and place and for the purposes set forth in the Notice. **The solicitation will be made primarily by mail, but proxies may also be solicited in person or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation. The information contained herein is given as of July 31, 2012, unless indicated otherwise.**

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. **Each shareholder has the right to appoint a person or company, who need not be a shareholder of the Corporation, other than the persons named in the enclosed form of proxy, to represent such shareholder at the Meeting or any adjournment thereof.** Such right may be exercised by inserting such person’s name in the blank space provided and striking out the names of management’s nominees in the enclosed form of proxy or by completing another proper form of proxy. All proxies must be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized. The completed form of proxy must be deposited at the office of Olympia Transfer Services Inc., Suite 920, 120 Adelaide Street West, Toronto, Ontario M5H 1T1, before 11:30 a.m. (Toronto time) on September 11, 2012.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so:

1. **by delivering another properly executed form of proxy bearing a later date and depositing it as aforesaid;**
2. **by depositing an instrument in writing revoking the proxy executed by him or her:**
 - (a) with the Corporation at its office denoted herein at any time up to and including 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
 - (b) with the Chairman of the Meeting on the day of the Meeting, prior to the commencement of the Meeting or any adjournment thereof; or
3. **in any other manner permitted by law.**

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy will be voted on any ballot that may be called for and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the shares will be voted or withheld from voting in accordance with the specifications so made. **Where shareholders have properly executed proxies in favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the shares represented thereby, such shares will be voted in favour of the passing of the matters set forth in the Notice.** The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Corporation as the registered holders of common shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the common shares they own are not registered in their names but are instead registered in the name of a nominee such as a brokerage firm, bank or trust company through which they purchased the common shares. More particularly, a person is not a registered shareholder (a “Non-Registered Holder”) in respect of common shares which are held on behalf of that person but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the notice of meeting, this information circular and the proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries .

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to Olympia Transfer Services Inc., (“Olympia”)** as provided above; or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization

form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

The majority of brokers now delegate responsibility for obtaining voting instructions from Non-Registered Shareholders to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically supplies a special sticker to be attached to the proxy forms and asks Non-Registered Shareholders to return the completed proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Non-Registered Shareholder receiving such a proxy from Broadridge cannot use that proxy to vote shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to instruct Broadridge how to vote the shares.**

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Corporation which they beneficially own. **Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should insert the name of the Non-Registered Shareholder (or such other person voting on behalf of the Non-Registered Shareholder) in the blank space provided or follow such other instructions as may be provided by their brokers/nominees. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each holder of common shares in the capital of the Corporation (“**Common Shares**”) of record at the close of business on July 31, 2012 (the “**record date**”) will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy. However, such holder will **not** be entitled to vote to the extent that such holder has transferred any Common Shares after the record date and the transferee of such Common Shares establishes proper ownership thereof and demands, not later than ten days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee is entitled to vote.

As of July 31, 2012, the Corporation had 67,763,307 issued and outstanding Common Shares. Each Common Share carries the right to one vote per share. The Common Shares are listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**LIM**”.

To the knowledge of the Corporation’s directors and executive officers, the following table lists all persons or companies who beneficially own, control or direct, directly or indirectly, 10% or more of the outstanding Common Shares:

| Name | Number of Common Shares Beneficially Owned, Controlled or Directed (Directly or Indirectly) | Percentage of Issued and Outstanding Common Shares as of July 31, 2012 |
|--------------------------------|---|--|
| Anglesey Mining plc(1) | 17,789,100 | 26.25% |
| I.G. Investment Management (2) | 7,903,000 | 11.66% |

(1) Held through its wholly-owned subsidiary Labrador Iron plc.

(2) Based upon a Report filed by Eligible Institutional Investors under Part 4 for the period ended February 29, 2012.

As at the date hereof, the directors and senior officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over approximately 2.42% of the outstanding Common Shares.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

1. RECEIVING THE FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the fiscal year ended March 31, 2012 together with the Auditors Report thereon are available on the Corporation's website at www.labradorironmines.ca or under the Corporation's Profile on the System for Electronic Analysis and Retrieval (SEDAR) at www.sedar.com and have been mailed to the Corporation's registered and beneficial shareholders who requested them. Management will review the Corporation's financial results at the Meeting, and shareholders will be given an opportunity to discuss these results with management.

2. ELECTION OF DIRECTORS

Under the constating documents of the Corporation, the Board is to consist of a minimum of three and a maximum of nine directors, to be elected annually. The Board currently consists of seven directors, and management proposes to nominate seven directors for election to the Board at the Meeting. Each director holds office until the next annual meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Corporation's by-laws.

The following table sets out the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Corporation (where applicable) and the approximate number of Common Shares that each has advised are beneficially owned (directly or indirectly) or subject to his control or direction.

The management representatives named in the attached form of proxy intend to vote the Common Shares represented by such proxy FOR of the election of each of the directors listed in this Information Circular unless a shareholder specifies in the proxy that his or her Common Shares are to be withheld from voting in respect the election of such director.

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy will have the right to vote for other nominees at their discretion.

| <u>Name and Municipality of Residence and Position held with the Corporation</u> | <u>Principal Occupation During the Preceding Five Years</u> | <u>Director Since</u> | <u>Common Shares beneficially owned, controlled or directed, directly or indirectly - as at July 31, 2012⁽¹⁾</u> |
|--|---|-----------------------|---|
| John F. Kearney ^{(5) (6)} Toronto, Ontario Chairman, Chief Executive Officer and Director | Mining Executive Chairman and CEO of the Corporation, Anglesey Mining Plc. and Canadian Zinc Corp. | May, 2007 | 2,170,101 |
| D. William Hooley ⁽⁵⁾ Rhos-on-Sea, Wales, United Kingdom Vice-Chairman and Director | Mining Engineer Chief Executive of Anglesey Mining plc (Prior to November 2011, President and Chief Operating Officer of the Corporation) | May, 2007 | 6,250 |
| Terence N. McKillen Mississauga, Ontario Executive Vice President and Director | Professional Geologists Executive Vice-President of the Corporation, President and Chief Executive Officer of Xtierra Inc. and Chief Executive of Minco plc | May, 2007 | 690,000 |
| Matthew Coon Come ⁽²⁾⁽³⁾⁽⁴⁾ Gatineau, Quebec Director | Grand Chief of the Grand Council of the Crees and the Cree Regional Authority. | August, 2007 | Nil |
| Eric W. Cunningham ⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario Director | Mining Consultant | August, 2007 | 55,000 |
| Gerald Gauthier ⁽⁴⁾ Toronto, Ontario Director | Mining Engineer Chief Operating Officer of Xtierra Inc. | August, 2007 | Nil |
| Richard Lister ⁽²⁾⁽³⁾ Toronto, Ontario Director | Retired Mining Executive | August, 2007 | 30,000 |

Notes:

- (1) The information as to common shares beneficially owned or over which the above-named directors exercise control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) Independent director and Member of the Corporation's Audit Committee.
- (3) Independent director and Member of the Corporation's Compensation Committee.
- (4) Independent director and Member of the Corporation's Health and Safety Committee
- (5) Director of Anglesey Mining plc.
- (6) Mr. Kearney served as a non-executive director of McCarthy Corporation plc, an UK investment company, from July 2000 to March 2003. In June 2003, McCarthy Corporation plc adopted a voluntary arrangement with its creditors pursuant to the legislation of the United Kingdom.

The following information relates to the directors of the Corporation.

John F. Kearney, *Age 61, Chairman, Chief Executive Officer and Director.*

John Kearney is the Founder, Chairman and Chief Executive of the Corporation. Since its formation in 2005, he has led the development of the Corporation's Schefferville iron ore projects, raising financing of close to \$300 million, to undertake the development and construction of Canada's newest iron ore mine to start-up in 2011. With over 40 years of experience in the mining industry, he has served as Chairman and Director of numerous public mining and exploration companies, including Anglesey Mining plc (LSE:AYM). He is also currently a director of the Mining Association of Canada and a director and immediate past President of the NWT & Nunavut Chamber of Mines. Mr. Kearney is a member of the Canadian Institute of Mining and Metallurgy, the Prospectors and Developers Association of Canada and the Law Society of Ireland.

D.W. (Bill) Hooley, *Age 65, Vice Chairman and Director (from 2005 until November 2011, President and COO of the Corporation).* Mr. Hooley is currently Chief Executive of Anglesey Mining plc. Mr. Hooley is a professionally qualified mining engineer and has 40 years of experience in the world-wide mineral industry. Previously, he was the Managing Director of Micon International Ltd. from 2000 to 2005. In addition, he held various management and executive posts with mining and service companies in the UK and Australia from 1975 to 1999. He holds a degree in mining engineering from the Royal School of Mines, Imperial College London. Mr. Hooley is also a Fellow of the Australasian Institute of Mining and Metallurgy.

Terence N. McKillen, *Age 66, Executive Vice-President and Director.* Mr. McKillen is a professional geologist and has 41 years of experience in the mining industry. Mr. McKillen is also President and CEO of Xtierra Inc., Conquest Resources Limited and Chief Executive of Minco plc. He holds degrees in geology from the University of Dublin (Trinity College) and a Masters degree in mining geology and mineral exploration from the University of Leicester. He is a registered Professional Geoscientist in the Provinces of Ontario, Québec and Newfoundland and Labrador.

Matthew Coon Come, *Age 56, Director.* Matthew Coon Come is Grand Chief of the Grand Council of the Crees (Eeyou Istchee) and the Cree Regional Authority and a former Chairperson of the Cree National Trust. He was National Chief of the Assembly of First Nations from 2000 to 2003 and previously was Grand Chief of the Grand Council of the Crees in Québec from 1987 to 1999. Earlier he served two terms as Chief of the Mistissini First Nation. Mr. Coon Come is a Founding Member of the Board of Compensation of the Cree Nation and has been a director of Creeco, AirCreebec, Cree Regional Intercompany Enterprise Company and Cree Construction Company, and Chairman of Cree Housing Corporation and James Bay Native Development Corporation. He was a founding director of the First Nations Bank of Canada. He was awarded Honorary Doctorate of Laws degrees by Trent University in 1998 and by the University of Toronto in 2000.

Eric W. Cunningham, *Age 73, Director.* Mr. Cunningham has been engaged as an independent mining consultant since 1996. He was formerly a director of Aurora Energy Resources Inc. and Viceroy Exploration Ltd. Mr. Cunningham was the joint owner of the Golden Kopje Mine in Zimbabwe from 1997 to 2001 and general manager and director of Trillion Resources Inc. He was previously Manager of Wright Engineers, and held various positions with Sherritt Gordon Mines. Mr. Cunningham holds a B.Sc in Geology from Rhodes University in South Africa.

Gerald Gauthier, *Age 66, Director.* Mr. Gauthier is a mining engineer and is currently Chief Operating Officer of Xtierra Inc. From August 2005 to June 2008 he was Chief Operating Officer of Nevsun Resources Ltd. From December 2002 until April 2004, Mr. Gauthier was Vice-President, Mining of Glencairn Gold Corp. Mr. Gauthier served as President and CEO of United Keno Hill Mines Limited from 1999 to 2001 and as President and COO of Santa Cruz Gold Inc. prior to 1999. Mr. Gauthier was formerly Senior Vice-President, Operations of Lac Minerals Limited.

Richard Lister, Age 73, *Director*. Dr. Lister has over 47 years of experience in the mining, metallurgical and chemical industries. He has served as President and CEO of Zemex Corporation, Vice Chairman of Dundee Bancorp Inc. and Chairman and President of Campbell Resources Inc. Dr. Lister holds the degrees of Bachelor of Science, Master of Science and a Doctor of Philosophy from the University of Toronto.

Participation of Directors in Board Meetings

The following table summarizes the number of meetings the current directors attended since the beginning of the fiscal year ended March 31, 2012.

| Name of Director | Board of Directors | Audit Committee | Health & Safety Committee | Compensation Committee |
|-------------------|--------------------|-----------------|---------------------------|------------------------|
| Matthew Coon Come | 11/12 | 5/5 | 3/3 | 5/5 |
| Eric Cunningham | 11/12 | 5/5 | 3/3 | 5/5 |
| Gerald Gauthier | 12/12 | N/A | 3/3 | N/A |
| D. William Hooley | 11/12 | N/A | N/A | N/A |
| John Kearney | 12/12 | N/A | N/A | N/A |
| Richard Lister | 12/12 | 5/5 | N/A | 5/5 |
| Terence McKillen | 12/12 | N/A | N/A | N/A |

Directors who are not able to attend a meeting are provided with the agenda and with any reports and information on the business to be considered by the Board or a committee at the meeting and have the opportunity to communicate their observations or recommendations to the Chairman prior to the meeting.

Director Compensation and Equity Ownership

Directors who are not officers or employees of the Corporation or of any of its subsidiaries are compensated for their services as directors through annual retainers. Directors are also reimbursed for out-of-pocket expenses incurred in attending meetings and otherwise carrying out their duties as directors of the Corporation. The Compensation Committee reviews the independent director compensation arrangements each year to ensure that they are reasonable in light of the time commitments required from directors and to align directors' interests with the interests of shareholders. Director compensation is considered in the context of the overall stewardship and governance of the Corporation.

For the fiscal year ended March 31, 2011, Directors who were not officers were paid an annual retainer of \$10,000, payable quarterly in arrears, with a fee of \$500 per board meeting attended or committee meeting attended on a separate date. Directors were also reimbursed for travel expenses incurred in connection with attendance at such meetings. An aggregate of \$108,000 was paid to non-executive directors as cash compensation for their services as directors during fiscal 2011.

In September 2010, each of the independent directors was granted options under the Corporation's Stock Option Plan on 50,000 shares, exercisable at \$6.27 per share for a period five years, with vesting over two years. These options had a grant date fair value, estimated using the Black-Scholes pricing model, of \$237,000 to each director, of which \$155,983 was the value of the options which vested during the year ended March 31, 2011, and \$76,804 was the value of the options which vested during the year ended March 31, 2012.

For the fiscal year ended March 31, 2012, Directors who are not officers were paid an annual retainer of \$20,000, payable quarterly in arrears, with a fee of \$1,000 per board meeting attended (\$500 if telephone attendance) or committee meeting attended on a separate date. The Chairman of the Audit Committee was paid an additional \$5,000 per year. Directors were also reimbursed for travel expenses incurred in connection with attendance at such meetings. An aggregate of \$127,500 was paid to non-executive directors as cash consideration for their services as directors during fiscal 2012.

The following table shows director compensation for each director, other than directors that are also Named Executive Officers, for the year ended March 31, 2012.

| Name | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) ⁽¹⁾ | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|---------------------------------|------------------|-------------------------|---|---|--------------------|-----------------------------|------------|
| Matthew Coon Come | 30,000 | Nil | 76,804 | Nil | Nil | Nil | 106,804 |
| Eric Cunningham | 31,000 | Nil | 76,804 | Nil | Nil | Nil | 107,804 |
| Gerald Gauthier | 30,000 | Nil | 76,804 | Nil | Nil | Nil | 106,804 |
| Richard Lister | 36,500 | Nil | 76,804 | Nil | Nil | Nil | 113,304 |
| Terence McKillen ⁽²⁾ | Nil | Nil | NIL | Nil | Nil | 123,154 | 123,154 |

(1) The fair value of options vested during the year ended March 31, 2012 has been estimated on the date of vesting using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 104.46%, risk-free interest rate of 2.22% and expected life of 5 years.

(2) Terence McKillen was paid remuneration as Executive Vice President.

During 2012, the compensation arrangements for directors were revised to align more closely with their responsibilities and recognizing that directors are expected and required to devote significant time to the performance of their duties. Consistent with the comparisons made for the Corporation's executive officers, director compensation was compared to the director pay levels and industry practices of similar sized companies at similar stages of development, with active mining operations, and the Board of Directors and the Compensation Committee approved an increase in the total compensation for non-management directors to align more closely with director's responsibilities.

Effective April 1, 2012, but subject to regulatory and shareholder approval of the DSU Plan, the annual retainer for independent non-management directors was increased to \$90,000, subject to approximately 80% of such retainer being paid in the form of DSUs.

The Board of Directors of the Corporation, upon the advice and recommendation of its Compensation Committee, has adopted a Deferred Share Unit ("DSU") plan for the purposes of providing a form of stock based compensation, other than stock options, for eligible participants which includes directors and key executives.

The purpose of the DSU Plan is to assist the Corporation in attracting, retaining and motivating qualified individuals to serve as members of the Board and to promote a greater alignment of interest between eligible directors and shareholders. DSUs are a bookkeeping entry, with each DSU having the same value as a Common Share. Directors will be paid approximately 80% of their annual retainer in the form of DSUs, with the option to elect to receive 100% of such retainer in DSUs. DSUs vest immediately upon grant, but must be retained until the Director leaves the Board, at which time the value of the DSUs will be redeemed and paid out.

Upon approval of the Deferred Share Unit Plan, directors will receive a portion of their annual retainer in the form of Deferred Share Units (DSUs). It is intended that for independent directors award of units under the DSU Plan will replace the grant of stock options in future and non-management directors of the Corporation will not be granted options to acquire common shares. Messrs. Kearney, Hooley and McKillen, as officers or employees of the Corporation, will continue to be eligible to participate in the Corporation's Stock Option Plan.

Adoption of the DSU Plan is subject to the approval of shareholders at the Meeting. See under the heading “*Particulars of Other Matters to be Acted Upon – Approval of Deferred Share Unit Plan*”.

Subject to regulatory and shareholder approval of the DSU Plan, each of the four independent directors (Eric Cunningham, Matthew Coon Come, Gerald Gauthier and Richard Lister) has been granted Deferred Share Units in accordance with the DSU Plan of a value of \$70,000 (totalling \$280,000) in respect of the financial year ended March 31, 2013, payable quarterly in arrears. The number of DSUs to be credited to each independent director in each quarter will be calculated by dividing the quarterly amount of \$17,500 by the volume weighted average trading price of the Corporation’s shares for the 5 trading days immediately preceding the end of each quarter, rounded downward to the nearest whole unit.

The number of DSUs credited to each independent director in respect of the quarter ended June 30, 2012 is 6,457 (25,828 in total or approximately 0.03% of the issued and outstanding shares of the Corporation) based on a volume weighted trading price for the Corporation’s shares for the five trading days ending June 29, 2012 of \$2.71.

As provided in the DSU Plan, the DSUs granted to the four independent directors will vest immediately but no cash compensation will be paid or common shares issued to the Director to whom the DSUs are credited until his retirement from the Board (except in circumstances of particular hardship as determined by the Board in its discretion).

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows all incentive plan awards values vested to or earned by each director, other than those that are also Named Executive Officers, for the year ended March 31, 2012.

| Name | Option-based awards – Value vested during the year ⁽¹⁾ (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|-------------------|---|---|---|
| Matthew Coon Come | 86,000 | N/A | Nil |
| Eric Cunningham | 86,000 | N/A | Nil |
| Gerald Gauthier | 86,000 | N/A | Nil |
| Richard Lister | 86,000 | N/A | Nil |
| Terence McKillen | Nil | N/A | Nil |

Notes:

- (1) The value of vested options represents the aggregate dollar value that would have been realized if any of the options granted had been exercised on the vesting dates. The dollar value is the difference between the market price of the underlying securities at exercise and the exercise price of the options on the vesting date.

Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table shows all option-based and share-based awards outstanding to each director, other than those that are also Named Executive Officers, as at March 31, 2012.

| Name | Option-based Awards | | | | Share-based Awards | | |
|-------------------|---|----------------------------|-----------------------------------|---|--|--|--|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options ⁽¹⁾ (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards that have not paid out or distributed (\$) |
| Matthew Coon Come | 12,500 50,000 | \$2.00 \$6.27 | August 31, 2012 Sept. 14, 2015 | 32,375 Nil | N/A | N/A | N/A |
| Eric Cunningham | 50,000 50,000 | \$2.00 \$6.27 | August 31, 2012 Sept. 14, 2015 | 129,500 Nil | N/A | N/A | N/A |
| Gerald Gauthier | 50,000 50,000 | \$2.00 \$6.27 | August 31, 2012 Sept. 14, 2015 | 129,500 Nil | N/A | N/A | N/A |
| Richard Lister | 18,750 43,750 | \$2.00 \$6.27 | August 31, 2012 Sept. 14, 2015 | 48,563 Nil | N/A | N/A | N/A |
| Terence McKillen | 200,000 | \$2.00 | August 31, 2012 | 518,000 | N/A | N/A | N/A |

Notes:

(1) Calculated based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year, which was \$4.59 and the exercise price of the option.

INDEBTEDNESS TO CORPORATION OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer, or proposed management nominee for election as a director of the Corporation or affiliate of any such director or executive officer, is or, at any time since the beginning of the most recently completed financial year of the Corporation was, indebted to or guaranteed or supported by the Corporation.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The by-laws of the Corporation provide that the Corporation is required to indemnify a director or officer, or former director or officer, or a person who acts or acted at the request of the Corporation as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been a director or officer of such body corporate if (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

The Corporation maintains insurance for the benefit of the Corporations directors and officers against liability incurred by them in their capacity as directors and officers. The policy provides coverage in respect of a maximum total liability of \$10 million, subject to a deductible of \$25,000 per event. The premium for 2012 is \$30,000. The policy contains standard industry exclusions and no claims have been made to date.

3. APPOINTMENT OF AUDITORS

McGovern, Hurley, Cunningham LLP were first appointed auditors of the Corporation in November 2007.

The aggregate amounts billed by auditors for the two fiscal years ended March 31, 2012 and 2011 for audit fees, audit related fees, tax fees and all other fees are set forth below:

| | Period Ended March 31, 2012 | Period Ended March 31, 2011 |
|-----------------------------------|--------------------------------|--------------------------------|
| Audit Fees ⁽¹⁾ | \$203,000 | \$52,000 |
| Audit-Related Fees ⁽²⁾ | - | - |
| Tax Fees ⁽³⁾ | - | - |
| All Other Fees | - | - |
| Total | \$203,000 | \$52,000 |

Notes:

- (1) "Audit Fees" represent fees for the audit of the annual financial statements, and review in connection with the statutory and regulatory filings.
- (2) "Audit Related Fees" represent fees for assurance and related services that are related to the performance of the audit.
- (3) "Tax Fees" represent fees for tax compliance, tax advice and planning.

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote **FOR** the re-appointment of McGovern, Hurley, Cunningham LLP, as auditors of the Corporation until the close of the next annual meeting of shareholders and to authorize the Directors to fix their remuneration.

4. APPROVAL OF UNALLOCATED OPTIONS UNDER THE CORPORATION'S STOCK OPTION PLAN

TSX rules require that all unallocated options, rights or other entitlements under a rolling stock option plan such as the Corporation's Stock Option Plan be approved by shareholders at least every three years. The Corporation's existing Stock Option Plan was approved by shareholders on September 15th, 2009 and shareholders are being asked at the Meeting to approve all unallocated options as set out below.

A summary of the terms and conditions of the Corporation's Stock Option Plan is set out below under the heading "*Securities Authorized for Issue Under Equity Compensation Plans – Summary of Stock Option Plan*", and a copy of the Stock Option Plan will be available for inspection at the Meeting.

As at March 31, 2012, there were 2,118,438 stock options issued and outstanding under the Stock Option Plan, representing 3.15% of the Corporation's issued and outstanding shares (2,496,250 or 3.68% as at the date of this Circular). Based upon the issued capital of the Corporation and the number of outstanding stock options at March 31, 2012, there were 4,614,893 unallocated stock options for grant under the Stock Option Plan representing 6.85% of the issued shares. As at the date of this Circular and after giving effect to the 25,828 issued DSUs described below there were 4,254,252 unallocated stock options and other securities available under the Stock Option Plan and other security based compensation arrangements representing 6.28% of the issued shares. A further 659,375 options will expire, if not previously exercised, on August 31, 2012 such that the maximum number of unallocated options available for grant under the Stock Option Plan together with any securities issuable under the proposed DSU Plan (if approved by Shareholders) and any other Security Based Compensation Arrangement, as at the date of the Meeting is expected to be 4,913,627.

The Directors believe that the approval of all unallocated options is in the best interests of the Corporation as having such options available for grant enables the utilization of equity compensation with long-term incentive and reward based on share price appreciation. The approval of the unallocated options available under the Stock Option Plan requires the affirmative vote of a majority of the votes cast in person or by proxy at the Meeting excluding the votes attaching to shares held by Insiders of the Corporation.

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval for the grant of unallocated options under the Stock Option Plan until the Corporation's 2015 annual shareholder meeting (provided that such meeting is held on or prior to September 13, 2015). If approval is not obtained at the Meeting, options which have not been allocated as of September 13, 2012 and options which are outstanding as of September 13, 2012 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Previously allocated options will continue to be unaffected by the approval or disapproval of the resolution.

Shareholders will be asked at the Meeting to consider, and if deemed advisable, approve with or without variation the following ordinary resolution:

“WHEREAS:

1. The Board of Directors of the Corporation adopted on August 30, 2007 a stock option plan as amended on September 15th, 2009 (such plan, as amended, is herein referred to as the "Stock Option Plan") which does not have a fixed maximum number of common shares issuable;
2. The shareholders of the Corporation approved the Stock Option Plan, by a majority of votes cast, on September 15th, 2009;

3. The rules of the Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable, be approved every three (3) years;

BE IT RESOLVED, as an ordinary resolution, that

1. All unallocated options under the Stock Option Plan be and are hereby authorized and approved;
2. the Corporation have the authority to continue granting options under the Stock Option Plan until September 13, 2015, which is the date that is three (3) years from the date of the shareholder meeting; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to take all such action, do all such things, enter into, execute, affix the common seal of the Corporation and to deliver or cause to be delivered all such documents, agreements and writings, as he or she may in their sole discretion deem necessary or advisable in order to give full effect to the intent and purpose of this Resolution”.

The directors of the Corporation believe the passing of the foregoing Resolution is in the best interests of the Corporation and recommend that shareholders vote in favour of these resolutions.

The persons named as proxies in the enclosed Form of Proxy intend to cast the votes represented by such proxy in favour of this resolution in the absence of contrary instructions.

5. ADOPTION OF DEFERRED SHARE UNIT PLAN

The Corporation proposes to implement a Deferred Share Unit Plan (the “**DSU Plan**”) which will promote the Corporation’s interest by providing a form of stock based compensation, other than stock options, to members of the Board of Directors or key senior employees. It is anticipated that the DSU Plan will provide a long term incentive to work towards maximising shareholder value through long term share price appreciation by affording participants in the DSU Plan an opportunity to receive, on a deferred basis, a portion of their total compensation based upon the value of the outstanding shares of the Corporation from time to time.

The Compensation Committee of the Board will administer the DSU Plan, subject to the final authority of the Board, and determine which Board members and/or key senior executives (defined as ‘an officer or other employee of the Corporation or an affiliate of the Corporation who, in the opinion of the Compensation Committee of the Board of Directors, has the ability and responsibility of contributing in a substantial measure to the successful performance of the Corporation) are eligible to participate (the “**DSU Participants**”, each being a “**DSU Participant**”) and to whom awards of deferred share units (“**DSUs**”, each a “**DSU**”) will be made.

Under the DSU Plan, a DSU Participant is awarded a compensatory entitlement (the “**DSU Entitlement**”) expressed in terms of money. The DSU Participant is then credited on each payment date with a number of DSU’s calculated by dividing the DSU Entitlement by the volume weighted average trading price of the Corporation’s shares for the five trading days immediately preceding such payment date. DSU’s will be fully vested upon the later of the date of such DSUs being credited to an Eligible Individual or one year following the first appointment of such Participant as a director or employment as a Key Executive of the Corporation or an affiliate of the Corporation. The Compensation Committee may impose additional conditions to any particular DSU grant.

Upon the payment of any dividend by the Corporation dividend equivalents are awarded in respect of DSUs in a DSU Participant’s account on the same basis as if the DSU Participant was a Shareholder on the relevant dividend record date, and are credited to the DSU Participant’s account as additional DSUs. Upon, but not before, the date the DSU Participant ceases to be a director or to be employed by the Corporation, whether by reason of termination of office or employment, retirement or death, the DSU Participant’s DSU’s will be redeemed and the DSU Participant will be entitled to receive on the Entitlement Date or dates (but in any event not later than December 15 in the year after retirement or termination) the full value of his or her DSU entitlement (after any applicable tax deductions) to be satisfied, at the discretion of the Corporation, in its entirety through or as a combination of (i) the issuance from treasury by the Corporation of Shares to the Participant or the Participant’s estate, as applicable; (ii) a cash payment by the Corporation to the Participant or to the legal representative of the Participant’s estate, or (iii) a cash payment by the Corporation used to purchase on behalf of the Participant or the Participant’s estate, as applicable, Shares on the open market.

The DSUs issued pursuant to the DSU Plan, together with all of the Corporation's other previously established or proposed security based compensation arrangements, may not result at any time in the aggregate number of Common Shares reserved for issuance from the Corporation's treasury to Insiders (as defined in the TSX Company Manual) exceeding 10% of the outstanding issue, or the issuance to Insiders from the Corporation's treasury, within a one year period, of an aggregate number of Common Shares exceeding 10% of the outstanding issue.

Under no circumstances shall DSUs be considered common shares of the Corporation, nor shall they entitle any DSU Participant to exercise voting rights or any other rights attaching to the ownership of common shares of the Corporation, nor shall any DSU Participant be considered a Shareholder by virtue of the award of DSUs.

The rights or interests of a DSU Participant under the DSU Plan are not assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death, and such rights or interests may not be encumbered.

The Board of Directors may at any time, and from time to time, and without shareholder approval, amend any provision of the Plan or any DSUs granted pursuant to the DSU Plan, subject to any regulatory or stock exchange requirement at the time of such amendment, including, but not limited to:

- (a) formal minor or technical modifications to any of the provisions of the DSU Plan of a “clerical” or “housekeeping” nature;
- (b) correction of any ambiguity, defective provision, error or omission in the provisions of the DSU Plan;
- (c) amendments to the definition of “Participant” (or categories of persons that are eligible to receive DSUs) under the DSU Plan;
- (d) amendments to the definition of “Market Value”, “Termination Date” or “Entitlement Date” under the DSU Plan;
- (e) amendments necessary or advisable because of any change in application of tax or securities laws;
- (f) amend the transferability of DSUs provided under the DSU Plan; or
- (g) amendments to provisions relating to the administration of the DSU Plan.

Notwithstanding the foregoing, any amendment, modification or change to the provisions of the DSU Plan or any DSUs granted pursuant to the DSU Plan which would

- (a) increase the number of DSUs which may be issued pursuant to the DSU Plan,
- (b) extend the term of DSUs awarded under the DSU Plan beyond the applicable Entitlement Date, (other than as a result of any blackout period),
- (c) amend the Plan to grant additional powers to the Board of Directors to amend the DSU Plan or DSUs without shareholder approval, or
- (d) increase Insider participation limits in the DSU Plan,

shall be subject to shareholder approval (including disinterested shareholder approval, where required under section 613 of the TSX Company Manual).

For avoidance of doubt, the Board may amend the DSU Plan without the consent of any DSU Participant so as to comply with the applicable requirements of applicable income tax laws.

Effective April 1, 2012, but subject to regulatory and shareholder approval of the DSU Plan, each of the four independent directors (Eric Cunningham, Matthew Coon Come, Gerald Gauthier and Richard Lister) has been granted Deferred Share Units (“DSU’s) in accordance with the DSU Plan of a DSU Entitlement value of \$70,000 (totalling \$280,000) in respect of the financial year ending March 31, 2013, payable quarterly in arrears. The number of DSUs to be credited to each independent director in each quarter will be calculated by dividing the quarterly amount of \$17,500 by the volume weighted average trading price of the Corporation’s shares for the 5 trading days immediately preceding the end of each quarter.

The number of DSU’s credited to each independent director in respect of the quarter ending June 30, 2012 is 6,457 (25,828 in total or approximately 0.03% of the issued and outstanding shares of the Corporation) based on a volume weighted trading price for the Corporation’s shares for the five trading days ending June 29, 2012 of \$2.71. As provided in the DSU Plan, the DSUs granted to the four independent directors will vest immediately but no cash compensation will be paid or common shares issued to the individual to whom the DSUs are credited until his retirement from the Board (except in circumstances of particular hardship as determined by the Board in its discretion).

As a result there are 4,280,080 DSU's and options combined (6.32%) remaining available for future grant.

It is intended that the grant of DSU's will replace the future grant of stock options as the means of Stock Based Compensation for independent members of the Board.

Shareholders are being asked to consider and, if deemed advisable, approve the adoption of the DSU Plan and the grant of DSU entitlements to the four independent directors by a resolution to be passed by a majority of the votes cast at the Meeting. A copy of the Deferred Share Unit Plan will be available for inspection at the Meeting. The text of this resolution set out below:

“WHEREAS:

1. the Board of Directors of the Corporation approved the adoption of a Deferred Share Unit Plan (the “DSU Plan”) for the benefit of directors and key executives of the Corporation and affiliates of the Corporation, subject to shareholder approval;
2. the number of DSU's issuable under the DSU Plan together with the number of securities of the Corporation issuable under any other Stock Based Compensation Arrangement shall not exceed a number which is equal to 10% of the issued shares of the Corporation from time to time;
3. the Board of Directors has granted DSU entitlements (the “Granted DSU Entitlements”) of \$70,000 to each of the four independent directors of the Corporation (Eric Cunningham, Matthew Coon Come, Gerald Gauthier and Richard Lister) (\$280,000 in total) for the fiscal ending March 31, 2013, payable quarterly in arrears pursuant to which 6,457 DSU's have been credited to each of such director (25,828 in total) in respect of the quarter ending June 30, 2012.

BE IT RESOLVED, as an ordinary resolution, that

1. the DSU Plan of the Corporation as disclosed in the Information Circular be and is hereby approved;
2. the Granted DSU Entitlements as disclosed in the Information Circular be and are hereby ratified; and
3. any one director or officer of the Corporation, be and is hereby authorized and directed to take all such actions, do all such things, enter into, execute, affix the common seal of the Corporation and to deliver or cause to be delivered all such documents, agreements and writings, as he or she may in their sole discretion deem necessary or advisable in connection with any of the matters referred to in this resolution.”

The directors of the Corporation believe the approval of the DSU Plan is in the best interests of the Corporation and recommend that shareholders vote in favour of the resolution and passing of this foregoing resolution.

The persons named as proxies in the enclosed form of proxy intend to cast the votes represented by proxy in favour of this resolution, in the absence of contrary instructions.

STATEMENT OF EXECUTIVE COMPENSATION

Objectives of Executive Compensation

The Board has appointed a Compensation Committee which has responsibility for recommending compensation for the directors and senior management. Interested executives do not participate in reviews, discussions or decisions of the Compensation Committee or the Board of Directors regarding their remuneration. The Compensation Committee's responsibilities and composition are described below under the heading "Corporate Governance Disclosure – Compensation Committee".

The Corporation is Canada's newest iron ore producer, engaged in the mining of iron ore and in the exploration and development of direct shipping iron ore projects in western Labrador and north-eastern Quebec in Canada, near the town of Schefferville, Quebec. In June 2011, the Corporation commenced mining at its James Mine and completed its first sales of iron ore, generating sales revenue of \$32,000,000 in the fiscal year ended March 31, 2012.

During the three years ended March 31, 2012, the Corporation was primarily engaged in the exploration and development of its Schefferville iron ore project. During those years the Corporation was considered to be in the exploration and development stage given that its Schefferville Project was not in commercial production and had not earned any significant revenues. Accordingly, the Corporation was reliant upon public share financings to fund its development activities.

The Corporation's objectives of Executive Compensation are to provide total compensation packages to senior executive officers in order to ensure senior management is appropriately engaged and retained. The general compensation philosophy for executive officers, including for the CEO, is to provide a level of base compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the Corporation to be successful, and to provide longer-term incentive compensation, through the grant of stock options, to members of senior management whose actions have a direct and identifiable impact on the performance of the Corporation and who have material responsibility for long-range strategy development and implementation which aligns the interest of executives with those of shareholders.

Historically, the compensation of executive officers of the Corporation has been comprised primarily of cash compensation and the allocation of incentive stock options. In establishing levels of remuneration and in granting stock options, an executive's responsibilities, level of experience, length of service to the Corporation and comparable levels of remuneration paid to similar executives of other companies of comparable size and development within the industry are taken into consideration.

The Committee relies on the general knowledge and experience of its members, and recommendations from the Chief Executive Officer, in reviewing appropriate levels of compensation for Executive Officers and the implementation of, or amendment to, any other aspects of compensation that the Compensation Committee may review from time to time. All Committee members have relevant general, but not direct, experience in executive compensation and compensation policies and practices in the mineral resources business gained through current and prior experience in business and the minerals industry.

While the Corporation does not actively benchmark its compensation programs for executive officers, and the individual components thereof, the Compensation Committee does review compensation levels within the industry, primarily through the use of third-party "Compensation Reports", which are available through certain consulting firms. These reports typically include information for larger mining companies but do assist the Committee and the Corporation in determining approximately the salary levels and other benefits in place across the industry. In the fiscal year ended March 31, 2012 the Compensation Committee specifically reviewed the 2011 Mining Industry Salary Surveys of Coopers Consulting Ltd. and PricewaterhouseCoopers LLP.

During the year ended March 31, 2012, the Corporation made new appointments to the positions of President and Chief Operating Officer and of Senior Vice President, Operations. In connection therewith the Corporation

retained C.J. Stafford and Associates, a recruitment consultant, who in relation to such appointments provided advice with regard to current salary levels in the industry. No compensation consultant was engaged during the past fiscal year and neither the Corporation nor the Compensation Committee currently has any contractual arrangement with any compensation consultant.

The Compensation Committee is responsible for considering the risks associated with the Corporation's compensation policies and practices and has not identified any specific risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect.

Because of the current scale and scope of the Corporation's operations, and the limited number of senior management and employees, and the oversight by the Board of all significant activities, including risk management, the Compensation Committee does not believe that the Corporation's compensation policies and practices would encourage any executive officer to take inappropriate or excessive risk.

Compensation Discussion and Analysis

The Corporation did not have a formal compensation plan in place for its Executive Officers during the three fiscal years ended March 31, 2012, as the Corporation was in the exploration and development stage.

The use of traditional performance standards, such as corporate profitability, was not considered to be appropriate in the evaluation of corporate or executive performance, and the Committee and the Board of Directors considered the financial situation of the Corporation in a wider context regarding the ongoing development of the Schefferville Project, when setting its executive compensation levels.

To date, the compensation of executive officers has been comprised of cash compensation, incentive performance bonus and incentive stock options. In future years, as the Corporation moves forward with commercial production, it is expected that the grant of deferred share units under the Corporation's proposed DSU Plan will form part of the equity component portion of the total remuneration of senior executive officers.

Base Salary

The Corporation provides executive officers with annual salaries which represent their base compensation for services rendered during the fiscal year. Salary levels are based upon the executive's responsibilities, experience and performance. Base salaries are recommended by the Chief Executive and reviewed by the Compensation Committee.

The base salary of the Chief Executive Officer, John Kearney, of \$200,000 per year, which was fixed at the time of the Corporation's initial public offering in 2007, remained unchanged, at his request, for four years. In January 2012, the Compensation Committee reviewed the base salary payable to the Chief Executive Officer and determined that it was not in line with his position and responsibilities and recommended an increase in his annual salary to \$400,000 per year effective February 1, 2012.

In November 2011, Rodney Cooper was recruited as President and Chief Operating Officer, upon the retirement of Bill Hooley, at a base salary of \$350,000 per year.

In August 2011, Aiden Carey was recruited as Senior Vice President of Operations, at a base salary of \$225,000 per year, which was increased to \$250,000 per year effective April 1, 2012.

Performance Incentives and Bonus

The Corporation did not set formal, person-specific, performance goals for the CEO or other Named Executive Officers for the fiscal year ended March 31, 2012.

The Corporation does not have a formal annual incentive bonus plan in place. Goals and objectives for the Corporation are typically set through discussions at board meetings, and follow-up on progress would typically take place at subsequent board meetings. Any award of a bonus to executive officers is at the discretion of the

Board of Directors based upon recommendation by the Compensation Committee. In considering the payment of a bonus to Executive Officers, upon successful completion of performance goals, the Compensation Committee takes into account the individual performance and efforts of the executive, the progress made by the Corporation in furthering its business plan and the overall success of the Corporation.

Given the size of the Corporation, this is considered appropriate to effectively manage the business and allow the Named Executive Officers to move the business forward.

Upon the recommendation of the Compensation Committee, cash bonus amounts were paid to each of John Kearney, the Chief Executive Officer, and Bill Hooley, the former President and Chief Operating Officer, for the year ended March 31, 2012, based on the overall accomplishments made by the Corporation, including the successful raising of almost \$200 million in new equity financing, the construction of the Schefferville Project, the commencement of mining operations at the James Mine and the first sales of iron ore, and reflect the overall view of the Compensation Committee and the Board of the contributions made by the executive officers to the progress made by the Corporation during the three years ended March 31, 2012.

John Kearney, CEO was awarded a bonus of \$400,000, payable as to \$200,000 in April 2012 and \$200,000 in March 2013, subject to his continued employment with the Corporation at that time, in recognition of his performance during the three years ended March 31 2012, and his continued strong leadership to the Corporation since its formation in 2007.

Bill Hooley, COO was awarded a bonus of \$475,000 in recognition of his significant contribution to the development and successful start-up of the Schefferville Project. \$175,000 was paid in April 2012 and the remainder is payable during the current financial year.

Specific performance related incentives with objectives that are within management's control have been established for each of Rodney Cooper, President and Chief Operating Officer, and Aiden Carey, Senior Vice President of Operations, for the part-year ended March 31, 2012 and future years. A bonus of up to 50% of Base Salary will be payable subject to meeting certain specified targets. Sixty percent of any Bonus earned in a fiscal year will be paid on March 31 of that year, and the remaining forty percent will be payable at March 31 of the following fiscal year, provided such officer continues in the Corporations employment at that time.

For the fiscal year ended March 31, 2012, Rodney Cooper and Aiden Carey were paid incentive bonuses of \$58,333 and \$68,885, respectively, in recognition of performance and objectives achieved for that part of the year ended March 31, 2012 during which they were employed by the Corporation.

Equity Based Compensation - Stock Options

The grant of stock options to purchase common shares of the Corporation, pursuant to the Corporation's Stock Option Plan, is an integral component of executive officer compensation packages. The Corporation's Stock Option Plan is administered by the Corporation's Board of Directors in consultation with its Compensation Committee composed entirely of independent directors. The stock option plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, reward current and future performance, and to enable the Corporation to attract and retain individuals with experience and ability. Stock option grants are considered when reviewing executive officer compensation packages as a whole.

In awarding the stock options, the Committee considered the appropriate number and percentage of options that should be awarded to each employee relative to the total number of shares issued and stock options granted.

No stock options were granted to any of Messrs. Kearney, Hooley or Varma since August 2007 or during the year ended March 31, 2012.

Rodney Cooper was granted stock options in November, 2011, upon his recruitment as President and Chief Operating Officer. These options vest over a period of two years. The fair value of the options vested during the year ended March 31, 2012 has been estimated at \$450,000.

Aiden Carey was granted stock options in August 2011, upon his recruitment as Senior Vice President Operations. These options vest over a period of two years. The fair value of the options vested during the year ended March 31, 2012 has been estimated at \$332,000.

It is important to differentiate between the vesting date fair value of the options granted, calculated using the Black-Scholes method, and the potential value actually received (none in this case of Messrs. Copper or Carey) or potentially receivable, which is completely at risk and aligned with the longer term interests of shareholders and based on the future performance of the Corporations shares.

The Corporation has not, to date, prohibited its Executive Officers or Directors from purchasing financial instruments designed to hedge or off-set a decrease in market value of any stock options granted as compensation or of options or shares of the Corporation held directly or indirectly by an Executive Officer or Director.

Incentive Plan Awards – Value Vested or Earned During the Year

| Name | Option-based awards – Value vested during the year ⁽¹⁾ (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|---|--|--|--|
| John F. Kearney Chairman and Chief Executive Officer | Nil | N/A | 400,000 |
| Rodney Cooper President and Chief Operating Officer | Nil | N/A | 58,333 |
| D. William Hooley Former President and Chief Operating Officer | Nil | N/A | 475,000 |
| Aiden Carey Senior Vice President, Operations | Nil | N/A | 68,885 |
| Danesh Varma, Chief Financial Officer | Nil | N/A | Nil |

Notes:

- (1) The value of vested options represents the aggregate dollar value that would have been realized if any of the options granted had been exercised on the vesting dates. The dollar value is the difference between the market price of the underlying securities at exercise and the exercise price of the options on the vesting date. Previous grants are taken into account when considering new grants.

Other Benefits

The Corporation has a health benefit plan that is available to all full-time employees. The benefit plan is designed to protect employees' health and that of their dependents, and cover them in the event of disability or death.

Other perquisites and personal benefits provided to Executive Officers are not considered a material component of the executive compensation package.

Summary Compensation Table

The following table sets out total compensation in respect of John Kearney, the CEO, Rodney Cooper, the President and COO, William Hooley, the former President and COO, Aiden Carey, Senior VP Operations, and Danesh Varma, the Chief Financial Officer of the Corporation (the “Named Executive Officers”) for the years ended March 31, 2012, 2011 and 2010.

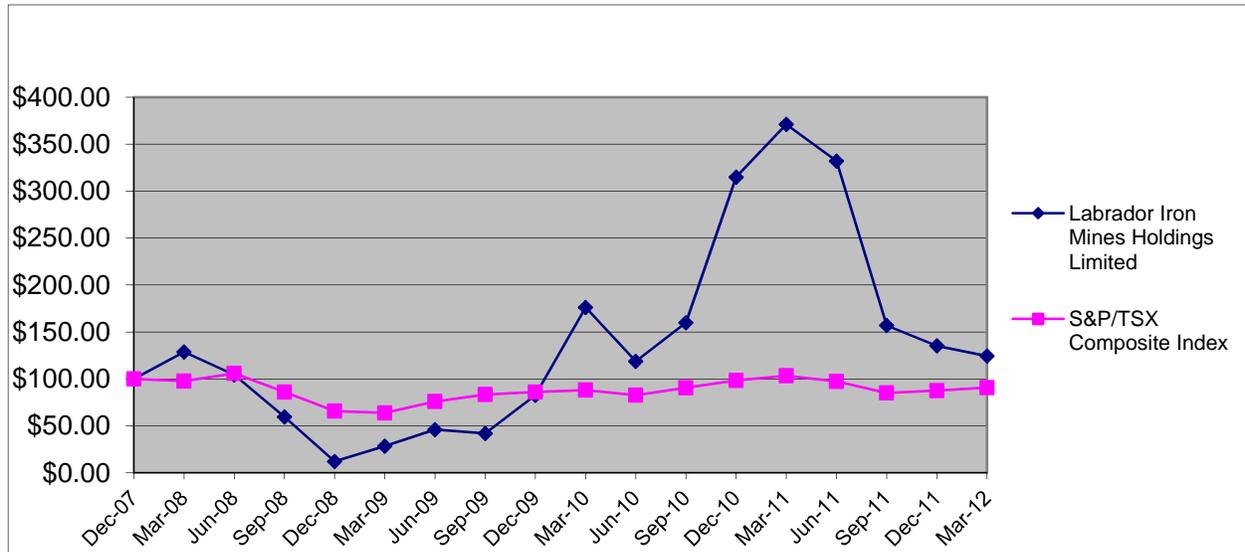
| Name and Principal Position | Year ⁽¹⁾ | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation (\$) | Total Compensation (\$) |
|--|---------------------|------------------------|----------------------------|-----------------------------|--|-----------------|-----------------------|--------------------------------|----------------------------|
| | | | | | Annual incentive plans | Long-term plans | | | |
| John F. Kearney Chairman and Chief Executive Officer ⁽²⁾ | 2012 | 221,329 | Nil | Nil | Nil | Nil | Nil | 400,000 | 621,329 |
| | 2011 | 200,000 | Nil | Nil | Nil | Nil | Nil | Nil | 200,000 |
| | 2010 | 200,000 | Nil | Nil | Nil | Nil | Nil | Nil | 200,000 |
| Rodney Cooper President and Chief Operating Officer | 2012 | 116,667 ⁽⁴⁾ | Nil | 450,425 ⁽⁵⁾ | Nil | Nil | Nil | 58,333 | 567,092 |
| D. William Hooley President and former Chief Operating Officer ⁽³⁾ | 2012 | 153,412 | Nil | Nil | Nil | Nil | Nil | 475,000 | 628,412 |
| | 2011 | 227,150 | Nil | Nil | Nil | Nil | Nil | Nil | 227,150 |
| | 2010 | 242,443 | Nil | Nil | Nil | Nil | Nil | Nil | 242,443 |
| Aiden Carey Senior Vice President, Operations | 2012 | 137,792 ⁽⁷⁾ | Nil | 332,100 ⁽⁶⁾ | Nil | Nil | Nil | 68,885 | 469,892 |
| Danesh Varma ⁽⁸⁾ Chief Financial Officer | 2011 | 100,000 | Nil | Nil | Nil | Nil | Nil | Nil | 100,000 |
| | 2010 | 100,000 | Nil | Nil | Nil | Nil | Nil | Nil | 100,000 |
| | 2009 | 100,000 | Nil | Nil | Nil | Nil | Nil | Nil | 100,000 |

Notes:

- (1) The financial year ended March 31.
- (2) Salary portion of \$200,000 per year paid to a private company controlled by John Kearney.
- (3) Includes an amount (2012 – \$86,745) (2011 - \$127,879) (2010 - \$142,443) of Mr. Hooley’s salary as Chief Executive Officer of Anglesey Mining plc. allocated to the Corporation. Mr. Hooley retired as President and Chief Operating Officer of the Corporation effective November 30, 2011.
- (4) Mr. Cooper’s employment commenced on December 1, 2011.
- (5) In November, 2011, 200,000 options were granted at an exercise price of \$6.35 per share, all with an expiry date of November 30, 2016. These options have a grant date estimated fair value of \$924,000 calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.40%, expected life of 5 years, expected dividend rate of 0%, and current volatility of 96%, of which \$450,425 was the estimated fair value of the options which vested during the year ended March 31, 2012.
- (6) In August 2011, 100,000 options were granted at an exercise price of \$6.80 per share, with an expiry date of September 22, 2016. These options have a grant date estimated fair value of \$509,000 calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.00%, expected life of 5 years, expected dividend rate of 0%, and current volatility of 101%, of which \$332,100 was the estimated fair value of the options which vested in the year ended March 31, 2012.
- (7) Mr. Carey’s employment commenced on August 22, 2011.
- (8) Mr. Varma also serves as CFO of other companies and his remuneration by the Corporation reflects the amount of his time allocated to the Corporation.
- (9) Perquisites have not been included, as they did not exceed 10% of total salary for any of the financial years ended March 31, 2010, 2011 and 2012.

PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder return of \$100 invested in the Corporation's Common Shares (assuming reinvestment of dividends) from December 3, 2007 (the date on which the Common Shares were first publicly traded) to March 31, 2012 with the cumulative total return of the S&P/TSX Composite Index over the same time period.



The performance of the Corporation's stock over the past five years has been linked to overall commodity prices and market sentiment and, in particular, the stock market performance for mineral exploration and development companies and reflected general market conditions at each point in time. Commodity prices and global markets were adversely impacted by the onset of the world-wide financial crisis in the second half of 2008, which continued throughout most of calendar 2009 and the Corporation's fiscal year ended March 31, 2010, and saw the share prices of mineral companies hit particularly hard.

In the fiscal year ended March 31, 2011, the increase in the Corporation's share price increased the value of outstanding stock options held by Named Executive Officers, who were employed during that time.

In the fiscal year ended March 31, 2012 the decrease in the Corporation's share price significantly reduced the value of outstanding stock options held by the Named Executive Officers, and the subsequent decline in the Corporation's share price has totally eliminated any current value to these stock options.

The trend shown by the graph does not correspond to the trend in the Corporation's compensation to executive officers because the Corporation was in a development stage over the five year period. The Corporation did not directly link executive compensation to total cumulative shareholder return as the Corporation was not in active operations during that period. Instead, the goals of the Corporation during this period were more qualitative and geared towards successfully developing the Schefferville Project.

The Committee did, however, consider the Corporation's stage of development and the general economic situation when assessing compensation, as illustrated by the decision not to award bonus payments to the Executive Officers in the three years ended March 31, 2011.

For the year ended March 31, 2012, the Committee considered that progress with regard to the on-going development of the Schefferville Project, and in securing financings for the Corporation, was such that the award of performance bonuses to each of John F. Kearney, CEO and Bill Hooley, the then COO were appropriate.

Incentive Plan Awards

The following table shows all awards outstanding to each Named Executive Officer as at March 31, 2012.

| Name | Option-based Awards | | | | Share-based Awards | | |
|---|--|----------------------------|------------------------|---|--|--|--|
| | Number of securities underlying unexercised options(#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) ⁽¹⁾ | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards that have not paid out or distributed (\$) |
| John F. Kearney Chairman and Chief Executive Officer | 375,000 | 2.00 | August 31, 2012 | 971,250 | N/A | N/A | N/A |
| Rodney Cooper President and Chief Operating Officer | 200,000 | 6.35 | November 7, 2016 | Nil | N/A | N/A | N/A |
| D. William Hooley Vice Chairman | 250,000 | 2.00 | August 31, 2012 | 647,500 | N/A | N/A | N/A |
| Aiden Carey Senior Vice President, Operations | 100,000 | 6.80 | September 22, 2016 | Nil | N/A | N/A | N/A |
| Danesh Varma Chief Financial Officer | Nil | 2.00 | August 31, 2012 | Nil | N/A | N/A | N/A |

Notes:

- (1) Calculated by subtracting from the market value of the shares underlying the options at the end of the most recently completed financial year (which was \$4.59 on March 30, 2012) the exercise or base price of the options.

Pension Plan Benefits

The Corporation does not provide any form of group pension plan benefits to employees, officers or directors.

Termination and Change of Control Benefits

The Corporation entered into an agreement dated effective July 21, 2011 with Aiden Carey, Senior Vice President, Operations, for his continuing services as an officer of the Corporation. Should Mr. Carey's employment with the Corporation be terminated without cause, Mr. Carey is entitled to receive an amount equal to his then current annual salary payable upon termination.

The Corporation entered into an agreement dated effective November 7, 2012 with Mr. Rodney Cooper, President and Chief Operating Officer for his continuing services as an officer of the Corporation. Should Mr. Cooper's employment with the Corporation be terminated without cause, Mr. Cooper is entitled to receive an amount equal to his then current annual salary payable upon termination.

Except as otherwise disclosed herein, the Corporation has no compensatory plan or arrangement in respect of compensation received or that may be received by an executive officer of the Corporation in the Corporation's most recently completed or current financial year to compensate such executive officer in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Corporation as at March 31, 2012. As of the date hereof, the Stock Option Plan is the only equity compensation plan of the Corporation, pending the approval of the proposed DSU Plan at the Meeting.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| <i>Equity compensation plans approved by securityholders</i> | 2,118,438 | \$4.54 | 4,614,893 |
| <i>Equity compensation agreements not approved by securityholders</i> | N/A | N/A | N/A |
| <i>Total</i> | 2,118,438 | \$4.54 | 4,614,893 |

Summary of Stock Option Plan

The Corporation has established a 10% Rolling Stock Option Plan (“**Stock Option Plan**”) to provide incentive compensation to the directors, officers, employees and consultants of the Corporation or its subsidiaries, as well as other persons or companies engaged to provide ongoing management of consulting services (“**Service Providers**”) to the Corporation or any entity controlled by the Corporation.

The Stock Option Plan provides that the number of common shares which may be issued pursuant to options granted under the Stock Option Plan, together with securities issuable under any other Security Based Compensation Arrangement, as defined in section 613(b) of the Toronto Stock Exchange (TSX) Company Manual (the “**Company Manual**”), is a maximum of 10% of the issued and outstanding common shares at the time of the grant. The TSX requires that all unallocated options and entitlements under the Stock Option Plan be approved and ratified by shareholders every three years. The Stock Option Plan was originally approved by shareholders on August 30, 2007 with further changes approved by shareholders on September 15, 2009.

The effect of the Stock Option Plan is that at any point in time, the Corporation may have stock options outstanding for the purchase of up to 10% of issued capital of the Corporation less the number of securities issuable under any other Security Based Compensation Arrangement. The maximum number of securities of the Corporation issuable to any one individual or to Insiders, (as defined in the Company Manual), pursuant to options granted under the Stock Option Plan, together with securities issuable under any other Security Based Compensation Arrangement (as defined in section 613(b) of the Company Manual), cannot exceed 5% and 10%, respectively, of the then issued and outstanding securities of the Corporation at any time. The maximum number of securities of the Corporation issued within any twelve month period to any one individual or to Insiders under the Stock Option Plan, together with securities issued under any other Security Based Compensation Arrangement, cannot exceed 5% and 10%, respectively, of the then issued and outstanding securities of the Corporation.

As at March 31, 2012, there were 2,118,438 stock options issued and outstanding under the Stock Option Plan, representing 3.14% of the Corporation’s then issued and outstanding shares (2,496,250 or 3.68% as at the date of this Circular). Based upon the issued capital of the Corporation and the number of outstanding stock options at March 31, 2012, there were 4,614,893 unallocated stock options available for grant at that time, representing 6.85% of the issued shares (4,280,080 or 6.32% as at the date of this

Circular). A further 659,375 options will expire, if not previously exercised, on August 31, 2012 such that the number of unallocated options as at the date of the Meeting is expected to be 4,939,455.

The Board of Directors have approved technical amendments to the Stock Option Plan to effectively reduce the maximum number of options which may be granted thereunder by including in such maximum any other securities of the Corporation issuable under any other Security Based Compensation Arrangements of the Corporation.

The Stock Option Plan is administered by the Corporation's Board of Directors upon advice of the Compensation Committee. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Corporation (each an "Optionee"), taking into consideration his or her present and potential contribution to the success of the Corporation and any other factor which the Board or the Compensation Committee may deem proper and relevant.

Under the Stock Option Plan, the Board, in its discretion and upon the advice of its Compensation Committee, is authorized to fix the exercise price, provided that such price may not be lower than the market price of the Corporation's shares determined in accordance with the rules of any stock exchange or other trading market upon which the shares of the Corporation are then listed or quoted or, if the shares of the Corporation do not trade on any such exchange or market, by the Board in their discretion, and to impose deferred vesting restrictions on any options granted. The stock options are non-assignable and non-transferable.

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding ten years, subject to earlier cancellation upon the following occurrences: (i) three (3) months following the termination of the Optionee's employment or the Optionee ceasing to be an employee, senior officer, director or consultant of the Corporation, as applicable due to permanent disability or retirement; (ii) thirty (30) days following the termination of the Optionee's employment or the Optionee ceasing to be an employee, senior officer, director or consultant of the Corporation, as applicable; for any other reason; or (iii) twelve (12) months following the death of the Optionee, in each case subject to any variation as the Board of Directors may in their sole discretion determine.

The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares; or a merger; or other relevant changes in the Corporation's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of stock options granted thereunder.

The Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time provided however that no such right may in any manner adversely affect an Optionee's rights under any option theretofore granted under the Stock Option Plan without consent of such Optionee. Any amendments to the Stock Option Plan are subject to the prior approval of any stock exchange upon which shares of the Corporation are then listed for trading and any other regulatory authority having jurisdiction over the Corporation. Shareholder approval will be required for the following types of amendments to the Stock Option Plan:

- (i) an increase in the maximum number of Common Shares issuable under the Stock Option Plan;
- (ii) a change in the manner of determining the option price;
- (iii) an extension of the expiry date of an option;
- (iv) an extension of the period during which options may be exercised;
- (v) an alteration or impairment of any option previously granted to an Optionee, without the prior written consent of the Optionee;

- (vi) amendments granting additional powers to the Board of Directors to amend the Stock Option Plan or entitlements thereunder without shareholder approval; and
- (vii) changes to the insider participation limits which result in shareholder approval to be required on a disinterested basis.

Disinterested shareholder approval, excluding the votes attached to securities held directly or indirectly by Insiders benefitting from the amendment, will be required in the case of a reduction in the exercise price or extension of the term of an option granted to an Insider of the Corporation.

All other amendments to the Stock Option Plan including, but not limited to, variations of vesting provisions or changes to eligibility criteria for Optionees who are not Insiders will not require shareholder approval.

A copy of the Corporation's Stock Option Plan will be available at the Meeting.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

The following discloses the Corporation's corporate governance practices as required by NI 58-101 *Disclosure of Corporate Governance Practices*.

1. The Board of Directors

The Board currently comprises seven members, a majority of whom the Board has determined are "independent directors" within the meaning of NI 58-101.

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with such directors' independent judgement.

The Chairman of the Board, John F. Kearney, is not independent in that he is also Chief Executive Officer of the Corporation. William Hooley, Vice Chairman and former President and Chief Operating Officer, and Terence McKillen, Executive Vice-President, are also considered non-independent directors.

During the year ended March 31, 2012, Messrs. Coon Come, Cunningham, Gauthier and Lister were considered independent directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended March 31, 2012, none of the independent directors has worked for the Corporation, received direct remuneration (other than directors fees) from the Corporation or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

The Board has appointed Richard Lister as lead independent director. The lead director acts as the principal liaison between management of the Corporation and the independent members of the Board. In addition he takes a leadership role in instituting independent Board initiatives on governance matters and executive compensation. Dr. Lister is the Chair of both the Audit and Compensation Committees.

The Chairman of the Board does not sit on these committees.

Management Supervision by the Board

The Corporation has an experienced Board of Directors that has the ability to function independently of management and supervise the business and affairs of the Corporation.

The Board believes that it functions independently of management and the independent directors have regular and full access to all members of senior management and has appointed a lead director, Dr. Richard Lister, who is independent of management. The Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer report upon the operations of the Corporation directly to the Board on a regular basis.

To enhance its ability to act independently of management, the Board may meet in the absence of members of management and the non-independent directors at any time they consider necessary and may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. However, the contribution and experience of all Board members is considered useful and open discussion amongst the independent directors is not inhibited by the presence of the non-independent directors. Accordingly, their exclusion from a board meeting is not always warranted.

The Board did not hold any meetings of the independent directors in the absence of members of management and the non-independent directors during the fiscal year ended March 31, 2012. However, the Audit Committee, comprised entirely of independent directors, did meet with the auditors of the Corporation in the absence of members of management prior to the Board’s consideration of the audited annual and interim financial statements. In addition, the Compensation Committee met twice during the year in absence of management.

The Audit Committee is composed of independent directors who meet with the Corporation’s auditors and, if considered necessary or desirable, without management in attendance. The Audit Committee meets with the Corporation’s auditors in the absence of management at least once per year to review the results of the Corporation’s annual audit.

Participation of Directors in Other Reporting Issuers

| Name of Director | Name of Other Reporting Issuer |
|-------------------|---|
| John Kearney | Anglesey Mining plc (Chairman & Director) Avnel Gold Mining Limited (Director) Canadian Zinc Corporation (President, Chairman, CEO & Director) Conquest Resources Limited (Chairman & Director) Minco plc. (Chairman & Director) Vatukoula Gold Mines plc (Director) Xtierra Inc. (Chairman & Director) |
| D. William Hooley | Anglesey Mining plc (CEO & Director) |
| Terence McKillen | Conquest Resources Limited (President, CEO & Director) Minco plc (CEO & Director) Xtierra Inc. (President, CEO & Director) |
| Gerald Gauthier | Conquest Resources Limited (Director) Gold World Resources Inc. (Director) Xtierra Inc. (Chief Operating Officer) |
| Richard Lister | Sierra Rutile Ltd. (Director) |

John Kearney and Terence McKillen serve as directors of a number of associated public companies, which have overlapping or common management and which share office space and other facilities with the Corporation. In a general sense these companies operate as a “group” of which John Kearney may be considered “group” Chairman. John Kearney represents Canadian Zinc as a non-executive director on the board of Vatukoula Gold Mines Plc and is the lead independent director of Avnel Gold Mining Limited.

2. Board Mandate

The Board does not have a written mandate. Its mandate is to supervise the management of the business and affairs of the Corporation. As part of its overall stewardship, the Board assumes responsibility for strategic planning, identification of the principal risks associated with the Corporation’s business and ensuring appropriate management of these risks. The Board is also responsible for making all senior officer appointments, performance evaluation, management development and succession planning.

3. Position Descriptions

Given the size of the Corporation’s corporate structure, the Board does not feel that it is necessary at this time to formalize position descriptions or corporate objectives for any of the Chairman of the Board, Chairmen of Committees of the Board or the Chief Executive Officer in order to delineate their respective responsibilities. Accordingly, the roles of the Chairman of the Board and the Chairman of the Committees are delineated on the basis of customary practice.

The responsibilities of the Chairman and Chief Executive Officer include presiding over Board Meetings and ensuring the efficient operation and functioning of the Board and include, subject to the oversight of the Board, developing the Corporation’s overall strategic plan, general supervision of the business of the

Corporation, providing leadership and vision to the Corporation and developing and recommending corporate strategies and objectives for approval by the Board.

4. Orientation and Continuing Education

The Board recognizes the importance of continuing education to ensure that Board members maintain the skill and knowledge for them to meet their obligation as directors. The Corporation currently has no formal orientation and education program for Board members. Information (such as recent reports, prospectus, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to Board members to ensure that directors are familiarized with the Corporation's business and the procedures of the Board. In addition, directors are encouraged to visit and meet with management on a regular basis and visit the Corporation's mine site at least once per year and meet with operating management. The Corporation also encourages continuing education of its directors by distributing information on industry and regulatory matters and by facilitating attendance at industry conferences, seminars or courses at the Corporation's expense.

5. Ethical Business Conduct

The Board has adopted a formal Code of Ethics (the "Code") for directors, officers and employees. A copy may be obtained on the website of the Corporation at www.labradorironmines.ca. In order to ensure compliance with the Code and that directors exercise independent judgment, the Board has assumed responsibility for: approving transactions involving the Corporation and any "related party" (as that term is defined in Ontario Securities Commission Rule 61-501); monitoring the Corporation's compliance with strategic planning matters; assessing the effectiveness of committees and individual directors; and reviewing changes in compliance policies, standards, codes and programs, as well as applicable legislation.

In order to monitor compliance with the Code, the Board requires the Secretary of the Corporation to conduct an annual review of compliance with the Code. This review consists of interviews and queries with directors, senior management and others within the Corporation, the results of which are reported to a full meeting of the Board of Directors. The form of the review is intended to determine whether there are any violations of the Code and to ensure that the Code is understood by corporate personnel.

The Board conducts periodic reviews of the Corporation's corporate governance practices and procedures in light of applicable rules and guidelines and the current status and stage of development of the Corporation.

Directors are expected to adhere to all corporate law requirements in respect of any transaction or agreement in which they may have a material interest. It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to discussions same if the interest is material. Where appropriate, any director having a material conflict of interest will be expected to withdraw from the meeting and not participate in the meeting where such matter is being considered so that the remaining directors may properly exercise independent judgment.

Certain of the directors and officers of the Corporation 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. The Board values the participation of directors on the boards of other companies in the mineral industry as this provides exposure to developments and other opportunities which are useful to the experience of the directors and potentially beneficial to the Corporation.

In cases where board members are also directors of other companies, the board does not believe these instances in any way compromise the independence or ability of the directors to carry out their duties in respect of the Corporation, so long as such directorships do not create a conflict of interest with their duties as a director of the Corporation. 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. Any decision made by any of such directors and officers involving the Corporation 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 Corporation and its shareholders.

In addition, the Corporation has in place a Whistleblower Policy pursuant to which employees are encouraged to report violations of the Code or matters related to accounting, internal controls and auditing. The Board has also adopted a policy of permitting individual directors under appropriate circumstances to engage legal, financial or other expert advisors at the Corporation's expense.

6. Nomination of Directors

The Board does not have a separate nominating committee. The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. In view of the current size of the Corporation and the current scale of its operations, the composition of the current Board and the service of the current members of the Board, a separate nominating committee has not as yet been considered necessary by the Corporation.

While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with business experience and a particular knowledge of mineral exploration, project development and mining or other areas such as finance or Aboriginal Affairs which would assist the officers of the Corporation. As such, nominations to the Board have been the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration by the Board as a whole.

7. Compensation

The Board, upon the advice of its Compensation Committee which is composed entirely of independent directors, reviews at least on an annual basis, the adequacy and form of the compensation of directors and officers to ensure that compensation reflects the responsibilities, time commitment and risks involved in being an effective director or officer of the Corporation. Currently, the independent directors of the Corporation receive retainer fees in their capacities as directors, and all directors and officers are currently eligible to participate in the Corporation's Stock Option Plan. However, in future the independent directors will receive a substantive portion of their remuneration in the form of deferred share units (DSU) and no new options will be granted to independent director under the Corporation's Stock Option Plan.

Compensation Committee

This committee is composed of three directors, namely Messrs. Cunningham, Coon Come and Lister, all of whom are independent of Management. All of the Committee members have extensive experience supervising and managing significant business enterprises providing them with the necessary skills to fulfill the Committee's mandate. The purpose of the Compensation Committee is to develop and monitor the policies and procedures used to incentivise and compensate the directors and senior officers of the Corporation.

Pursuant to its Charter, the Compensation Committee has, among others, the following responsibilities:

- Review and make recommendations to the Board regarding the Corporation’s compensation plans, including with respect to incentive-compensation plans and equity-based plans, policies and programs.
- Review the level and form of the directors’ compensation and recommend any changes for consideration and approval to the Board.
- Review and monitor the Corporation’s employee and management compensation and benefit plans and policies, provide oversight of any employee benefit plan, and review and approve the compensation of the Corporation’s executive officers.
- In conjunction with the CEO annually review and approve corporate goals and objectives relevant to CEO and other executive officers compensation, evaluate the CEO’s and other executive officers performance in light of those goals and objectives and establish the individual elements of the CEO’s and other executive officers total compensation based on this evaluation.
- Review and make recommendations to the Board with regard to grants and/or awards of stock options, restricted stock, and other forms of equity-based compensation under the Corporation’s stock option, incentive-compensation, Deferred Share Unit (DSU) plans and other equity-based plans (as applicable).
- Review and make recommendations to the Board, when and if appropriate, with regard to employment agreements, severance agreements and change in control provisions / agreements for the CEO and other executive officers.

The Compensation Committee makes recommendations to the Board with respect to the compensation of the CEO. The Compensation Committee meets at its discretion as requested by the Board or CEO. The Compensation Committee has the authority to retain independent advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities.

8. Board Committees

The Board currently has three committees: the Compensation Committee (see above), the Audit Committee, the Health and Safety Committee and. From time to time, the Board may form ad hoc committees to consider specific transactions comprised of persons unrelated to the transaction.

Audit Committee

The disclosure required by section 5.2 of National Instrument 52-110 – *Audit Committees*, including the constitution and function of the Audit Committee, is disclosed in “Item 16 – Audit Committee Information” of the Corporation’s Annual Information Form, dated as at June 19, 2012,” which is available on the Corporation’s website at ww.labradorironmines.ca or on SEDAR at www.sedar.com.

Health and Safety Committee

This committee is composed of three directors, namely Messrs. Cunningham, Coon Come and Gauthier, all of whom are independent of Management. The responsibility of the Committee is to review the Corporation’s environmental, health and safety programs, to oversee the Corporation’s health and safety performance, to monitor current and anticipated regulatory issues relating to health and safety matters and to make recommendations, where appropriate, on matters on health and safety to the Board. The committee receives presentations from management on the Corporation’s health and safety performance.

9. Assessments

The Board assesses, on an annual basis, the contributions and effectiveness of the Board as a whole, the committees and each of the individual directors, in order to determine whether each is functioning effectively. This is carried out by completion of a self-assessment questionnaire in which the Directors are asked to evaluate their own performance and effectiveness, as well as the overall performance and effectiveness of the Board, with provision for recommendations or suggestions. The completed questionnaires are reviewed by the Chairman and Lead Director and reported upon to the full Board.

Given the size of the Corporation and the current scale of its operations, the Board believes that its structure and composition is appropriate and that the Board is functioning effectively at the current time.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, proposed director of the Corporation, or associate or affiliate of any informed person or proposed director of the Corporation has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR at www.sedar.com. Financial information is provided in the Corporation's Consolidated Financial Statements and Management Discussion and Analysis for the year ended March 31, 2012 and may be viewed on SEDAR at www.sedar.com or the Corporation's website at www.labradorironmines.ca.

Shareholders may contact the Secretary of the Corporation to request copies of the Corporation's Financial Statements and Management Discussion and Analysis at (647) 726-4125 or by email at info@labradorironmines.ca.

APPROVAL

The contents and the sending of this Information Circular have been approved by the Directors of the Corporation.

DATED: July 31, 2012

"John F. Kearney"

John F. Kearney
Chairman & Chief Executive Officer