



Labrador Iron Mines Holdings Limited

**Notice of Annual and Special
Meeting of Shareholders
to be held**

September 18, 2014

Management Information Circular

July 30, 2014

220 BAY STREET, SUITE 700, TORONTO, ONTARIO, CANADA M5J 2W4
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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 National Club, 303 Bay Street, Tudor East & West– 3rd Floor Toronto, Ontario on Thursday, the 18th day of September 2014 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, 2014, together with the report of the auditors thereon;
2. to elect Directors;
3. to appoint the auditors for the ensuing year and to authorize the Directors to fix the remuneration to be paid to the auditors;
4. to consider and, if thought fit, to approve an ordinary resolution to confirm By-Law No. 2 of the Corporation which amends the Corporation's general By-Laws to ensure the Corporation may make use of the "notice-and-access" method for sending meeting materials to shareholders, as more particularly described in the accompanying information circular; and
5. to transact such further or other business as may properly come before the Meeting or any adjournment(s) thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Corporation’s information circular (the “**Circular**”) dated July 30, 2014.

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 the City of Toronto, the Province of Ontario, this 30th day of July, 2014.

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 30, 2014. Accordingly, shareholders registered on the books of the Corporation at the close of business on July 30, 2014 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, 2014 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.



Labrador Iron Mines Holdings Limited

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

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “**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 18, 2014, 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 30, 2014, unless indicated otherwise.**

APPOINTMENT OF PROXIES

If you are a shareholder whose name appears on the Corporation’s share register as a shareholder (a “**Registered Shareholder**”), you may wish to vote by proxy whether or not you are able to attend the Meeting in person.

The individuals named in the form of proxy provided by the Corporation (the “**Proxy**”) are directors or officers of the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

VOTING BY PROXYHOLDERS

Your shares will be voted for or against, or withheld from voting on each item listed on the Proxy in accordance with your instructions on your Proxy.

If you do not specify how you want to vote on any item listed on the Proxy, the directors or officers named in the Proxy will vote the shares represented by the Proxy FOR the approval of that item.

If you choose to appoint someone other than the directors or officers named in the Proxy to vote on your behalf at the Meeting, he or she will vote your shares in accordance with your instructions. On items for which you do not specify how you want to vote, your proxyholder will vote your shares as he or she sees fit.

The Proxy also gives discretionary authority to the proxyholder, whether a director or officer of the Corporation or a person named by you, to vote your shares as he or she sees fit on any other matter that may properly come before the Meeting.

Registered Shareholders

The only methods by which you as a Registered Shareholder may appoint a person as your proxy are by submitting a completed, dated and signed Proxy to the Corporation's transfer agent, Olympia Transfer Services Inc., ("**Olympia**") by **mail or delivery to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1**, by **fax to 416-364-1827**, by **email to proxy@olympiatrust.com** or over the **Internet** at Olympia website at <https://secure.olympiatrust.com/proxy>, or as described in the instructions accompanying the Proxy.

A Proxy will not be valid unless completed, dated, signed and received by Olympia at least 48 hours (excluding Saturdays, Sundays, and holidays) before the time of the Meeting, or any adjournment thereof.

Beneficial Shareholders

The information in this section is of significant importance to shareholders who do not hold shares in their own name ("Beneficial Shareholders"). Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meetings are those deposited by Registered Shareholders. Beneficial Shareholders may only vote their shares as set out in the following disclosure.

If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "**intermediary**"). In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of the securities which they own (referred to as "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (referred to as "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Non-Objecting Beneficial Owners

The Corporation is taking advantage of those provisions of National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators, which permit the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**") from Olympia. These VIFs are to be completed and returned to Olympia as set out in the instructions provided on the VIF. Olympia will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs it receives. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation) other than any of the persons designated in the VIF to represent your shares at the Meeting and that person may be you.

This Circular, with related material, is being sent or made available to both registered and non-registered owners of the Corporation. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name, address and details about your holdings of securities have been

obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your shares on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering the materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

Objecting Beneficial Owners

Beneficial Shareholders who are OBOs should carefully follow the instructions of their broker or intermediary in order to ensure that their shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the Proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the intermediary how to vote your shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge will mail a VIF in lieu of a Proxy provided by the Corporation. The persons named in the VIF to represent your shares at the Meeting will be the same as those named to represent the registered shareholders in the Corporation’s Proxy. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation) other than any of the persons designated in the VIF to represent your shares at the Meeting and that person may be you. To exercise this right, insert the name of your desired representative (which may be you) in the blank space provided by the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your shares voted at the Meeting, or to have an alternative representative duly appointed to attend and to vote your shares at the Meeting.**

Voting by Telephone or Internet

Shareholders may convey their voting instructions using a touch-tone telephone or the Internet. The relevant toll-free telephone number or website address is set out on the VIF and Proxy. Follow the instructions given over the telephone or through the Internet to cast your vote. When instructed to enter a control number or holder account number and proxy access number, refer to your VIF or your Proxy. Votes conveyed by telephone or the Internet must be received no later than the cut-off time given on the voting instruction form or the Proxy.

Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of Canada and securities laws of the provinces in Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the Business Corporation Act (Ontario), as amended, certain of its directors and its executive officers are residents of Canada and countries other than the United States, and all of the assets of the Corporation and a substantial portion of

the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

REVOCABILITY OF PROXY

Any Registered Shareholder who has returned a Proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing, including a Proxy bearing a later date, executed by the Registered Shareholder or by his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Corporation, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting. **Only Registered Shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.**

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 Proxy and have not specified in the 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 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.

INTERESTS OF CERTAIN PERSON OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer since the beginning of the Corporation's last fiscal year, no proposed nominee for election as a director, and no associate or affiliate of any such persons has any material interest, direct or indirect, by way of a beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

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 30, 2014 (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 30, 2014, the Corporation had 126,323,123 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 30, 2014
Anglesey Mining plc ⁽¹⁾	19,289,100	15.3%

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

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 2.83% 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, 2014 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 Document 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 of directors of the Corporation (the “Board” or the “Directors”) consist of a minimum of three and a maximum of nine Directors, to be elected annually. The Board currently consists of six Directors, and the Board has fixed the number of directors to be elected at six. Accordingly, management proposes to nominate six 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 management representatives named in the attached Proxy intend to vote the Common Shares represented by such Proxy FOR the election of each of the Directors listed in this Circular unless a shareholder specifies in the Proxy that his or her Common Shares are to be withheld from voting in respect to the election of such Director.

Currently, votes must be cast by shareholders either “for” the election of a director on an individual basis, or such shares may be “withheld” from voting for the election of a director. A vote “withheld” is not a “vote” in law and will not be counted in the calculation of the votes cast on a resolution.

Majority Voting Policy Disclosure

In accordance with TSX requirements, the Board of Directors of the Corporation has adopted a majority voting policy, which provides that a director who receives a majority of “withheld” votes must tender his or her resignation, promptly after the meeting. The Board’s decision to accept or reject the resignation must be disclosed to the public by press release.

The majority voting policy does not apply in circumstances involving contested director elections.

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.

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.

Name and Municipality of Residence and Position held with the Corporation	Principal Occupation During the Preceding Five Years	Director Since	Common Shares beneficially owned, controlled or directed, directly or indirectly - as at July 30, 2014
John F. Kearney ⁽⁵⁾ Toronto, Ontario Chairman, Chief Executive and Director	Mining Executive Chairman and Chief Executive of the Corporation; Chairman and Chief Executive of Canadian Zinc Corp; and Chairman of Anglesey Mining Plc.	May, 2007	3,440,101
D. William Hooley ^{(3) (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	56,250
Danesh K. Varma ⁽⁵⁾ Kingston, Surrey United Kingdom Director	Chartered Accountant Finance Director of Anglesey Mining plc, Chief Financial Officer of Minco plc, Xtierra Inc., and Conquest Resources Limited. Prior to November 2012 Chief Financial Officer of the Corporation.	November, 2012	Nil
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	Nil
Gerald Gauthier ⁽²⁾⁽⁴⁾ Toronto, Ontario Director	Mining Engineer President and Chief Operating Officer of Xtierra Inc.	August, 2007	75,000

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) Member of the Corporation’s Audit Committee.
- (3) Member of the Corporation’s Compensation Committee.
- (4) Member of the Corporation’s Health and Safety Committee
- (5) Director of Anglesey Mining plc.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, no proposed Director:

- (a) is, as at the date of this Circular, or has been within the ten years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.
- (c) As at the date of this Circular, or was within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
 - (i) was subject to an Order⁽¹⁾ that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an Order⁽¹⁾ that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event while that person was acting in the capacity as director, chief executive officer or chief financial officer; and
- (d) has been subject to:
 - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision,

except that:

Danesh Varma was President and Managing Director of American Resource Corporation Limited in respect of which a cease trade Order was issued in June, 2004 for failure to file its financial statements. The cease trade order was revoked on June 18, 2008. Mr. Varma resigned as a director of American Resource Corporation Limited in September 2007.

⁽¹⁾For the purposes of the forthcoming, an "Order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation and, in each case that was in effect for a period of more than 30 consecutive days.

The Board of Directors

The following information relates to the Directors of the Corporation.

John F. Kearney, *Age 63, Chairman, Chief Executive Officer and Director.*

Mr. Kearney is the Founder, Chairman and Chief Executive of the Corporation. Since its formation in 2005, he has led the development, construction and operation of the Corporation's Schefferville iron ore projects. With over 42 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. He is also currently a director and member of the executive committee of the Mining Association of Canada and a director and 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 67, Vice-Chairman and Director.*

Mr. Hooley is Chief Executive of Anglesey Mining plc and from 2007 until November 2011, was President and Chief Operating Officer of the Corporation. Mr. Hooley is a professionally qualified mining engineer and has 46 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.

Matthew Coon Come, *Age 58, Director.*

Mr. 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 74, 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 a Manager with 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 68, Director.*

Mr. Gauthier is a mining engineer and is currently President and Chief Operating Officer of Xtierra Inc. From August 2005 to June 2008, he was Chief Operating Officer of Nevsun Resources Ltd. and from December 2002 until April 2004, 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.

Danesh K. Varma, Age 64, Director.

Mr. Varma is currently Chief Financial Officer, Secretary and a director of Anglesey Mining Plc and Minco Plc. He served as Chief Financial Officer of the Corporation from 2007 until November 2012. Mr. Varma is a chartered accountant with over 31 years of experience in the mining finance industry, having been a director of American Resource Corporation, Northgate Exploration Ltd. and Westfield Minerals Ltd. Mr. Varma is also Chief Financial Officer of Xtierra Inc. and Conquest Resources Limited and is a director of Brookfield Infrastructure Partners L.P.

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, 2014.

Name of Director	Board of Directors	Audit Committee	Health & Safety Committee	Compensation Committee
Matthew Coon Come	9/10	3/5	2/2	1/1
Eric Cunningham	9/10	5/5	2/2	1/1
Gerald Gauthier ⁽¹⁾	10/10	1/5	2/2	N/A
D. William Hooley	10/10	N/A	N/A	N/A
John Kearney	10/10	N/A	N/A	N/A
Richard Lister ⁽¹⁾	6/6	3/5	N/A	1/1
Danesh Varma	10/10	N/A	N/A	N/A

Notes:

- (1) Richard Lister retired from the Board of Directors and all committees of the Board in November 2013 and Gerald Gauthier was appointed to the Audit Committee at that time.

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.

The following table shows director compensation for each Director, other than Directors that are also Named Executive Officers, for the year ended March 31, 2014.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Matthew Coon Come	6,000	70,000	Nil	Nil	Nil	Nil	76,000
Eric Cunningham	8,000	70,000	Nil	Nil	Nil	Nil	78,000
Gerald Gauthier	8,000	70,000	Nil	Nil	Nil	Nil	78,000
William Hooley	Nil	Nil	Nil	Nil	Nil	48,000	48,000
Richard Lister	8,250	43,370	Nil	Nil	Nil	Nil	51,620
Danesh Varma	Nil	Nil	Nil	Nil	Nil	25,000	25,000

Effective April 1, 2012, the annual retainer for Directors who are not officers was fixed at \$90,000, subject to \$70,000 or approximately 80% of such retainer to be paid in the form of Deferred Share Units (“DSU”).

For the fiscal years ended March 31, 2013 and 2014, Directors who are not officers were entitled to an annual cash 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 entitled to an additional \$5,000 per year. Directors were also reimbursed for travel expenses incurred in connection with attendance at such meetings. An aggregate of \$30,250 was paid to non-executive Directors as cash consideration for their services as Directors during fiscal 2014. Effective June 30, 2013 payment of the cash-based retainer and meeting fees for independent non-management Directors was suspended as a cash conservation measure in view of the financial position of the Corporation.

Each of the four independent Directors; Matthew Coon Come, Eric Cunningham, Gerald Gauthier and Richard Lister (up to the time of his retirement) had been granted Deferred Share Units in accordance with the DSU Plan of a value of \$70,000 (a pro-rated amount of \$43,370 in the case of Richard Lister) in respect of the financial year ended March 31, 2014, payable quarterly in arrears. The number of DSUs credited to independent directors in respect of the year ended March 31, 2014 was 992,835 based on a volume weighted trading price for the Corporation’s shares for the five trading days ending before each quarterly grant.

Richard Lister retired as a director on November 12, 2013. On February 20, 2014 the 174,737 DSU’s credited to him were redeemed in accordance with the DSU plan and 122,316 shares of the Corporation were issued to him (net of withholding tax).

As of March 31, 2014, in view of the financial position of the Corporation, the independent directors waived their participation in the DSU Plan for the fiscal year ending March 31, 2015.

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, 2014.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Matthew Coon Come	Nil	70,000	Nil
Eric Cunningham	Nil	70,000	Nil
Gerald Gauthier	Nil	70,000	Nil
William Hooley	Nil	N/A	Nil
Richard Lister	Nil	43,370 ⁽²⁾	Nil
Danesh Varma	Nil	N/A	Nil

Notes:

- (1) The value of DSU's represents the aggregate dollar value of the DSU's on the vesting date of such DSU's.
- (2) Richard Lister retired as a director on November 12, 2013 and his compensation was pro-rated accordingly.

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, 2014.

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 (\$) ⁽²⁾
Matthew Coon Come	50,000	\$6.27	Sept. 14, 2015	Nil	Nil	N/A	43,094
Eric Cunningham	50,000	\$6.27	Sept. 14, 2015	Nil	Nil	N/A	43,094
Gerald Gauthier	50,000	\$6.27	Sept. 14, 2015	Nil	Nil	N/A	43,094
William Hooley	Nil	N/A	N/A	Nil	Nil	N/A	Nil
Richard Lister ⁽³⁾	Nil	N/A	N/A	Nil	Nil	N/A	Nil
Danesh Varma	Nil	N/A	N/A	Nil	Nil	N/A	Nil

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 fiscal year, which was \$0.12, and the exercise price of the option.
- (2) Calculated based on the number of DSU's granted multiplied by the market value of the shares underlying such DSU's at the end of the most recently completed fiscal year, which was \$0.12.
- (3) Richard Lister retired as a director on November 12, 2013.

INDEBTEDNESS TO CORPORATION OF DIRECTORS AND EXECUTIVE OFFICERS

No Director or Named 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 corporate body 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 Corporation's 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 2014 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, 2014 and 2013 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Period Ended March 31, 2014	Period Ended March 31, 2013
Audit Fees ⁽¹⁾	\$216,000	\$287,000
Audit Related Fees ⁽²⁾	Nil	-
Tax Fees ⁽³⁾	Nil	-
All Other Fees	Nil	-
Total	\$216,000	\$287,000

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. ALTERATION OF THE CORPORATION'S BY-LAWS TO PERMIT "NOTICE-AND-ACCESS"

Since the adoption of the existing By-Laws, the Canadian Securities Administrators have adopted amendments to applicable securities laws to provide reporting issuers with a mechanism referred to as "notice-and access" for sending proxy materials to shareholders, as described in more detail below. Accordingly, the Corporation is seeking shareholder confirmation of a new By-Law No. 2 of the

Corporation, as set out in Schedule "A" to this Circular, to amend the Corporation's general By-Laws to permit the Corporation to make use of notice-and-access for sending proxy materials to shareholders, if and when the Corporation desires to do so. In all other respects, the existing By-Laws of the Corporation will remain unaltered and in full force and effect.

Background and Rationale

Amendments to applicable Canadian securities law instruments adopting notice-and-access came into force on February 11, 2013.

Notice-and-access is a method for companies and other persons soliciting proxies to provide certain proxy related materials to shareholders electronically. The rationale for notice-and-access is the reduction of costs associated with shareholder meetings (for example, paper and mailing costs) and the promotion of environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Under notice-and-access, companies and other persons soliciting proxies can send proxy-related materials to registered and/or beneficial shareholders by, among other requirements:

- posting the relevant management information circular and other proxy-related materials on a website that is not SEDAR;
- sending (by prepaid mail, courier or the equivalent, or any other agreed-upon method) a notice package containing the following information:
 - the date, time and location of the meeting for which the proxy-related materials are being sent;
 - the relevant voting document (a form of proxy or voting instruction form);
 - a description of each matter identified in the form of proxy or voting instruction form to be voted on (unless that information is already included in the relevant voting document);
 - the website address for SEDAR and the non-SEDAR website where the proxy-materials are posted, and a reminder to review the information circular before voting; an explanation of how to obtain a paper copy of the information circular; and
 - a plain-language explanation of notice-and-access; and
- providing a toll-free telephone number for the shareholder to request a paper copy of the information circular (and if applicable, other proxy-related materials) at no charge.

Accordingly, under notice-and-access, the Corporation generally will send shareholders a paper copy of the notice of meeting and the form of proxy in connection with a meeting, but will not send a paper copy of the information circular. Instead, the Corporation will send the information circular by (i) posting the information circular on a website that is not SEDAR, and (ii) notifying shareholders of its availability and how to access the electronic document. All proxy-related materials will continue to be filed on SEDAR as required under securities legislation.

Shareholders will still be entitled to receive paper copies of the information circular at no charge, if requested. As stated above, shareholders will be notified that they can call the toll-free number provided by the Corporation to request that a paper copy of the information circular be sent to them free of charge. Upon receiving the request, the Corporation must send the information circular by first class mail, courier or the equivalent, within specified timeframes.

The Corporation may still choose to continue to deliver proxy-related materials by mail in connection with shareholder meetings. However, management believes it is in the best interests of the Corporation to adopt the Amendment to ensure notice-and-access may be utilized by the Corporation, if desired.

The Amendment Resolution

At the Meeting, shareholders will be asked to approve the following ordinary resolution:

“**BE IT RESOLVED** that:

1. subject to regulatory acceptance, By-Law No. 2 of the Corporation which amends sections 10.1 and 10.2 of the Corporation's By-Law No. 1, as set forth in Schedule "A" to the Corporation's Circular dated July 30, 2014, be and is hereby confirmed; and
2. any one director or officer of the Corporation is hereby authorized and directed to carry out any act for and on behalf of the Corporation and to execute and deliver such deeds, documents and other instruments in writing as he in his discretion may consider necessary for the purpose of giving effect to this resolution and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the intent of this resolution.”

Management of the Corporation believes adopting the proposed amendments to the By-Laws as described above is in the best interests of the Corporation and recommends that shareholders vote in favour of the ordinary resolution approving the Amendment.

Unless such authority is withheld, the Management Proxyholders intend to vote for the approval of the Amendment to the Corporation's by-laws.

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's objectives of Executive Compensation are, having regard to the financial position of the Corporation, 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 Named 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 Compensation 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 Named 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 Compensation 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 Named 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.

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 Named Executive Officers during the three fiscal years ended March 31, 2014.

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 results of operations and financial situation of the Corporation in a wider context regarding the ongoing development of the Corporation's mining operations at the Schefferville Projects 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. During year ended March 31, 2014, the Corporation implemented reductions in compensation across the organisation. In future years, the grant of deferred share units under the Corporation's DSU Plan may also 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 Officer and reviewed by the Compensation Committee.

During the year ended March 31, 2014, having regard to the financial position of the Corporation, the Corporation implemented major reductions in staff and compensation levels across the organisation and revised terms of engagement were implemented for each of the Chief Executive, the Chief Operating

Officer, and the Senior Vice President Operations, effective April 1, 2014 for their continuing services as officers of the Corporation.

In January 2012, the Compensation Committee reviewed the base salary payable to John Kearney, Chief Executive Officer and recommended an increase in his annual salary to \$475,000 per year effective February 1, 2012. Effective April 1, 2014, John Kearney agreed that 40% of his annual salary should be deferred and accrued.

In November 2011, Rodney Cooper was recruited as President and Chief Operating Officer at a base salary of \$350,000 per year. Effective April 1, 2014, his annual base salary was decreased to \$210,000.

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. Effective April 1, 2014, his annual base salary was decreased to \$125,500.

The employment agreements with each of Rodney Cooper and Aiden Carey were amended to eliminate their contractual entitlements to notice upon termination and to payment of amounts equal to their then current annual salary in consideration of one-time payments of \$94,000 and \$90,000, respectively, and their base compensation was reduced by 40% and 50% respectively. In the event the named Executive officers are required to work additional hours they will be entitled to additional compensation at a pro-rated rate.

In November 2012, Richard Pinkerton, previously Vice President, Finance, was appointed as Chief Financial Officer at a base salary of \$144,000 per year.

Performance Incentives and Bonus

The Corporation did not set formal, person-specific, performance goals for the Chief Executive Officer or other Named Executive Officers for the fiscal year ended March 31, 2014.

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 Named 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 Named 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.

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 Named 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 during the year ended March 31, 2014.

The Corporation has not, to date, prohibited its Named 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 a Named Executive Officer or Director.

Summary Compensation Table

The following table sets out total compensation in respect of John Kearney, the CEO, Rodney Cooper, the President and COO, Aiden Carey, Senior VP Operations and Richard Pinkerton, the Chief Financial Officer of the Corporation (the “**Named Executive Officers**”) for the years ended March 31, 2014, 2013 and 2012.

Name and Principal Position	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽¹¹⁾	Total Compensation (\$)
					Annual incentive plans	Long-term plans			
John F. Kearney Chairman and Chief Executive Officer	2014	475,000 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	Nil	475,000
	2013	475,000 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	Nil	475,000
	2012	221,329 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	400,000	621,329
Richard Pinkerton Chief Financial Officer	2014	144,000	N/A	7,741 ⁽⁹⁾	N/A	N/A	N/A	Nil	151,741
	2013	144,000	N/A	46,679 ⁽⁹⁾⁽¹⁰⁾	N/A	N/A	N/A	Nil	190,679
	2012	144,000	N/A	76,952 ⁽¹⁰⁾	N/A	N/A	N/A	Nil	220,952
Rodney Cooper President and Chief Operating Officer	2014	350,000	N/A	81,303 ⁽⁴⁾⁽⁵⁾	N/A	N/A	N/A	94,231 ⁽¹²⁾	525,534
	2013	350,000	N/A	593,097 ⁽⁴⁾⁽⁵⁾	N/A	N/A	N/A	Nil	943,097
	2012	116,667 ⁽³⁾	N/A	450,425 ⁽⁴⁾	N/A	N/A	N/A	58,333	567,092
Aiden Carey Senior Vice President, Operations	2014	250,000	N/A	36,552 ⁽⁶⁾⁽⁷⁾	N/A	N/A	N/A	90,385 ⁽¹²⁾	376,937
	2013	250,000	N/A	317,995 ⁽⁶⁾⁽⁷⁾	N/A	N/A	N/A	Nil	567,995
	2012	137,7928 ⁽⁹⁾	N/A	332,100 ⁽⁶⁾	N/A	N/A	N/A	68,885	469,892

Notes:

- (1) The financial year ended March 31.
- (2) Includes \$200,000 per year paid to a private company controlled by John Kearney.
- (3) Mr. Cooper’s employment commenced on December 1, 2011.
- (4) 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%.
- (5) In July, 2012, 130,000 options were granted at an exercise price of \$3.00 per share, all with an expiry date of July 2, 2017. These options have a grant date estimated fair value of \$217,100 calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.26%, expected life of 5 years, expected dividend rate of 0%, and current volatility of 92%.
- (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%.
- (7) In July, 2012, 115,000 options were granted at an exercise price of \$3.00 per share, all with an expiry date of July 2, 2017. These options have a grant date estimated fair value of \$192,050 calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.26%, expected life of 5 years, expected dividend rate of 0%, and current volatility of 92%.
- (8) Mr. Carey’s employment commenced on August 22, 2011.
- (9) In July, 2012, 32,500 options were granted at an exercise price of \$3.00 per share, all with an expiry date of July 2, 2017. These options have a grant date estimated fair value of \$54,275 calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.26%, expected life of 5 years, expected dividend rate of 0%, and current volatility of 92%.
- (10) In September, 2010, 50,000 options were granted at an exercise price of \$6.27 per share, all with an expiry date of September 14, 2015. These options have a grant date estimated fair value of \$237,000 calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 2.22%, expected life of 5 years, expected dividend rate of 0%, and current volatility of 104%.
- (11) Perquisites have not been included, as they did not exceed 10% of total salary for any of the financial years ended March 31, 2012, 2013 and 2014.
- (12) Payouts upon termination of employment contracts

Outstanding share-based awards and option based awards

The following table shows all awards outstanding to each Named Executive Officer as at March 31, 2014.

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	Nil	N/A	N/A	Nil Nil	N/A	N/A	N/A
Rodney Cooper President and Chief Operating Officer	200,000 130,000	6.35 3.00	Nov. 7, 2016 July 2, 2017	Nil Nil	N/A	N/A	N/A
Aiden Carey Senior Vice President, Operations	100,000 115,000	6.80 3.00	Sept. 22, 2016 July 2, 2017	Nil Nil	N/A	N/A	N/A
Richard Pinkerton Chief Financial Officer	50,000 32,500	6.27 3.00	Sept.14, 2015 July 2, 2017	Nil 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 \$0.12 the last trading date of the fiscal year) the exercise or base price of the options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows all option-based and share-based awards vested or earned during the year to each Named Executive Officers, as at March 31, 2014.

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	N/A	N/A	N/A
Rodney Cooper President and Chief Operating Officer	Nil	N/A	N/A
Aiden Carey Senior Vice President, Operations	Nil	N/A	N/A
Richard Pinkerton, Chief Financial Officer	Nil	N/A	N/A

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 Named Executive Officers are not considered a material component of the executive compensation package.

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, 2014.

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>	1,229,375 ⁽¹⁾	\$4.83	11,390,437
<i>Equity compensation agreements not approved by securityholders</i>	N/A	N/A	N/A
<i>Total</i>	1,229,375	\$4.83	11,390,437

Note: (1) Does not include a total of 1,077,362 DSUs credited to independent directors which may, at the Corporation's option, result in the issue of common shares or cash or a combination of shares and cash. See Director Compensation and Equity Ownership.

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 TSX Company Manual which includes the Corporation's DSU Plan, 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 13, 2012.

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, 2014, there were 1,229,375 stock options issued and outstanding and as at the date of this Circular, there were 1,201,875 stock options issued and outstanding under the Stock Option Plan, representing less than 1% of the Corporation's then issued and outstanding shares.

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 determine in their sole discretion.

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.

Summary of Deferred Share Unit Plan

In 2012 Shareholders ratified the adoption of 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. The number of DSUs credited to each independent director in each quarter is 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. 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.

The DSU Plan provides that the number of DSUs which may be issued, together with securities of the Corporation issuable under any other Security Based Compensation Arrangement, as defined in section 613(b) of the Toronto Stock Exchange Company Manual (the “**TSX Company Manual**”) which includes the Corporation's Stock Option Plan, is a maximum of 10% of the issued and outstanding Common Shares at the time of the grant.

Pension Plan Benefits

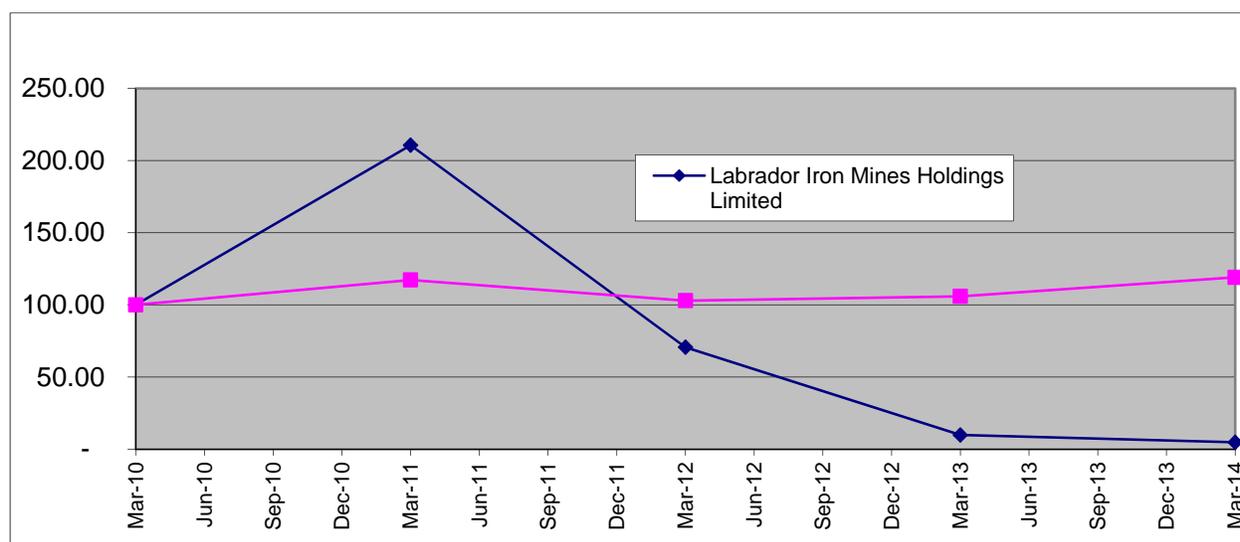
The Corporation does not provide any form of group pension plan benefits to employees, officers or Directors.

Termination and Change of Control Benefits

The Corporation 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.

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 March 31, 2010 to March 31, 2014 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 price of iron ore in China and the performance of the Corporation's iron ore mine operations.

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 years ended March 31, 2012 and 2013 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, which continued in the fiscal year ended March 31, 2014, has totally eliminated any current value to these stock options.

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

During part of the year ended March 31, 2014, the Board was comprised of seven directors, four of whom the Board has determined are "independent directors" within the meaning of NI 58-101. One of these independent directors retired in November 2013.

During the year ended March 31, 2014, Messrs. Coon Come, Cunningham, Gauthier and Lister (retired November 2013) 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, 2014, none of the independent Directors has worked for the Corporation, received direct remuneration (other than Directors fees and DSUs) 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.

William Hooley and Danesh Varma, are not considered independent within the meaning of NI 58-101 in that they have been within the last three years executive officers of the Corporation. However they are directors and, respectively, Chief Executive and Chief Financial Officer, of Anglesey Mining plc, the largest shareholder in the Corporation, and in view of the Corporation's Board of Directors do not have a material relationship with the Corporation which could be reasonably expected to interfere with the exercise of such directors independent judgement.

The Chairman of the Corporation, John F. Kearney, is not independent in that he is also Chief Executive Officer of the Corporation.

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. The Board has appointed a lead director, who is independent of management. Richard Lister served as lead director until his retirement in November 2013 when Eric Cunningham was appointed as lead director. 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 held two informal meetings of the Directors in the absence of members of management and the non-independent Directors during the fiscal year ended March 31, 2014. In addition, 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 once 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, and during the year ended March 31, 2014 also met with the Corporation’s auditors to review the Corporation’s interim financial results.

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, Chief Executive & Director) Xtierra Inc. (Chairman & Director)
D. William Hooley	Anglesey Mining plc (CEO & Director) Iberian Minerals Ltd (Director)
Gerald Gauthier	Conquest Resources Limited (Director) Gold World Resources Inc. (Director) Xtierra Inc. (Chief Operating Officer)
Danesh Varma	Xtierra Inc. (CFO & Director) Conquest Resources Limited (CFO) Anglesey Mining Plc (CFO & Director) Minco Plc (CFO, Secretary, & Director) Brookfield Infrastructure Partners L.P. (Director)

John Kearney and Danesh Varma 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 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 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.

In order to monitor compliance with the Code, the Board conducts an annual review of compliance with the Code. This review consists of discussions 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 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.

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 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. The independent Directors of the Corporation are entitled to receive retainer fees in their capacities as Directors, and all Directors are currently eligible to participate in the Corporation's Stock Option Plan and a substantive portion of their remuneration is in the form of deferred share units. It is intended that no new options will be granted to independent directors under the Corporation's Stock Option Plan. The Directors have currently waived payment of annual retained and their entitlement to participate in the DSU Plan having regard to the financial position of the Corporation.

Compensation Committee

This committee is composed of three Directors, namely Messrs. Cunningham, Coon Come and Hooley (who was appointed in June 2014) a majority 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 mandate, 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 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, and the Health and Safety Committee. From time to time, the Board may form ad hoc committees to consider specific transactions comprised of persons unrelated to the transaction. The Chairman of the Corporation does not sit on these committees.

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 27, 2014,” which is available on the Corporation's website at www.labradorironmines.ca or on SEDAR at www.sedar.com.

Health and Safety Committee

This committee is composed of three Directors, namely Messrs. Coon Come, Cunningham 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 of the Corporation and Lead Independent Director and reported upon to the full Board of Directors.

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, 2014 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) 728-4125 or by email at lim-info@labradorironmines.ca

APPROVAL

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

DATED at the City of Toronto, the Province of Ontario, this 30th day of July 2014

“John F. Kearney”

John F. Kearney
Chairman & Chief Executive Officer

BY-LAW NO. 2

A by-law amending By-Law No. 1 of

LABRADOR IRON MINES HOLDINGS LIMITED (the "Corporation")

BE IT ENACTED as By-Law No. 2 of the Corporation as follows:

1. By-Law No. 1 of the Corporation, being a by-law relating generally to the transaction of the business and affairs of the Corporation (hereinafter referred to as "By-Law No. 1"), is hereby amended by deleting section Article X of By-Law No. 1 and substituting therefor the following:

"ARTICLE X NOTICE

10.1 Method of Giving Notice - Unless the *Business Corporations Act* (Ontario) (the "Act") or this By-Law No. 1 provides otherwise, any notice, statement, report or other record required or permitted by the Act or this By-Law No. 1 (collectively referred to herein as a "record") to be sent by or to a person may be sent by any one of the following methods:

- a) Mail addressed to the person at the applicable address for that person as follows:
 - i. For a record mailed to a shareholder, at the shareholder's latest address as shown in the records of the Corporation or its transfer agent;
 - ii. For a record mailed to a director or officer, at his or her latest address as shown in the records of the Corporation or in the most recent notice filed under the Corporations Information Act (Ontario), whichever is the more current; and
 - iii. In any other case, the mailing address of the intended recipient;
- b) Delivery at the applicable address for that person as follows, addressed to the person:
 - iv. For a record delivered to a shareholder, the shareholder's registered address;
 - v. For a record delivered to a director or officer, at his or her latest address as shown in the records of the Corporation or in the most recent notice filed under the Corporations Information Act (Ontario), whichever is the more current; and
 - vi. In any other case, the delivery address of the intended recipient;
- c) Sending the record by facsimile to the facsimile number provided by the intended recipient for the sending of that record or records of that class;
- d) Sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- e) Making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer and National Instrument 51-103 – Continuous Disclosure Obligations, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or
- f) Physical delivery to the intended recipient.

10.2 Deemed Receipt - A notice, statement, report or other record that is:

- a) Mailed to a person by ordinary mail to the applicable address for that person referred to in subsection 10.1(a) is deemed to be received by the person to whom it was mailed on the third day (Saturdays, Sundays and statutory holidays excepted) following the date of mailing;
- b) Sent by facsimile to a person to the facsimile number provided by that person referred to in subsection 10.1(c) is deemed to be received by the person to whom it was sent by facsimile on the day that it was so transmitted;
- c) Emailed to a person to the email address provided by that person referred to in subsection 10.1(d) is deemed to be received by the person to whom it was emailed on the day that it was emailed; and
- d) Made available for public electronic access in accordance with the “notice-and-access” or similar delivery procedures referred to in subsection 10.1(e) is deemed to be received by a person on the date it was made available for public electronic access.”

10.3 Notice to Joint Shareholders - If two (2) or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

10.4 Computation of Time - In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting event, the date of giving the notice shall be excluded and the date of the meeting event shall be included.

10.5 Undelivered Notices - Where the Corporation sends a notice or document to a shareholder by mail in accordance with section 10.1(a) and the notice or document is returned on three (3) consecutive occasions because such shareholder cannot be found the Corporation shall not be required to send any further notices or documents to such shareholder until such shareholder informs the Corporation in writing shareholder's new address.

10.6 Omissions and Errors - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.7 Persons Entitled by Death or Operation of Law - Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever becomes entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

10.8 Waiver of Notice - Any shareholder (or such shareholder's duly appointed proxyholder), director, officer, auditor or member of a committee of the Board may any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under any provisions of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board which may be given in any manner.”