



# LABRADOR IRON MINES

## Q2 Conference Call

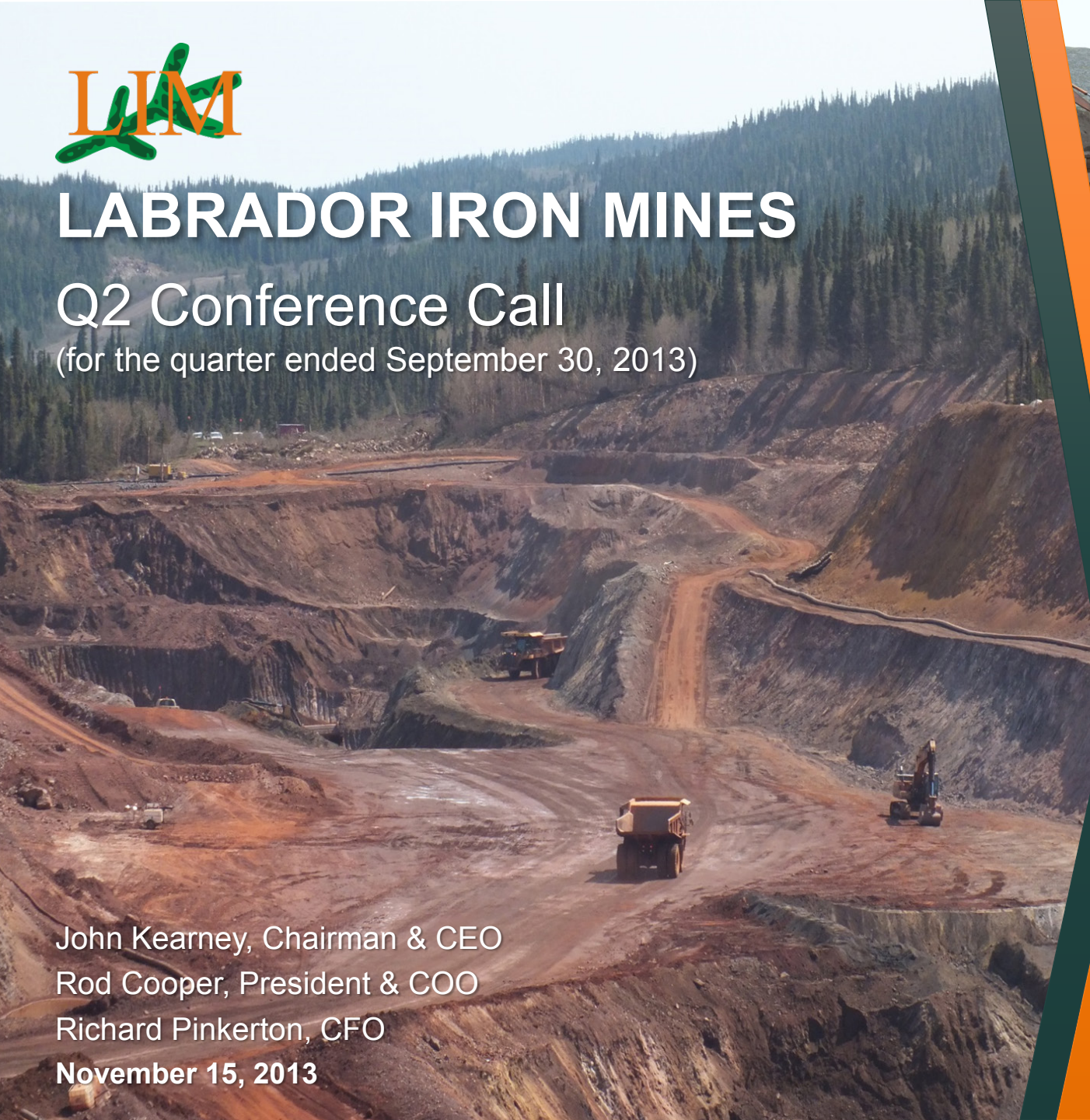
(for the quarter ended September 30, 2013)

John Kearney, Chairman & CEO

Rod Cooper, President & COO

Richard Pinkerton, CFO

November 15, 2013





# Forward Looking Information

Labrador Iron Mines Holdings Limited (“LIM”) has prepared this presentation for information purposes only. The information contained herein was prepared by management on a best efforts basis and is believed to be accurate. It contains forward-looking statements about the Company's plans for the mining, development and exploration of its properties.

Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in commodity prices, inflation and other factors.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. There can be no assurance that the Company will be successful in any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company's properties or may be impacted by the Schefferville Projects.

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# Q2 Operating Highlights – July to Sep 2013

Completed 4 shipments totalling 652,000 dry tonnes iron ore

4 shipments expected October/November to achieve target of 1.7 million tonnes in 10 shipments in 2013

Recognized revenue of \$40.3 million  
(net of deduction of ocean freight and IOC participation)

Increased production volumes:  
James + Redmond Mines, Ferriman stockpiles  
Silver Yards wet + dry processing plants  
Quarterly record achieved in tonnes railed

Revenue impacted by value-in-use  
deductions from lower quality of ore mined

Unit operating costs substantially lower  
quarter over quarter, but can be lowered

JV Agreement with TSMC on Howse



# LIM Operating Results

	Sept 30, 2013		June 30, 2013	
(all tonnes are dry metric tonnes)	Tonnes	Grade (% Fe)	Tonnes	Grade (% Fe)
Total Ore Mined	983,000	57.8	345,000	56.7
Waste Mined	767,000	—	1,034,000	—
Ore Processed and Screened	1,253,000	55.4	546,000	56.5
Lump Ore Produced	139,000	57.9	10,500	57.4
Sinter Fines Produced	627,000	61.7	329,000	59.9
Total Product Railed	723,000	60.7	328,000	59.0
Tonnes Product Sold	652,000	60.8	328,000	59.0
Port Product Inventory	184,000	60.6	111,000	60.8
Site Product Inventory	59,000	57.3	16,000	59.1
Site Run-of-Mine Ore inventory	256,000	56.3	347,000	54.7

- Higher volumes of mining, processing and railing achieved in Q2 vs Q1
- Quality of ore sold below index specifications

# LIM Q2 & H1 Financial Results

(\$ millions, except per share data)	Three Months Ended Sep 30 '13	Six Months Ended Sep 30 '13
<b>Revenue</b>	\$ 40.3	\$ 58.2
Net income (loss)	\$ (24.9)	\$ (53.4)
per share	(0.20)	(0.42)
Depreciation and depletion	(20.7)	(26.3)
	At September 30, 2013	
Cash and cash equivalents		\$ 23.3
Restricted cash (current and non-current)		16.0
Accounts receivable and prepaids		25.1
Inventory		14.3
Accounts payable and accrued liabilities		40.9
Total assets		\$ 288.3

- Proceeds from four shipments in Q2: **\$40.3 million**  
Revenues impacted by value-in-use deductions, higher ocean freight (vs 2012)
- Net loss includes amortization charge **\$20.7 M**; gain on sale **\$9.6M**



# Q2 Mining Operations

- **James Mine:** Significantly higher mining volumes quarter over quarter
  - » 775,000 tonnes ore mined vs. 345,000 tonnes ore mined in Q1
  - » Lower *in situ* grade from deeper in the pit and greater fines
- **Redmond Mine** (commenced in July): 190,000 tonnes
  - » Minimal waste removal partially offset haulage costs (12 km to Silver Yards)
  - » High clay content not suitable for current set up of wet plant
- **Ferriman Stockpiles** (commenced in September): 18,500 tonnes reclaimed
  - » Material has responded well to wet processing and bulk sampling activities continued into November



James Mine



Redmond Mine



Ferriman Stockpiles

# Silver Yards Processing Facility

## Full operations of wet and dry processing plants during Q2

- Increased throughput: 1.25 million tonnes of plant feed processed and screened (vs 546,000 tonnes in Q1)
- Product recovery remained low at 61%
  - » Higher than anticipated fines in the James plant feed (extracted from deeper in the pit)
  - » High clay content of Redmond plant feed
  - » Underperformance of WHIMS in start-up (wet high intensity magnetic separator)
- \$13.7 million capital expenditure (six months) mainly for Silver Yards Phase 3 plant expansion and grid power connection



# Rail Operations

- **Quarterly record achieved:**  
Railed 723,000 tonnes in Q2 (vs. 328,000 dry tonnes in Q1)
- **Averaged 5 trains per week**
- **Longer train sets**  
(164 cars carrying 16,000 wet tonnes)
- **Rotary dumper compatible iron ore gondolas** for operational efficiency



## Cooperation with TSMC:

- Modifications and upgrades to LIM's Silver Yards rail facility
- Construction of extended rail line to TSMC's Timmins Area processing plant (near Howse Deposit) underway
- TSMC ore trains currently being loaded at Silver Yards



# LIM Q2 vs. Q1 Operating Unit Costs

	US\$/t sold		US\$/t sold	
	Q2	Q1	Q2	Q1
Mining	\$15	\$15	\$15	\$15
Processing	\$20	\$20	\$30	\$30
Site, camp, other	\$8	\$8	\$14	\$14
Rail Transportation	\$31	\$31	\$48	\$48
	<b>\$74</b>	<b>\$74</b>	<b>\$107</b>	<b>\$107</b>

- **Unit cost per tonne railed ~US\$67/t in Q2**
- **~30% decrease in operating unit costs (Q2 vs. Q1)**
- **Processing:** full operation of wet + dry plants operating during Q2
- **Railing:** higher tonnes railed; minimal take-or-pay
- **Mining:** minimal waste removal from Redmond / Ferriman, offsetting longer haulage costs

Substantial  
reduction in unit  
operating costs

**Key is to maintain and increase production volumes**  
Minimize rail take-or-pay expenses

# LIM Iron Ore Sales

- **Sold 4 shipments in Q2** → 652,000 dry tonnes (700,000 wmt)
  - » Ship 3 - July: 186,000 wmt 62% Fe sinter
  - » Ship 4 - August: 175,000 wmt 62% Fe lump and sinter
  - » Ship 5 - August: 175,000 wmt 62% Fe sinter
  - » Ship 6 - September: 166,000 wmt 62% Fe sinter

**Provisional weighted average actual sale price US\$117/t CFR China**  
» **Realized net revenue at Port US\$60/t sold**

- **Sold 6 shipments in first 6 months of 2013** → 980,000 dry tonnes
  - » Provisional weighted average actual realized price **US\$110/t** CFR China
- Value-in-use penalties on silica, iron content and sizing specifications, against benchmark standards

# LIM October and November Sales

## 4 shipments expected to achieve 10 shipments in 2013

- » **Ship 7 – sailed October: 170,700 wmt 58% Fe sinter and 62% Fe lump**  
MV Kirin Turkiye
- » **Ship 8 – sailed November: 168,200 wmt 58% Fe sinter**  
MV Rugia
- » **Ship 9 – expected November: MV Myrtalia ~170,000 wmt 58% Fe sinter**
- » **Ship 10 – expected November: Anangel Sailor ~170,000 wmt lump + sinter**

**On track to achieve sales of  
1.7 wet million tonnes in 10 shipments  
in 2013**





# Joint Venture with TSMC: Howse Deposit

**Joint venture with TSMC to develop LIM's Howse deposit;  
\$30 million payment to LIM for 51% interest**

TSMC will increase up to 70% for additional \$25 million investment

**Significant cost savings using TSMC's Timmins plant (LIM plant relocation not required)**

LIM \$5 million exploration program underway

10,000 m, 70-hole drill program for NI 43-101 compliant resource, geotechnical, metallurgical, hydrogeological and hydrology information

**Howse historic resource:  
28 million tonnes<sup>2</sup>**

## Stage 3: Howse Deposit

- 25 km NW of James and adjacent to TSMC's Timmins plant

Aerial view of Howse Deposit

<sup>1</sup> Historical resources (natural basis) identified by IOC prior to 1983 were not prepared in accordance with NI 43-101.

# Howse Targeted Development Timeline

LIM Exploration Program

Ongoing 2013

NI 43-101 Compliant Mineral Resource

Spring 2014

Feasibility Study

July 2014

Environmental Assessment, Permitting, Project Registration

End of 2014

Mine Development (Target)

2015

**Commercial Production (Target)**

**2016**

**Howse Target  
Production**

**~2 million tonnes per year**

# Stabilizing Iron Ore Prices



## Iron ore price averaged US\$133/t (62% Fe CFR China) in Q2

- China robust steel production and demand
- Iron ore imports into China YTD (Sept 30): 586 million, up 8.4% vs. 2012
- China on track for annualized record of 780 mt steel production in 2013; up 19% YOY



# Outlook

**2013E Sales:** 1.7 million tonnes in 10 cape-size shipments

**2013 Operating Season:** concluding third year of production with strong improvement in all areas of operations

**Cost Reductions:** short + longer-term initiatives aimed at necessary permanent structural reductions in operating costs and revenue deductions

**Exploration program:** targeting 14,000 metres of diamond drilling at Howse, Houston and Gill

**Stage 2 Houston planning:** evaluating interim plan to haul ore to Silver Yards (process + rail loading facilities) in 2014

**Stage 3 Howse (JV with Tata):** progressing to Feasibility in 2014



# Labrador Iron Mines



**Q&A**

