Labrador Iron Mines Holdings Limited

LABRADOR IRON MINES HOLDINGS LIMITED

Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2023 and 2022

(Unaudited, expressed in Canadian dollars)

The Company's auditors have not reviewed the unaudited condensed interim consolidated financial statements for the three and six months ended September 30, 2023 and 2022.

55 University Avenue, Suite 1805, Toronto, Ontario, Canada M5J 2H7
Tel: (647) 728-4104 Fax: (416) 368-5344
Email: info@labradorironmines.ca
Website: www.labradorironmines.ca

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in Canadian dollars)

	September 30, 2023	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,153	$ 6,149
Accounts receivable (Note 5)	12,641	12,851
Total current assets	19,794	19,000
Non-current assets		
Restricted cash (Note 6)	29,488	28,966
Prepaid exploration expenses	186,122	143,772
Exploration and evaluation assets (Note 7)	26,566,035	26,566,035
Property, plant and equipment (Note 8)	1	1
Office lease (Note 10)	54,622	75,105
Total non-current assets	26,836,268	26,813,879
Total assets	$ 26,856,062	$ 26,832,879
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Notes 9, 18 and 19)	$ 1,262,107	$ 994,455
Advance from director (Note 18)	225,000	100,000
Current portion of lease obligation (Note 10)	41,338	41,338
Total current liabilities	1,528,445	1,135,793
Non-current liabilities		
Accrued liabilities (Note 19)	231,250	231,250
CEBA loan (Note 11)	40,000	40,000
Lease obligation (Note 10)	16,106	36,456
Total non-current liabilities	287,356	307,706
Total liabilities	$ 1,815,801	$ 1,443,499
SHAREHOLDERS' EQUITY		
Share capital (Notes 13 and 21)	395,687,172	395,687,172
Reserves (Note 14)	1,140,697	1,132,363
Deficit	(383,899,314)	(383,557,397)
Non-controlling interest (Note 12)	12,111,706	12,127,242
Total shareholders' equity	25,040,261	25,389,380
Total liabilities and shareholders' equity	$ 26,856,062	$ 26,832,879

Going concern (Note 1)
Commitments and contingencies (Note 17)

The financial statements were approved by the Board of Directors on November 13, 2023 and signed on its behalf by:

Signed *"John F. Kearney"*
Director

Signed *"Danesh Varma"*
Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED

Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss)

(Unaudited, expressed in Canadian dollars)

	Three months ended		Six months ended	
	September 30, 2023 $	**September 30, 2022 $**	**September 30, 2023 $**	**September 30, 2022 $**
Operating expenses				
Site costs	(13,549)	(19,184)	(17,399)	(91,486)
(Loss) before the undernoted	(13,549)	(19,184)	(17,399)	(91,486)
Corporate and administrative costs	(142,949)	(139,829)	(309,741)	(296,890)
Share based compensation (Note 15)	(8,334)	(8,334)	(8,334)	(12,056)
Interest earned	318	281	654	862
Lease depreciation (Note 10)	(10,242)	-	(20,483)	-
Lease deemed interest (Note 10)	(996)	-	(2,150)	-
	(162,203)	(147,882)	(340,054)	(308,084)
Comprehensive (loss) for the period	(175,752)	(167,066)	(357,453)	(399,570)
Shareholders of Labrador Iron Mines Holdings Limited	(160,712)	(166,777)	(341,917)	(356,778)
Non-controlling interest (Note 12)	(15,040)	(289)	(15,536)	(42,792)
	(175,752)	(167,066)	(357,453)	(399,570)
Net (loss) per share				
Basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding				
Basic	162,364,427	162,364,427	162,364,427	162,364,427
Diluted	162,364,427	162,364,427	162,364,427	162,364,427

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)

	Three months ended		Six months ended	
	September 30, 2023 $	**September 30, 2022 $**	**September 30, 2023 $**	**September 30, 2022 $**
Cash (used in) operating activities				
Net (loss) for the period	(175,752)	(167,066)	(357,453)	(399,570)
Items not involving cash:				
Share based compensation (Note 14)	8,334	8,334	8,334	12,056
Lease depreciation (Note 10)	10,242	-	20,483	-
Lease deemed interest (Note 10)	996	-	2,150	-
Interest receivable	(264)	(29)	(522)	(58)
Changes in working capital	131,603	183,496	267,862	200,008
Cash (used in) operating activities	(24,841)	24,735	(59,146)	(187,564)
Cash (used in) investing activities				
Prepaid exploration expenses	(42,350)	(38,586)	(42,350)	(38,586)
Investment in exploration and evaluation (Note 7)	-	(68,063)	-	(68,063)
Cash (used in) investing activities	(42,350)	(106,649)	(42,350)	(106,649)
Cash provided by financing activities				
Advance from director	75,000	-	125,000	-
Lease payments	(11,250)	-	(22,500)	-
Cash provided by financing activities	63,750	-	102,500	-
Changes in cash and cash equivalents	(3,441)	(81,914)	1,004	(294,213)
Cash and cash equivalents, beginning	10,594	96,906	6,149	309,205
Cash and cash equivalents, ending	7,153	14,992	7,153	14,992
Cash and cash equivalents consist of:				
Cash	7,001	14,815	7,001	14,815
Cash equivalents	152	177	152	177
	7,153	14,992	7,153	14,992

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited, expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Non-Controlling Interest	Shareholders' Equity
	Number	Amount	Amount	Amount	Amount	Total
Balance, March 31, 2022	162,364,427	$ 395,687,172	$ 1,028,641	$(382,919,850)	$ 12,256,805	$ 26,052,768
Net (loss) for the period	-	-	-	(356,778)	(42,792)	(399,570)
Vesting of RSUs	-	-	12,056	-	-	12,056
Balance, September 30, 2022	162,364,427	395,687,172	1,040,697	(383,276,628)	12,214,013	25,665,254
Net (loss) for the period	-	-	-	(280,769)	(86,771)	(367,540)
Vesting of RSUs	-	-	91,666	-	-	91,666
Balance, March 31, 2023	162,364,427	395,687,172	1,132,363	(383,557,397)	12,127,242	25,389,380
Net (loss) for the period	-	-	-	(341,917)	(15,536)	(357,453)
Vesting of RSUs	-	-	8,334	-	-	8,334
Balance, September 30, 2023	162,364,427	$ 395,687,172	$ 1,140,697	$(383,899,314)	$ 12,111,706	$ 25,040,261

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

1. Nature of Operations and Going Concern

Principles of Consolidation

The accompanying condensed interim consolidated financial statements include the accounts of parent company Labrador Iron Mines Holdings Limited ("LIMH") and its majority owned subsidiaries Labrador Iron Mines Limited ("LIM"), Schefferville Mines Inc. ("SMI"), Centre Ferro Ltd. and Labrail Inc.

LIMH owns 52% (2022 - 52%) of the common shares of LIM and LIM owns 100% of the common shares of SMI. Refer to Note 23.

LIMH owns 100% of the common shares of Centre Ferro Ltd. and Labrail Inc.

Non-controlling interest represents the 48% (2022 - 48%) equity interest in LIM not owned by LIMH. Refer to Note 13.

All significant intercompany accounts and transactions have been eliminated upon consolidation.

Nature of Operations

Labrador Iron Mines Holdings Limited (on a consolidated basis, the "Company") is a mineral resource company engaged in the business of exploration, development and mining of iron ore projects in Canada. The Company's primary exploration and evaluation assets are iron ore projects in western Labrador and northeastern Quebec, near the town of Schefferville, Quebec (collectively, the "Schefferville Projects"). Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

The Company's registered head office is 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7, Canada.

The Company did not conduct mining operations during the three and six months ended September 30, 2022 and 2023. The Company is currently focused on development of its Houston Project and maintaining its other mineral claims and mining concessions. Subject to securing construction financing, the Company plans to commence construction of its Houston Project. There can be no assurance that construction will be commenced or completed.

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that exploration, development and mining will result in profitable mining operations. The recoverability of the carrying value of assets and the Company's continued existence are dependent upon the preservation of the Company's interests in its underlying properties, the development of economically recoverable resources, the achievement of profitable operations or the ability of the Company to raise additional financing, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material impairment of the carrying values of the Company's assets.

Although the Company has taken steps to verify its title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements.

Going Concern

At September 30, 2023, the Company had a working capital deficit of $1,508,651, compared to a working capital deficit of $1,116,793 at March 31, 2023. Notwithstanding its working capital deficit, the Company believes it will have sufficient resources to continue its operations over the next 12 months, subject to generating sufficient proceeds from an equity offering or alternative financing, although there can be no assurance the Company will be able to complete a financing on acceptable terms or at all. Accordingly, the condensed interim consolidated financial statements for the three and six months ended September 30, 2023 have been prepared on a going concern basis, using the historical cost convention.

1. Nature of Operations and Going Concern (continued)

There are no assurances that the Company will be successful in generating sufficient proceeds from an equity financing or alternative financing. If the Company is unable to generate sufficient proceeds, the Company could be required to curtail its operations and discontinue as a going concern. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these consolidated financial statements. Such adjustments could be material.

Furthermore, the Company's ability to develop the Houston Project is dependent on completing additional construction financing. Even if the Company is successful in funding its immediate working capital requirements, if the Company is unable to obtain additional construction financing on a timely basis or on reasonable or acceptable terms, the Company will be unable to pursue development of the Houston Project. Development of the Houston Project may not result in profitable commercial production.

2. Basis of Preparation

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The accounting policies set out below were consistently applied to all the periods presented unless otherwise noted.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") on a basis consistent with the accounting policies disclosed in the consolidated financial statements of the Company for the year ended March 31, 2023.

These condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention and using the accrual basis of accounting, except for cash flow information. Refer to Notes 1 and 4.

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material. The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Mineral resource estimates
The figures for mineral resources are reported in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

3. Significant Accounting Judgements, Estimates and Assumptions (continued)

Share-based payments
Share based payments may include options, warrants, restricted share units or deferred share units. Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based awards are determined at the date of grant using generally accepted valuation techniques, including market trading price as a reference for valuing restricted share units and deferred share units, and the Black-Scholes model for valuing options and warrants. Assumptions are made and judgement is used in applying valuation techniques. These assumptions and judgements include, in the case of the Black-Scholes model, estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

The share-based payments recognized in the three and six months ended September 30, 2022 and 2023 relate to the vesting of restricted share units. Refer to Notes 14 and 15. There were no options or warrants granted, vested or outstanding during the three and six months ended September 30, 2022 and 2023.

Asset lives and depletion and depreciation rates for property, plant and equipment and exploration and evaluation assets
Depletion and depreciation expenses are allocated based on assumed asset lives and depletion and depreciation rates. Should the asset life or depletion and depreciation rate differ from the initial estimate, an adjustment would be made in the consolidated statement of operations and comprehensive loss.

Going concern
Refer to Note 1.

Contingencies
Refer to Note 17.

4. Significant Accounting Policies

Basis of consolidation

The financial statements consolidate the accounts of Labrador Iron Mines Holdings Limited and its subsidiaries, Labrador Iron Mines Limited, Schefferville Mines Inc., Centre Ferro Ltd. and Labrail Inc. All significant intercompany transactions and balances have been eliminated. Refer to Note 1.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. Refer to Note 1.

Presentation and functional currency

The Company’s presentation and functional currency is the Canadian dollar.

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of such transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in operations in the period in which they arise.

4. Significant Accounting Policies (continued)

Interest earned

Interest earned is recognized when it is probable that the economic benefits will flow to the Company and the amount of interest can be measured reliably. Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Deferred share units

Directors and key senior employees of the Company may receive as partial compensation deferred share units ("DSUs") under the terms of the Company's deferred share unit plan. The fair value of DSUs at the time of award or redemption, as applicable, is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the date of award or redemption, as applicable.

When recognized as a liability account balance, the fair value of DSUs is recognized as a share-based payment expense with a corresponding increase in liabilities, over the period from the date of award to settlement date. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date with a corresponding change in the consolidated statement of operations and comprehensive income.

When recognized as a reserve account balance, the fair value of DSUs is recognized as a share-based payment expense with a corresponding charge to reserves on the date of award and is not revalued at subsequent reporting dates.

Restricted share units

Directors and key senior employees of the Company may receive as partial compensation restricted share units ("RSUs") under the terms of the Company's restricted share unit plan. The fair value of RSUs at the time of vesting is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the vesting date.

RSUs are recognized as a reserve account balance when vested. The fair value of RSUs is recognized as a share-based payment expense with a corresponding charge to reserves on the vesting date.

Exploration and evaluation assets

Mineral exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in operations immediately. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) fact and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are stated at cost, less accumulated impairment.

At September 30, 2022 and 2023, all of the Company's properties are categorized as exploration and evaluation assets.

Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures, mineral property interests, producing mines and property, plant and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

4. Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. If this is the case, the individual assets of the Company are grouped together into CGUs for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the consolidated statement of operations and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on deposit at a major Canadian bank and holdings in an investment grade short term money market fund.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Revenue Recognition

The Company recognizes revenue when all of the following steps have been met: (i) a contract with a customer has been identified; (ii) the performance obligations (being promises to transfer a product, such as iron ore, to a customer) have been identified; (iii) the transaction price has been determined; (iv) the transaction price has been allocated to each performance obligation in the contract; and (v) the performance obligation has been satisfied by the product having been transferred to the customer.

(Loss) per share

(Loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options, warrants, DSUs and RSUs in the weighted average number of common shares outstanding during the period, if dilutive. The diluted (loss) per share calculation excludes the conversion of common share equivalents that would decrease (loss) per share. There were no stock options or warrants outstanding during the three and six months ended September 30, 2022 and 2023.

Leases

IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and deemed interest on the obligation. Deemed interest expense on the lease obligation is included in the consolidated statement of loss.

(Unaudited, expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

Leases (continued)

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

5. Accounts Receivable

	September 30, 2023	March 31, 2023
Refundable taxes	$ 12,641	$ 12,851

6. Restricted Cash

At September 30, 2023 and March 31, 2023, restricted cash consisted of interest-bearing term deposits assigned by the Company to its bank as security for its credit card accounts.

	September 30, 2023	March 31, 2023
Restricted cash – Non-current	$ 29,488	$ 28,966

7. Exploration and Evaluation Assets

LIM and SMI collectively hold a 100% interest in the Schefferville Projects. The Schefferville Projects comprise a series of iron ore deposits located in the Menihek area of western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, near the town of Schefferville, Quebec. Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the Company's principal projects.

In December 2016, a royalty was created equal to 2% of the sales proceeds (FOB Port of Sept-Iles) received from sales of iron ore from the Houston Project, with such royalty being payable quarterly in arrears. The value of the royalty was estimated at $7,000,000 on the grant date, based on management's estimate of the fair value of the royalty, principally based on a discounted cash flow methodology including certain resource estimates and projections for other inputs including commodity prices, exchange rates and expenses.

All of the iron ore properties located in Labrador held by LIM are held subject to an underlying royalty in the amount of 3% of the selling price (FOB Port of Sept-Iles) of iron ore shipped and sold from such properties, subject to such royalty being no greater than US$1.50 per tonne.

Six mining claims in Quebec held by SMI are held subject to a royalty of 3% of the selling price FOB port of iron ore shipped and sold from the properties, subject to such royalty being no greater than US$1.50 per tonne.

SMI holds certain other mining claims in Quebec subject to the payment of a royalty of $2.00 per tonne of iron ore shipped from the properties.

Certain historical stockpiles are subject to a 50% net profit interest and the Elizabeth Taconite Property is subject to a deferred payment of $500,000 upon commencement of commercial production.

(Unaudited, expressed in Canadian dollars)

7. Exploration and Evaluation Assets (continued)

The Company's exploration and evaluation assets are as follows:

	Exploration and Evaluation Assets
Cost at:	
March 31, 2022	$ 26,497,972
Additions	68,063
March 31, 2023 and September 30, 2023	$ 26,566,035
Accumulated depletion at:	
March 31, 2022 and 2023 and September 30, 2023	$ -
Net book value at:	
March 31, 2022	$ 26,497,972
March 31, 2023 and September 30, 2023	$ 26,566,035

All of the Company's properties are categorized as exploration and evaluation assets.

8. Property, Plant and Equipment

	Total $
Cost at:	
March 31, 2022 and 2023 and September 30, 2023	1
Accumulated depreciation at:	
March 31, 2022 and 2023 and September 30, 2023	-
Net book value at:	
March 31, 2022 and 2023 and September 30, 2023	1

All of the Company's previous property, plant and equipment was disposed.

9. Accounts Payable and Accrued Liabilities

	September 30, 2023	March 31, 2023
Trade payables and accruals	$ 1,204,861	$ 946,326
Sales taxes and statutory liabilities	57,246	48,129
	$ 1,262,107	$ 994,455

Refer to Notes 18 and 19.

(Unaudited, expressed in Canadian dollars)

10. Office Lease

On February 1, 2022, the Company entered into an office services agreement granting the right to use the Company's head office premises, which right expires on January 30, 2025. In accordance with IFRS 16, the Company recorded a right-of-use lease asset, recognizing the Company's use for the term of the agreement and a corresponding lease liability.

Right-of-use asset	September 30, 2023	March 31, 2023
Lease asset recognized	$ 122,900	$ 122,900
Accumulated depreciation	(68,278)	(47,795)
Net book value	$ 54,622	$ 75,105

Lease obligation	Six months ended September 30, 2023	Year ended March 31, 2023
Net lease obligation - beginning	$ 77,794	$ 122,900
Lease payments	(22,500)	(52,500)
Deemed interest expense	2,150	7,394
Net lease obligation - ending	$ 57,444	$ 77,794

	September 30, 2023	March 31, 2023
Current lease obligation	$ 41,338	$ 41,338
Non-current lease obligation	16,106	36,456
Net lease obligation	$ 57,444	$ 77,794

11. Government Assistance

On April 30, 2020, the Company received a loan in the principal amount of $40,000 under the Canada Emergency Business Account ("CEBA") program launched by the Government of Canada as a Covid-19 pandemic relief measure. The CEBA loan is unsecured and non-interest bearing during an initial term ending, as revised, December 31, 2023. Thereafter, the CEBA loan will continue to be unsecured but will bear interest of 5% per year during an extended term ending December 31, 2025.

	September 30, 2023	March 31, 2022
CEBA loan	$ 40,000	$ 40,000

12. Non-Controlling Interest

Non-controlling interest ("NCI") represents the 48% (2022 - 48%) equity share of LIMH's subsidiary LIM not owned by LIMH.

On initial recognition, NCI was measured at the proportionate share of LIM equity when the NCI was established in December 2016. Subsequently, adjustments are made to the carrying amount representing the NCI's proportionate share of changes to LIM's equity.

Refer to Notes 1 and 21.

	Six months ended September 30, 2023	Six months ended September 30, 2022
Beginning balance	$ 12,127,242	$ 12,256,805
Net (loss) of LIM attributable to non-controlling interest	(15,536)	(42,792)
Ending balance	$ 12,111,706	$ 12,214,013

(Unaudited, expressed in Canadian dollars)

13. Share Capital

Authorized
Unlimited common shares, no par value

Issued	Shares #	Amount $
Balance, March 31, 2022 and 2023 and September 30, 2023	162,364,427	395,687,172

Refer to Note 21.

14. Reserves

(a) Deferred Share Units

On April 1, 2012, the Company adopted a DSU Plan under which DSUs may be granted by the Board to certain directors and key senior employees. The performance period of each DSU commences on the grant date and expires on the termination date of the participant. The termination date is when the participant ceases to be a director or key senior employee of the Company. On redemption, each DSU entitles the holder to receive, at the Company's option, after deduction of any applicable taxes and other required source deductions: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

A summary of DSUs in Reserves is presented below:

	DSUs in Reserves	
	Number	Reserves
Balance, March 31, 2022 and 2023 and September 30, 2023	1,077,362	$ 383,541

All outstanding DSUs are fully vested.

(b) Restricted Share Units

Effective March 31, 2021, the Company adopted and implemented a rolling Restricted Share Unit Plan ("RSU Plan") whereby the Company may issue up to 5% of its issued capital as Restricted Share Units (each, an "RSU") to eligible directors, officers, employees and consultants.

The RSU Plan was adopted to provide remuneration and long-term incentives to the Company's directors, executives, employees and service providers, while preserving the Company's cash, and to align the interests of such persons with the long term interests of shareholders. Upon vesting, each RSU entitles the grantee the right to receive, on or after the payout election date and until the expiry date, after deduction of any applicable taxes and other required source deductions, at the Company's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

The following table sets out activity details of RSUs granted.

	RSUs Granted	
	Six months ended September 30, 2023	Year ended March 31, 2023
	Number	Number
Balance, beginning of period	3,178,039	2,244,578
Granted during the period	510,575	933,461
Balance, end of period	3,688,614	3,178,039

(Unaudited, expressed in Canadian dollars)

14. Reserves (continued)

(b) Restricted Share Units (continued)

The following table sets out details of RSUs outstanding as at September 30, 2023:

RSUs Issued				
Number	Grant Date	Vesting Date	Election Period Commencement	Expiry Date
887,500	March 31, 2021	March 31, 2021	January 1, 2022	December 31, 2024
587,500	March 31, 2021	March 31, 2022	January 1, 2023	December 31, 2024
100,674	June 30, 2021	March 31, 2022	April 1, 2023	December 31, 2024
202,704	September 30, 2021	March 31, 2022	April 1, 2023	December 31, 2024
256,410	December 31, 2021	March 31, 2022	April 1, 2023	December 31, 2024
209,790	March 31, 2022	March 31, 2022	April 1, 2023	December 31, 2025
35,791	June 30, 2022	June 30, 2022	June 30, 2022	December 31, 2025
240,385	June 30, 2022	March 31, 2023	April 1, 2024	December 31, 2025
198,415	September 30, 2022	March 31, 2023	April 1, 2024	December 31, 2025
233,645	December 31, 2022	March 31, 2023	April 1, 2024	December 31, 2025
225,225	March 31, 2023	March 31, 2023	April 1, 2024	December 31, 2026
274,725	June 30, 2023	March 31, 2024	April 1, 2025	December 31, 2026
235,850	September 30, 2023	March 31, 2024	April 1, 2025	December 31, 2026
3,688,614				

(c) Reserves

A summary of activity in the Reserves account balance is presented below:

	Six months ended September 30, 2023	Year ended March 31, 2023
Balance, beginning of period	$ 1,132,363	$ 1,028,641
Vesting of 35,791 RSUs granted June 30, 2022	-	3,722
Vesting of 240,385 RSUs granted June 30, 2022	-	25,000
Vesting of 198,415 RSUs granted September 30, 2022	-	25,000
Vesting of 233,645 RSUs granted December 31, 2022	-	25,000
Vesting of 225,225 RSUs granted March 31, 2023	-	25,000
Vesting of 274,725 RSUs granted June 30, 2023	8,334	-
Balance, end of period	$ 1,140,697	$ 1,132,363

The amount recognized in Reserves within equity for RSUs vested during the period equals the market value on the grant date of the corresponding number of common shares.

887,500 RSUs granted on March 31, 2021 were fully recognized in Reserves on their grant date as they fully vested on grant date. The market value of common shares of the Company was $0.356 per share on March 31, 2021.

587,500 RSUs granted on March 31, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was $0.356 per share.

14. Reserves (continued)

(c) Reserves (continued)

100,674 RSUs granted on June 30, 2021, which vested on March 31, 2022), were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was $0.298 per share.

202,704 RSUs granted on September 30, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on their grant date market value of common shares of the Company, which was $0.148 per share.

256,410 RSUs granted on December 31, 2021, which vested on March 31, 2022, were fully recognized in Reserves during the year ended March 31, 2022 based on the market value of common shares of the Company on their grant date, which was $0.117 per share.

209,790 RSUs granted on March 31, 2022, which vested immediately, were fully recognized in Reserves during the year ended March 31, 2022 based on the market value of common shares of the Company on their grant date, which was $0.143 per share.

35,791 RSUs granted on June 30, 2022, which vested immediately, were fully recognized in Reserves on their grant date, based on the market value of common shares of the Company on their grant date, which was $0.104 per share.

240,385 RSUs granted on June 30, 2022, which vested on March 31, 2023, were fully recognized in Reserves during the year ended March 31, 2023, based on the market value of common shares of the Company on their grant date, which was $0.104 per share.

198,415 RSUs granted on September 30, 2022, which vested on March 31, 2023, were fully recognized in Reserves during the year ended March 31, 2023, based on the market value of common shares of the Company on their grant date, which was $0.126 per share.

233,645 RSUs granted on December 31, 2022, which vested on March 31, 2023, were fully recognized in Reserves during the year ended March 31, 2023, based on the market value of common shares of the Company on their grant date, which was $0.107 per share.

225,225 RSUs granted on March 31, 2023, which vested immediately, were fully recognized in Reserves during the year ended March 31, 2023, based on the market value of common shares of the Company on their grant date, which was $0.111 per share.

274,725 RSUs granted on June 30, 2023, which vest on March 31, 2024, are being recognized in Reserves using the graded vesting method during the ensuing quarters of the year ending March 31, 2024, based on the market value of common shares of the Company on their grant date, which was $0.091 per share.

235,850 RSUs granted on September 30, 2023, which vest on March 31, 2024, will be recognized in Reserves using the graded vesting method during the ensuing quarters of the year ending March 31, 2024, based on the market value of common shares of the Company on their grant date, which was $0.0848 per share.

(Unaudited, expressed in Canadian dollars)

15. Share Based Compensation

Share based compensation consists of compensation to directors, employees and consultants in the form of stock options, DSUs and RSUs.

	Six months ended September 30, 2023	Six months ended September 30, 2022
Vesting of 35,791 RSUs granted June 30, 2022	$ -	$ 3,722
Vesting of 240,385 RSUs granted June 30, 2022	-	8,334
Vesting of 274,725 RSUs granted June 30, 2023	8,334	-
	$ 8,334	$ 12,056

Refer to Note 14(c).

There were no stock options granted, issued or outstanding during the three and six months ended September 30, 2022 and 2023.

16. Capital Management

The capital of the Company consists of share capital and reserves. There were no significant changes to the Company's approach to capital management during the three and six months ended September 30, 2022 and 2023. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its mineral properties. The issuance of common shares requires approval from the Board of Directors. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the Company's management to sustain future development of the business. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore, develop and produce from its Schefferville Projects for the benefit of its stakeholders. The Company uses stock options, DSUs and RSUs to retain and provide incentives to directors, employees and consultants. The granting of stock options, DSUs and RSUs is primarily determined by the Board of Directors. No stock options were granted, issued or outstanding during the three and six months ended September 30, 2022 or 2023.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

17. Commitments and Contingencies

(a) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(b) The Company is party to one unresolved claim from 2016 in the amount of approximately $3.0 million which has been rejected and remains in dispute. The Company has not recognized the unresolved claim as a liability as the outcome of the claim is not determinable at this time and the full amount of the unresolved claim is treated as a contingent liability.

(Unaudited, expressed in Canadian dollars)

18. Related Party Transactions

During the six months ended September 30, 2023, the Company incurred office rent of $22,500 (2022 - $22,500) payable to a corporation with common directors and/or officers. As at September 30, 2023, $52,500 (2022 - $7,500) was payable to this related party with respect to office rent. Refer to Note 10.

During the six months ended September 30, 2023, the Company incurred administrative services costs payable to a company controlled by an officer in the amount of $15,000 (2022 - $15,000). As at September 30, 2023, $147,500 (2022 - $117,500) remained payable to this related party with respect to administrative services.

During the six months ended September 30, 2023, a director advanced a total of $125,000 to the Company on a non-interest bearing basis for working capital purposes. At September 30, 2023, the outstanding working capital advance from this director was $225,000.

All related party balances payable at September 30, 2023 are included in current liabilities. The balances are unsecured, non-interest bearing and have no fixed terms of repayment.

19. Compensation of Key Management Personnel

The remuneration of directors and other key management personnel (i) during the six months ended September 30, 2023 and 2022 was as follows:

	Six months ended September 30, 2023	Six months ended September 30, 2022
Short-term compensation (ii)	$ 153,955	$ 139,320
Share based compensation (iii)	8,334	12,056
	$ 162,289	$ 151,376

(i) In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.
(ii) Short-term compensation includes cash based salaries, bonuses and allowances, employment benefits and directors' fees.
(iii) Share based compensation consists of RSU compensation recognized during the period.

As at September 30, 2023, $599,519 (March 31, 2023 - $460,512) of short-term compensation remained payable to key management personnel. Of the balance of short-term compensation outstanding at September 30, 2023, $231,250 (March 31, 2023 - $231,250) is deferred executive compensation from the years ended March 31, 2016 and 2017, which is unsecured, non-interest bearing, due on or after October 1, 2024 and recorded in non-current accrued liabilities. The remaining balance is unsecured, non-interest bearing, due on demand and recorded in current accounts payable and accrued liabilities.

20. Financial Instruments

Fair Value Hierarchy

The Company discloses information related to its financial instruments that are measured at fair value subsequent to initial recognition, based on levels 1 to 3 based on the degree to which the fair value is observable.

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

At March 31, 2023 and September 30, 2023, the Company's financial instruments that are carried at fair value, consisting of cash equivalents, have been classified as Level 2 within the fair value hierarchy.

Fair value

Fair value estimates are made at the financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities on the consolidated statement of financial position approximate fair value because of the limited term of the instruments.

Financial risk management

This section provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk and how the Company manages those risks. The Company's objectives and management of risks have not changed significantly during the three and six months ended September 30, 2022 and 2023.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and cash equivalents, restricted cash and accounts receivable. The Company does not currently hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company has never held any asset backed paper instruments. The Company seeks to place its cash and cash equivalents with reputable financial institutions. At September 30, 2023, the Company's cash and cash equivalents and restricted cash were held in deposits and in an investment grade short term money market fund at a major Canadian bank. The carrying amount of financial assets represents the Company's maximum credit exposure.

ii) Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they come due. As at September 30, 2023, the Company had a working capital deficit of $1,508,651 (March 31, 2023 - working capital deficit of $1,116,793). The Company believes it will be able to settle its current obligations from the proceeds of an equity financing or alternative financing. Refer to Note 1.

20. Financial Instruments(continued)

Financial risk management (continued)

iii) Foreign currency risk

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

Revenue from any future sales of iron ore will be denominated in U.S. dollars and, as a result, fluctuations in the U.S. dollar exchange rate relative to the Canadian dollar could create volatility in the Company's cash flows and the reported amounts for revenue in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts.

Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each financial position date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statement of operations and comprehensive loss.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding cash and cash equivalents in Canadian dollars. The Company will monitor the values of net foreign currency cash flow and balance sheet exposures and in the future may consider using derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of any foreign currency cash flows. The Company does not use forward foreign exchange contracts for

iv) Interest rate risk

Included in net loss for the six months ended September 30, 2023 is interest earned on the Company's cash and cash equivalents. If interest rates throughout the six months ended September 30, 2023 had been 100 basis points higher (lower) then net loss would have been approximately $40 lower (higher). The Company does not have any variable rate debt obligations that expose it to interest rate risk.

v) Commodity price risk

The future profitability of the Company is directly related to the market price of iron ore. Fluctuations in the iron ore price could create volatility in the Company's future cash flows and the future reported amounts for sales in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts. In addition, a drop in actual iron ore prices or expected long-term iron ore prices could impact the Company's ability to raise additional financing, if required, to complete the development of its properties, and development could also be halted if iron ore prices fall below expected operating costs. The Company had no sales of iron ore during the three or six months ended September 30, 2022 and 2023.

21. Acquisition of Minority Interest in Subsidiary

At a Special Meeting of Shareholders of the Company's 52% subsidiary LIM held on March 30, 2023, a requisite two-thirds majority of votes cast by LIM shareholders at the meeting approved a special resolution authorizing the amalgamation of LIM with a wholly owned subsidiary of the Company, involving the issue of shares of the Company to LIM shareholders, such that LIM will, once again, become a wholly owned subsidiary of the Company (the "Transaction").

The Transaction is to be effected by way of a statutory amalgamation of LIM with a wholly owned subsidiary of the Company, under Section 174 of the Business Corporations Act (Ontario).

The number of shares of the Company to be issued in exchange for the LIM shares was calculated to equate to the relative percentage interest of each company in the underlying assets. That is, the shareholders of LIM, other than the Company, will continue to hold, indirectly, the same percentage interest in the assets of LIM upon completion of the amalgamation as they hold, directly, before the amalgamation.

Under the amalgamation all LIM shares, other than LIM shares held by the Company, will be exchanged for shares of the Company on the basis of 3.1136546 shares of the Company for each LIM share held, resulting in the issuance of an aggregate of approximately 148,362,500 shares of the Company to LIM shareholders.

The Company is authorized to complete the Transaction, but has not yet done so.

There can be no guarantee the Transaction will be completed as described or at all.