LABRADOR IRON MINES HOLDINGS LIMITED

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ANNUAL INFORMATION FORM

as at June 29, 2011

for the Fiscal Year ended

March 31, 2011

LABRADOR IRON MINES HOLDINGS LIMITED
ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED MARCH 31, 2010

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LABRADOR IRON MINES HOLDINGS LIMITED

ANNUAL INFORMATION FORM

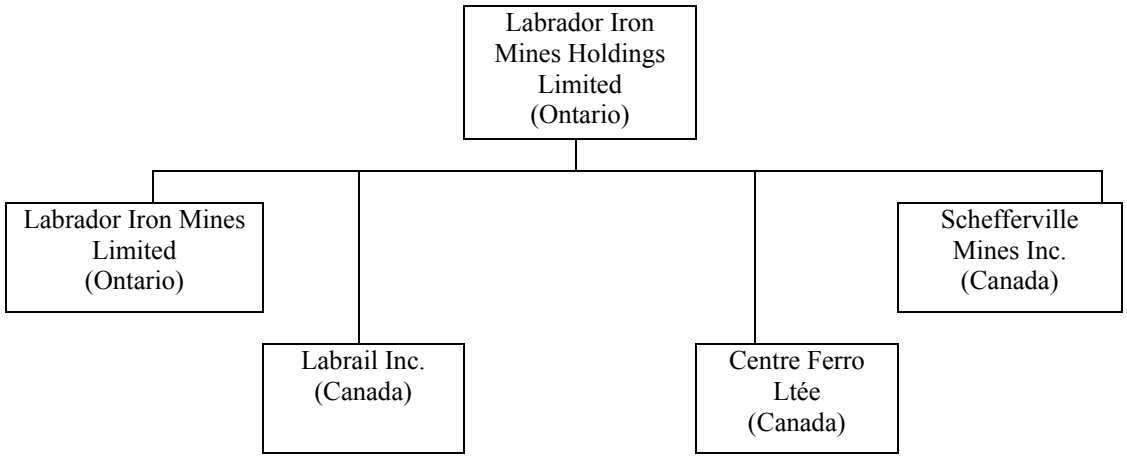
FOR THE FISCAL YEAR ENDED MARCH 31, 2010

ITEM 3 – CORPORATE STRUCTURE

Labrador Iron Mines Holdings Limited ("the Company") was incorporated by Articles of Incorporation dated May 17, 2007 under the *Business Corporations Act* (Ontario).

The Company's head and registered office is located at Suite 700, 220 Bay Street, Toronto, Ontario, Canada, M5J 2W4.

The Company carries on its business through several wholly-owned subsidiaries incorporated under the laws of Ontario or Canada as follows:



ITEM 4 – GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a mineral resource company, established in 2007, which is engaged in the exploration and development of direct shipping iron ore projects (the "Schefferville Projects") in the western central part of the Labrador Trough region, one of the major iron ore producing regions in the world, situated in the Province of Newfoundland and Labrador and the Province of Québec, centered near the town of Schefferville, Québec. The Schefferville Projects consist of the Silver Yards property ("Silver Yards"), the Houston property ("Houston") and, subject to further exploration and development, other iron properties in the vicinity of Schefferville.

The Schefferville Projects comprise 20 different iron ore deposits, which were part of the original Iron Ore Company of Canada ("IOC") direct shipping operations conducted from 1954 to 1982 and formed part of the 250 million tonnes of historical reserves and resources previously identified by IOC.

The iron ore deposits which comprise the Schefferville Projects are divided into two separate portions, one within the Province of Newfoundland and Labrador and the other within the Province of Québec. Each portion is held by a separate, wholly-owned subsidiary of the Company as follows:

- Labrador Iron Mines Limited ("LIM") holds three mining leases and 54 mineral rights licences in Newfoundland and Labrador, covering approximately 16,050 hectares. These licences are subject

to a royalty in favour of former holders of 3% (to a maximum of $1.50 per tonne) of the selling price freight on board ("FOB") port of iron ore produced and shipped from such properties; and

- Schefferville Mines Inc. ("SMI") holds interests in 258 mining rights in Québec, covering approximately 10,730 hectares. SMI also holds an exclusive operating licence in a mining lease covering 23 parcels totaling approximately 2,036 hectares. All of these rights and licences are subject to a royalty in favour of former holders of $2.00 per tonne of iron ore produced and shipped from these properties.

The Company has confirmed a total of approximately 39.6 million tonnes of NI 43-101 compliant measured and indicated mineral resources on the Schefferville Projects, of which approximately 23.2 million tonnes are measured mineral resources and approximately 16.4 million tonnes are indicated mineral resources. See "Mineral Projects".

Area	Classification	Tonnes (x1000)	Fe%	P%	Mn%	SiO_2%	Al_2O_3%
James	Indicated	8,098	57.7	0.03	0.7	14.1	0.5
	Inferred	111	53.6	0.04	0.1	19.9	0.5
Redmond 2B	Indicated	849	59.9	0.12	0.4	5.1	2.1
	Inferred	30	57.3	0.13	0.6	5.9	4.1
Redmond 5	Indicated	2,084	55.0	0.05	1.2	11.0	0.8
	Inferred	78	52.3	0.07	2.0	10.8	1.0
Houston	Measured	18,700	57.7	-	1.0	12.8	-
	Indicated	3,470	55.6	-	1.0	16.5	-
	Inferred	690	54.9	-	0.8	18.2	-
Denault	Measured	4,456	55.1	0.08	2.4	7.5	1.1
	Indicated	1,928	54.2	0.07	2.3	9.0	1.0
	Inferred	369	53.9	0.07	2.7	9.4	0.9
Total	**Measured**	**23,156**	**57.2**	**0.06**	**1.3**	**11.8**	**0.9**
	Indicated	**16,429**	**56.6**	**0.05**	**1.0**	**13.1**	**0.7**
	Measured+Indicated	**39,585**	**57.0**	**0.06**	**1.2**	**12.3**	**0.8**
	Inferred	**1,278**	**54.4**	**0.06**	**1.4**	**15.1**	**0.8**

In addition, the Company controls other deposits with an estimated combined historical resource of approximately 125 million tonnes. These historical resources were not part of IOC's producing properties. These historical resources estimates are based on work completed and estimates prepared by IOC prior to 1983, they are not current and were not prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. A qualified person has not done sufficient work to classify the historical estimates as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. However, the historical estimates should not be relied upon.

Three Year History

In December 2007 the Company closed its Initial Public Offering ("IPO") resulting in the issuance of 11,473,000 Units for gross proceeds of $45,892,000, following which its common shares were listed on Toronto Stock Exchange (the "TSX"). Each Unit in the IPO comprised one common share and one-half of a share purchase warrant exercisable at $5.00 per share for a period of two years.

Concurrent with closing its IPO, the Company acquired Labrador Iron Mines Limited ("LIM") in exchange for 24,000,000 common shares of the Company, and LIM became a wholly-owned subsidiary of the Company. LIM was previously a wholly-owned subsidiary of Labrador Iron plc. a company incorporated under the laws of the Isle of Man and a wholly-owned subsidiary of Anglesey Mining plc. ("Anglesey"), a public company incorporated under the laws of England and Wales listed on the London Stock Exchange under the trading symbol "LSE: AYM".

In January 2008 the Company issued a further 1,720,950 Units for additional gross proceeds of $6,883,800 pursuant to the exercise of the over-allotment option granted to the agent in the IPO.

Year Ended March 31, 2009

During the year ended March 31, 2009, the Company expanded its management team, awarded various contracts, and initiated further activities to advance the developmental stages of the Project, including detailed exploration drilling, bulk sampling, resource estimation, metallurgical process testing, rail and port studies and engineering design, all directed with the intention to moving the Schefferville Project forward towards initial commercial production.

A reverse circulation and core drilling program commenced in July 2008 to provide data for a compliant resource estimate on the various deposits and to assist with both short term mine planning and with longer term operational planning. This 4,500 metre program was completed in October 2008 and was supplemented by an exploration trenching program. In addition a detailed program of hydro-geological drilling comprising over 1,000 metres in 18 holes together with associated pump testing was completed.

A test mining program to excavate 6,500 tonnes of bulk ore samples from the phase one deposits was carried out by RSM Mining from Labrador City. This material was crushed and screened to produce samples replicating the lump ore and sinter fines. Test washing was not carried out at site. Some of these samples were washed offsite to replicate the final expected products. Some of this bulk sample material was used in the metallurgical testing program.

The Company successfully transported bulk sample products by rail from Schefferville to Sept-Îles over both the Tshiuetin Rail Transportation Inc. ("TSH") track and the track operated by IOC's Quebec North Shore & Labrador ("QNS&L") Railway.

In April 2008, the Company submitted the Project Registration Application for the first phase of development of the Schefferville Area Iron Ore Project to the Department of Environment and Conservation in the Province of Newfoundland and Labrador and to the Canadian Environmental Assessment Agency (CEAA). The Project Registration documentation addresses production from the first part of phase one of the Schefferville Project, being the James North, James South and Redmond properties.

In July 2008 the Company and Innu Nation of Labrador, representing the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, respectively, living in the communities of Sheshatshiu and Natuashish, Labrador, signed an Impact Benefit Agreement ("IBA"), committing to an ongoing relationship between the Innu Nation and LIM with respect to the development of the LIM's iron ore project located in western Labrador.

The Company also signed memoranda of understanding with each of the Naskapi Nation of Kawawachikamach and the Innu Nation of Matimekush-Lac John (Schefferville), both located in north-eastern Québec.

In August 2008, the Minister of Environment and Conservation requested an Environmental Impact Statement (EIS) as part of the Application process. In October 2008, the Minister published for public

consultation the draft guidelines for the preparation of the EIS. Following this period of public consultation, during which the Company conducted three public meetings in Labrador and in Schefferville, the Final Guidelines were issued by the Minister on December 12, 2008. The Company, in conjunction with its consultants, carried out an extensive program to prepare the EIS based initially on the draft guidelines and then completed based on the Final Guidelines and using the extensive environmental data and studies that had been collected and undertaken by LIM over the previous three years. The EIS was submitted to the Minister on December 22, 2008 and was registered on December 23, 2008.

The Canadian Environmental Assessment Agency (CEAA) also completed its review of the Project and determined that a federal level Environmental assessment is not required. This decision was made following receipt of a determination by the Department of Fisheries and Oceans, that a Harmful Alteration, Disruption, or Destruction authorization will not be required for the Project. Other federal agencies, including Environment Canada, Transport Canada, Natural Resources Canada, Health Canada and the Canadian Transportation Agency, also completed their reviews and confirmed that they had no triggers for a federal level environmental assessment. In addition, the federal Major Projects Management Office determined that the Project did not constitute a major natural resources project.

In early March 2009 the Minister requested some additional information to supplement the EIS.

Year Ended March 31, 2010

A program of reverse circulation drilling commenced at the beginning of June 2009 and was completed at the end of October 2009. The deposits tested comprise the four deposits planned to be mined in the Company's Stage 1 plan, being James, Redmond, Knob Lake and Houston, together with some limited drilling on the more distant Stage 2 Howse deposit.

Metallurgical testwork continued during calendar 2009 aimed at improving expected recovery levels from all size fractions of mined material while maintaining high iron and low impurity levels in the final product.

Testwork on the properties of the lump and fines was carried out at SGA, an independent laboratory in Germany. The results and report from that testwork on the James South lump ore sample indicate a high iron content of 66.98% with favorably low content of non-ferrous metals. SGA concluded that the lump ore represents a high quality lump ore grade which will be well accepted in the European market. The results and report from that testwork on the James South sinter fines indicate an iron content of 67.23% with favorably low content of deleterious metals. SGA concluded that the high iron content and low gangue content determine the high quality of this ore, and that the fines will be well accepted in the European market.

In October 2009 LIM entered into an agreement with New Millennium Capital Corp. ("NML") to exchange certain of their respective mineral licences in Labrador. The exchange eliminated the fragmentation of the ownership of certain mining rights in the Schefferville area and will enable both parties to separately explore, develop and mine and optimise their respective DSO deposits in as efficient a manner as possible.

In October 2009, the Company signed a Rail Co-operation Agreement with New Millennium Capital Corp. regarding the reconstruction of the "Timmins Extension" rail spur line which will run from the TSH Railroad main rail line near Schefferville approximately 3 miles to LIM's planned processing center at Silver Yards and on a further approximately 13 miles to NML's planned processing center at the Timmins mining area.

The Rail Co-operation Agreement provides the framework under which both LIM and NML have agreed to co-operate in the development of the transportation facilities for their direct shipping iron ore projects in the Schefferville area and which will enable each company to rebuild the necessary rail infrastructure in their respective operating areas, including the construction of passing tracks and sidings in common areas.

The Parties also agreed to negotiate and enter into a Rail Operating Agreement which will provide the terms of access to and use of the Timmins Extension and the tariff to be paid by each party with respect to its use of the portion of rail line for which the other party holds the rights of way and have also agreed to collaborate to determine the most expedient means to refurbish the TSH Railway main line to standards required to carry out the transportation of minerals extracted from the direct shipping ore deposits.

On November 5, 2009, the Minister of Environment and Conservation of the Province of Newfoundland and Labrador announced that the review of LIM's Environmental Impact Statement ("EIS") for the first phase of Stage 1, comprising the James and Redmond deposits, had been completed. The Minister confirmed that the EIS complies with the *Environmental Protection Act* and required no further work under the Provincial environmental assessment process. On February 12, 2010, the Minister informed the Company that under the authority of Section 67(3)(a) of the *Environmental Protection Act*, the Government had released the Schefferville Area Iron Ore Mine (the first phase of the Schefferville Projects) from environmental assessment, subject to a number of terms and conditions which the Company believes are all achievable within the planned operating parameters.

In December 2009 the Company's wholly owned subsidiary Schefferville Mines Inc. ("SMI") acquired from Hollinger North Shore Exploration Inc. ("Hollinger"), subject to the approval of the Government of Québec, a 100% exclusive operating license in the remaining properties which are part of the original Mining Lease dated February 9, 1953, issued to Hollinger by the Minister of Mines of the Province of Québec. SMI also acquired a large package of mineral claims in Québec near Schefferville.

In February 2010 LIM signed an agreement with the Sept-Îles Port Authority for the use of the Pointe-Noire facilities at the port to ship LIM's iron ore products. LIM agreed to a base fee schedule with the Port Authority regarding wharfage fees for iron ore loading for LIM's shipping operations.

In March 2010 the Company completed a bought deal financing pursuant to a short form prospectus raising gross proceeds of $35,057,300. The financing resulted in the issuance of 5,406,000 common shares at an issue price of $5.55 per share and 760,000 flow-through shares at an issue price of $6.65 per flow-through share. Anglesey sold 810,900 previously issued common shares of the Company at a price of $5.55 per share pursuant to the exercise of an over-allotment option that was granted to the underwriters of the financing.

Year Ended March 31, 2011

During May 2010 the Company constructed a railway spur line between the LIM processing site at Silver Yards and the existing Tshiuetin Rail line which runs to the Port of Sept-Îles.

On July 28, 2010, the Company received Certificates of Approval for the construction of its mining facilities from the Government of Newfoundland and Labrador.

During the last quarter of calendar 2010 the Company accelerated the construction of its open pit mining facilities at the James deposits and the beneficiation facilities at Silver Yards.

In September 2010, an agreement was reached with the Innu Nation of Matimekush-Lac John to remove the barriers that had restricted normal access from the town of Schefferville to adjacent mining properties in Labrador since June, 2010 and to enter into negotiations towards an IBA. Under that agreement, the Company and another mining company committed to jointly support a number of local social activities,

including some education, training, health and youth programs and, with Government participation, improvements to the community arena facility in Schefferville.

On September 9, 2010, the Company signed an Impact Benefits Agreement with the Naskapi Nation of Kawawachikamach under which the Company has committed to the development of the Schefferville Project in an environmentally and socially responsible manner, and to address and mitigate any environmental, cultural, economic and spiritual concerns of the Naskapi Nation. The Company has undertaken to make best efforts to employ Naskapi members in the Project workforce and to engage Naskapi aboriginal businesses for Project contracts. The Company has also agreed to provide some support for education, training and social programs.

In December 2010, the Company signed an Agreement in Principle with the Innu Takuaikan Uashat Mak Mani–Utenam (Sept-Îles), which stipulates the principal terms to be included in an IBA, which was targeted to be concluded in March 2011. Negotiations with the Innu Takuaikan Uashat Mak Mani–Utenam Québec towards the completion of an IBA were concluded by the end of March 2011, and it is expected that the agreement will be submitted to the community of Takuaikan Uashat Mak Mani–Utenam later in 2011.

On February 21, 2011, the Company signed a memorandum of understanding with TSH for the transportation of iron ore over the Menihek Division of the main Schefferville to Sept-Îles railway which runs from Schefferville to Emeril Junction with an agreed tariff rate for the calendar year 2011, with the tonnage during calendar 2011 expected to be up to 2 million tonnes.

On March 10, 2011, the Company entered into a life of mine, confidential rail transportation contract with QNS&L for the transportation of the Company's products from the end of the Menihek Division to Sept-Îles. This contract provides for a confidential tariff, with various capacity and volume commitments on the part of each party.

On April 26, 2011, the Company completed a bought deal financing pursuant to a short form prospectus raising gross proceeds of $110,000,500. The financing resulted in the issuance of 8,000,000 common shares at an issue price of $12.50 per share and 666,700 flow-through shares at an issue price of $15.00 per flow-through share.

On April 28, 2011, the Company signed a rail services agreement with Western Labrador Rail Services (WLRS), a wholly owned subsidiary of Genesee & Wyoming Inc. (GWI) for WLRS to operate LIM's newly constructed six-kilometer railway which connects LIM's Silver Yards processing facility in western Labrador to the main Schefferville to Emeril Junction rail line. WLRS will also provide, operate and maintain up to five SD 40-3 locomotives which will be used to haul LIM's iron ore from Silver Yards, over the TSH privately owned railway, to Emeril Junction.

On May 26, 2011, the underwriters of the Company's April 26, 2011 bought deal financing exercised the over-allotment Option granted in connection with such financing and purchased 900,000 additional common shares of the Company at the offering price of $12.50 per share for gross proceeds of $11.25 million.

On June 6, 2011, the Company signed an Impact Benefits Agreement with the Innu Nation of Matimekush-Lac John under which the Company has agreed to the equitable participation of the Innu Matimekush-Lac John ("MLJ") in the Schefferville Projects through employment, training, contract opportunities and financial benefits, including some community infrastructure projects, and has agreed to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects on MLJ families and traditional activities. Under the Agreement, the Matimekush-Lac John has consented to the Company's Schefferville Projects proceeding in accordance with the Agreement and has agreed to provide the Company continuing and unobstructed access to and equitable enjoyment of the iron ore projects and its properties.

ITEM 5 – DESCRIPTION OF THE BUSINESS

Technical Reports

Technical information in this Annual Information Form regarding Silver Yards and Houston is summarized or extracted from the Technical Report dated April 15, 2011 and entitled "Technical Report Silver Yards Direct Shipping Iron Ore Projects in Western Labrador Province of Newfoundland and Labrador and North Eastern Québec Province of Québec Canada" by Justin Taylor, P.Eng., DRA Americas Inc., and Maxime Dupéré, P.Geo., SGS Canada Inc. concerning the exploitation of the James, Redmond 2B, Redmond 5, Gill, Ruth Lake 8 and Knob Lake deposits in Labrador and filed on SEDAR April 19, 2011 (the "Silver Yards Report") and the Technical Report dated March 25, 2011 and entitled "Technical Report Mineral Resource Estimation of the Houston Property Mineral Deposit for Labrador Iron Mines Limited" by Maxime Dupéré, P.Geo., SGS Canada Inc. concerning the Houston property in Labrador and filed on SEDAR March 25, 2011 (the "Houston Report"). Messrs. Taylor and Dupéré, the individuals responsible for the Silver Yards Report and Mr. Dupéré, the individual responsible for the Houston Report, are each a "qualified person" as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Portions of the information in this section are based on assumptions, qualifications and procedures which are more fully described in the Silver Yards and Houston Reports, the full text of which is available for review on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed online at www.sedar.com. The full text of the Silver Yards and Houston Reports are hereby incorporated by reference and form an integral part of this AIF. Readers are advised not to rely on information in the Silver Yards Report pertaining to the Houston property as such information is covered by the Houston Report.

General

The Company's plans for the Schefferville Projects envision the development and mining of the deposits in stages. A feasibility study has not been conducted on any of these Projects. Stage 1, which will itself be undertaken in phases, comprises the deposits closest to existing infrastructure located at Silver Yards in an area identified as the Central Zone. The first phase of Stage 1 involves mining of the James and Redmond deposits in Labrador; the second phase of Stage 1 will involve the sequential development, subject to permitting, of the Ruth Lake, Gill and Knob Lake deposits in Labrador; and the third phase of Stage 1 will involve the Denault, Star Creek, Lance Ridge, Squaw Woolett 1 and Fleming 9 deposits in Québec.

Project Description

Construction of the processing and beneficiation plant for Stage 1 at the Silver Yards site, where ore will be crushed, washed and screened, was carried out during the fall and winter of 2010 and the first quarter of 2011. Plant commissioning, start up and initial production was carried out in May and June 2011. The Silver Yards facility, located 1 km from the James deposits and 3 km by road from Schefferville, includes a 6 km railway spur connected to the Schefferville to Sept-Îles railway line.

It is intended that during the mining of the Stage 1 deposits, planning will be undertaken for the future operation of the other deposits in subsequent stages as follows:

- Stage 2 comprising the evaluation of the Houston deposits as a stand-alone operation as a consequence of the significantly increased mineral resource estimate resulting from the 2010 exploration drilling at the Houston 1, 2 and 3 deposits, situated 15 km southeast of the James deposit at Silver Yards and approximately 20 km from Schefferville, Québec (South Central Zone). The Houston deposits are now considered of sufficient tonnage to merit this evaluation;

- Stage 3 comprising the Howse (Labrador) and Barney (Québec) deposits (Historical Resources) located about 25 km northwest of Schefferville (North Central Zone) and relatively close to existing infrastructure;

- Stage 4 comprising the Astray and Sawyer deposits (Historical Resource) in Labrador, located approximately 50 km to 65 km southeast of Schefferville (South Zone) and presently accessible by float plane or by helicopter; and

- Stage 5 comprising the Kivivic deposit (Historical Resource) in Labrador and the Eclipse Partington and Trough deposits (Historical Resources) in Québec located between 40 km to 70 km northwest of Schefferville (North Zone). However, there is currently insufficient detailed information available on these deposits to make any long-term estimate of future production schedules. Substantial additional exploration, infrastructure and road access will be required for the development of this stage.

The deposits with historical resources only have an estimated combined historical resource of approximately 125 million tonnes based on work carried out by IOC prior to the closure of its Schefferville operations in 1984. The historical resources were not part of IOC's producing properties. This historical estimate was prepared according to the standards used by IOC prior to 1983 and, while still considered relevant, was not prepared in accordance with NI 43-101. The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. These historical estimates are not current and are not compliant with the categories set out in NI 43-101. The Company plans to bring the historical resources on these other deposits into NI 43-101 compliant status sequentially in line with their intended phases of production. The historical estimate should not be relied upon. Further exploration programs have been recommended for all the remaining deposits in Stages 1 to 4 to convert – over time and as and when required historic resources to current compliant mineral resources estimates.

Rail - Transportation Infrastructure

The 560 km main rail line between Schefferville and Sept-Îles was originally constructed for the shipment of iron ore from the Schefferville area and has been in continuous operation for over fifty years. The 200 km northern section of the railway known as the Menihek Division between Schefferville and Emeril Junction has been owned since 2005 by Tshiuetin Rail Transportation Inc. ("TSH"), which currently operates passenger and light freight service between Schefferville and Sept-Îles twice per week.

At Emeril Junction, the Menihek Division connects to the Québec North Shore and Labrador Railway ("QNS&L"), a wholly-owned subsidiary of IOC, which continues the remaining approximately 360 km to Sept-Îles. QNS&L operates this southern section of the railway to transport iron ore from the Labrador City (IOC), Wabush (Wabush Mines) and Bloom Lake (Consolidated Thompson) mines to the Port of Sept-Îles. At Sept-Îles (Arnaud Junction) the QNS&L railroad connects to the Arnaud Railroad (Chemin de fer Arnaud), owned by Wabush Mines, which runs approximately 34 km around the bay to the port terminal at Pointe Noire.

TSH is owned equally by a consortium of three local Aboriginal First Nations, the Naskapi Nation of Kawawachikamach, the Innu of Matimekush-Lac John and the Innu Takuaikan Uashatmak Mani-Utenam.

On February 21, 2011, the Company signed a memorandum of understanding with TSH for the transportation of iron ore over the Menihek Division with an agreed tariff rate for the calendar year 2011, with the tonnage during calendar 2011 expected to be up to 2 million tonnes. Pursuant to this memorandum of understanding, the Company has advanced a $750,000 capacity reservation deposit to TSH. The operation is expected to run for approximately 240 days per year, initially with an average of two trains every three days.

The Company will provide the locomotives, which will be operated by TSH on the Menihek Division. Each train will be powered by two robotized SD-40 locomotives and will initially haul a train consisting

of 124 ore cars. Under the memorandum of understanding, TSH and the Company have agreed to co-operate, and to co-operate with others, on sourcing funding for the needed rehabilitation of the TSH Railway. To expedite the rehabilitation program the Company has made an agreed $3.5 million contribution, with expenditures to be approved and managed by a Partners Committee comprised of two representatives of TSH and two representatives of the Company.

It is contemplated that a definitive agreement with TSH will be concluded which will address calendar 2012 and subsequent years which may include additional contributions by the Company towards the cost of the TSH rehabilitation program; however, there can be no assurance that an agreement on acceptable terms will be concluded.

On March 10, 2011, the Company entered into a life of mine, confidential rail transportation contract with QNS&L for the transportation of the Company's products from the end of the Menihek Division to Sept-Îles. This contract provides for a confidential tariff, with various capacity and volume commitments on the part of each party. Advance payments totaling $25 million ($5 million upon commencement, $5 million in October 2011, and a final advance of $15 million in June 2012) will be made by the Company to secure the locomotive equipment and infrastructure capacity to meet anticipated increases in production and shipment volumes under this contract. These advance payments will be repaid by means of a special credit of $3.50 per tonne hauled, commencing July 2012. The Company is committed to minimum volume tonnages at an average cost of approximately $2.0 million per month over the anticipated eight month annual operating seasons.

On April 28, 2011 LIM has signed a rail services agreement with Western Labrador Rail Services ("WLRS"), a wholly owned subsidiary of Genesee & Wyoming Inc. WLRS will provide, operate and maintain up to five SD 40-3 locomotives which will be used to haul LIM's iron ore from Silver Yards, over the TSH Railway, to Emeril Junction. The first three SD 40-3 locomotives have arrived and have been positioned at Silver Yards. WLRS will also operate the LIM's six kilometre rail spur which connects LIM's Silver Yards processing facility to the main Schefferville to Emeril Junction rail line.

The Company has constructed 6 kilometers of spur line from the main line to the Company's Silver Yards facility. An extension of LIM's rail spur and other track work at Silver Yards was completed in May and June 2011.

LIM has purchased a fleet of 400 previously used railcars of which the first consignment of rail cars have been delivered to Sept-Iles where inspections and modifications are being carried out.

Port Facilities

The port of Sept-Îles, situated 650 kilometres down river from Québec City on the North Shore of the Gulf of St. Lawrence on the Atlantic Ocean, is a large, year round natural harbour, more than 80 metres in depth and an international marine hub. It is the most important port for the shipment of iron ore in North America, serving the Québec and Labrador mining industry. Each year approximately 23 million tonnes of merchandise, mainly iron ore, is handled, approximately 80% of which is destined for the international market.

In February 2010 LIM signed an agreement with the Sept-Îles Port Authority for the use of the Pointe Noire facilities at the port to ship LIM's iron ore products. LIM agreed to a base fee schedule with the Port Authority regarding wharfage fees for iron ore loading for LIM's shipping operations.

In furtherance of the agreement concluded with the Port Authority in April 2011 the Company signed a memorandum of understanding with the Port for the use of the Pointe aux Basques terminal for handling and ship loading of LIM's iron ore for the 2011 season. The Company has also signed an agreement with a port terminal operator for the unloading, stacking and ship loading of iron ore at Pointe aux Basques.

Use of the Pointe aux Basques facilities will require train shunting and unloading in the adjacent rail yard and loading the iron ore onto barges or lakers and transhipping to larger vessels within the deeper waters of the bay or at another port. The port handling arrangements are currently being finalized. Some work is still on-going to complete infrastructure facilities at the port. Iron ore will continue to be delivered to the port by train in increasing volumes, and inventory stockpiles will be built to sufficient size to enable efficient shipping of this ore to the ultimate customers

It is anticipated that ships to be loaded with LIM's DSO Products will range in size from 60,000 DWT to 140,000 DWT.

The Company is also in discussions with other port operators with regard to handling and loading LIM's iron ore products for the 2012 season and future years. Some modifications and additions to existing rail, conveyers and loading equipment will be required to handle LIM's iron ore products.

First Nations

The properties comprising the Schefferville Projects are located in an area over which claims for traditional aboriginal rights are asserted by four first nations groups, namely the Innu of Matimekush-Lac John (Schefferville), the Innu of Uashat Mak Mani-Utenam (Sept-Îles), the Naskapi Nation of Kawawachikamach (near Schefferville) and the Innu Nation of Labrador.

The Company has entered into Impact Benefits Agreements ("IBAs") with the Innu Nation of Labrador (July 2008) and with the Naskapi Nation of Kawawachikamach (September 2010) and with the Innu of Matimekush-Lac John (Schefferville) in June 2011, with respect to the development and operation of the Schefferville Projects.

In September 2010, an agreement was reached with the Innu Matimekush–Lac John to remove the barriers that had restricted normal access from the town of Schefferville to adjacent mining properties in Labrador and to enter into negotiations towards an IBA. Under that agreement, the Company and New Millenium committed to jointly support a number of local social activities, including some education, training, health and youth programs and, with Government participation, improvements to the community arena facility in Schefferville.

In December 2010, the Company signed an Agreement in Principle with the Innu Takuaikan Uashat Mak Mani–Utenam (Sept-Îles), which stipulates the principal terms to be included in an IBA, which was targeted to be concluded in March 2011. Following signing of the Agreement in Principle, the Innu Takuaikan Uashat Mak Mani–Utenam withdrew their legal action against the Government of Newfoundland and Labrador in the Supreme Court of Newfoundland and Labrador (Trial Division). Their previously filed legal action had claimed that the Government of Newfoundland and Labrador failed to consult the Uashaunnuat with regard to the Company's project, and failed to reasonably accommodate their interests, as required under the Constitution. Negotiations with the Innu Takuaikan Uashat Mak Mani–Utenam Québec towards the completion of an IBA are ongoing and it is expected that the agreement will be submitted to the community of Takuaikan Uashat Mak Mani–Utenam for ratification by the end of September 2011.

On June 6, 2011, the Company signed an Impact Benefits Agreement with the Innu Nation of Matimekush-Lac John. Under the Agreement, the Company has agreed to the equitable participation of the Matimekush-Lac John in the Schefferville Projects and to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects on the Matimekush-Lac John. By entering the Agreement, the Matimekush-Lac John has given its consent to the Company's Projects proceeding in accordance with the Agreement and agreed to provide the Company continuing and unobstructed access to and equitable enjoyment of the iron ore projects and its properties.

Marketing

Marketing discussions have continued with potential customers, both in Europe and in Asia. Chinese consumers, in particular, are showing an increasing interest in seeking iron ore from Canada, driven by continued strong demand and a desire to diversify from their traditional sources of supply. Canadian iron ore is generally regarded favorably on world markets with its relatively high iron grades and low levels of deleterious elements.

It is expected that iron ore products produced in 2011 will be sold into the spot market on a "FOB Sept-Iles" basis. The Company continues to review its options for marketing its planned iron ore production and is evaluating the optimum route to achieve these sales, while still maintaining maximum flexibility and independence. In particular the Company has had detailed discussions with a number of internationally recognized commodity traders with specialist knowledge of the iron and steel industry and expects to finalize marketing arrangements with one of these for the sales of its initial 2011 ore production.

LIM has not yet concluded any agreements for the sale of any iron ore.

Iron Ore Price Outlook

The viability of the Company's Schefferville Projects is dependent on the sale price of iron ore.

High demand for iron ore in recent years has been driven primarily by China and south-east Asia. This demand effectively raised the price of iron ore "fines" from around US$42 per tonne FOB in 2005, to about US$50 per tonne FOB in 2006, to about US$55 per tonne FOB in 2007, and to about US$95 per tonne FOB in 2008. Lump ore has traditionally commanded about a 25% premium to fine ore.

During the last quarter of calendar 2008 and the first quarter of calendar 2009, associated with the downturn in most major economies, there was a considerable degree of weakness in the world-wide steel industry with a number of major steel producers announcing significant production cut-backs and redundancy programs. This downturn was particularly severe in Europe and North America and resulted in a decline in the spot iron ore prices from the record high prices achieved earlier in 2008.

During 2009 benchmark price negotiations Rio Tinto settled with a number of Japanese and Korean steel mills at a fines benchmark price of approximately US$65 per tonne FOB, representing a reduction of around 33% from 2008 levels. Negotiations with the Chinese industry represented by the China Iron & Steel Association failed to agree on a 2009 benchmark price and China effectively bought iron ore at the Rio Tinto benchmark price when available or at spot, which began to rise during the second half of the year reaching around US$105 per tonne FOB by the end of calendar 2009. These prices generally increased during calendar 2010 with 62% Fe CFR North China peaking around US$190 per tonne in May.

Negotiations regarding setting a traditional benchmark price continued during the last months of 2009 and the first months of 2010 but eventually broke down. The major suppliers and consumers each reached separate agreements but all based around a quarterly pricing mechanism using average spot prices during a preceding three month period. .This mechanism, whilst seemingly accepted by Asian buyers, is much criticized in Europe and may be subject to a range of anti-competition arguments.

The world-wide iron-ore market remains positive into 2011, though spot prices for 62% Fe sinter fines have fallen from highs of around US$190 per tonne (CFR China) during the first quarter of calendar 2011 to around US$170 per tonne in the second quarter. High demand for iron ore in recent years has been driven primarily by China. Current efforts by the Chinese government to slow down some aspects of growth of the Chinese economy, including restricting credit and raising base interest rates, has likely been the reason for some slowing in Chinese purchases and hence the recent reduction in spot prices. These

reduced purchases have reportedly resulted in some levels of destocking. There are signs that this destocking is now being reversed which should lead to stronger prices in months to come.

The recent medium term increases in iron ore costs will inevitably lead to continuing increases in steel prices, which under normal circumstances would lead to reduced levels in steel demand in subsequent periods. However the Chinese economy appears likely to shrug off these fundamentals as it continues to grow. Demand for steel and therefore for iron ore appears likely to remain strong, and is likely to continue to grow in the coming years. In the short to medium term, with demand remaining strong prices are forecast to only retract marginally. In the longer term as major new production capacity comes on line in Brazil and Australia, the balance between supply and the continuing increasing demand is likely to remain close.

The extent to which demand continues to exceed supply will be influenced by new and increased growth from other markets, including south-east Asia, and renewed growth in Europe led by Germany, and particularly by the level at which new iron ore supply from West Africa may emerge. There are now signs that some of this new African production will take longer to come on stream than previously forecast thereby extending the period during which demand is expected to equal or exceed supply.

The latest consensus of current forecasts indicate that iron ore supply and demand will remain generally in balance until around 2015 to 2016, with prices only dropping 10-15% in that period, possibly followed by a supply surplus, with prices declining somewhat thereafter. The Company is of the opinion that iron ore prices will remain strong around current levels for both calendar 2011 and calendar 2012.

Competitive Conditions

The mining industry is intensely competitive in all its phases, and the Company competes with other mining companies in connection with the acquisition of properties, the recruitment and retention of qualified personnel and contractors, the supply of equipment, and, ultimately, customers for its direct shipping iron ore. Many of the companies the Company competes with have greater financial resources, operational experience and technical facilities than the Company. Consequently, the Company's future revenue, operations and financial condition could be materially adversely affected by competitive conditions.

Cycles and Seasonality

The Company may be affected by medium and long-term cycles in the market price of iron ore. While the Company believes the near term outlook for the market price of iron ore is healthy, to the extent that the market price of iron ore declines materially in the future, some or all of the deposits which comprise the Schefferville Projects may not be able to be mined profitably.

Due to severe weather conditions in the Schefferville area in the winter, the Company does not currently believe it will be feasible to transport its iron ore by rail during the winter without complications due to expected freezing of the iron ore during rail transportation. Accordingly, the Company's current plan is to operate mining production of the Schefferville Projects for approximately eight months of each calendar year, from approximately April to November of each year.

Environmental Protection

The Company's activities are subject to extensive national, provincial, and local laws and regulations governing environmental protection and employee health and safety. The Company is required to obtain governmental permits and provide bonding requirements under environmental laws. All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines

and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company has established letters of credit for $2,940,068 as financial assurance related to reclamation and remediation of the first phase of Stage 1 of its mining operations. The Company has assigned guaranteed investment certificates, included in cash equivalents, to its bank in the aggregate principal amount of its letters of credit as security for the letters of credit. It is anticipated that additional financial assurances will be required in connection with future operational phases. The future effect of environmental protection and employee health and safety regulations on the Company`s operations and financial results will be similar to that applicable to other, similar mining operations in the area.

Environmental and Permitting

In April 2008 LIM submitted a Project Registration Application (the "Application") for the first phase of development of the Schefferville Projects (James and Redmond deposits/Silver Yards Plant) to the Department of Environment and Conservation in the Province of Newfoundland and Labrador and to the Canadian Environmental Assessment Agency. Filing of the Application followed extensive studies carried out over the prior three years by LIM's engineering and environmental teams.

The Minister of Environment and Conservation (the "Minister") requested an Environmental Impact Statement ("EIS") in August 2008 as part of the Application process and published for public consultation the draft guidelines for the preparation of the EIS in October 2008. Following this period of public consultation, during which LIM conducted three public meetings in Labrador and in Schefferville, the Final Guidelines were issued by the Minister in December 2008. In conjunction with its consultants, LIM carried out an extensive program to prepare the EIS based initially on the draft guidelines and then amended based on the Final Guidelines and using the extensive environmental data and studies that had been collected and undertaken by LIM over the previous three years. The EIS was submitted to the Minister and registered in December 2008.

In March 2009 the Minister requested some additional information to supplement the EIS, following which LIM submitted a revised EIS in August 2009. In November 2009 the Minister announced that the review of LIM's EIS with respect to the first phase of Stage 1, comprising the James and Redmond deposits, had been completed. The Minister confirmed that the EIS complies with the *Environmental Protection Act* and no further work under the Provincial environmental assessment process was required.

In February 2010 the Minister informed the Company that under the authority of Section 67(3)(a) of the *Environmental Protection Act*, the Government had released the Schefferville Area Iron Ore Mine (the first phase of Stage 1 of the Schefferville Projects) from environmental assessment, subject to a number of terms and conditions which the Company believes are all achievable within the planned operating parameters.

The Company subsequently submitted all the necessary applications and the various required Plans for the necessary operating permits, licenses and regulatory approvals, which have now been received.

The Mining Leases for the James and Redmond properties have been issued by the Province of Newfoundland and Labrador. In addition it has received Surface Use Leases for all those additional areas required for the construction and operation of the James and Redmond deposits, including the Silver Yards beneficiation area and the Rail Spur Line.

An Environmental Protection Plan ("EPP") was submitted to the Minister of Environment and Conservation and the Minister's approval of the EPP has been received. The EPP addressed process effluent treatment and monitoring procedures, settling pond design and operation for storm water and pit dewatering discharges, as well as caribou monitoring and mitigation in the vicinity of the Schefferville Projects.

A Memorandum of Understanding has been agreed with the Department of Environment and Conservation of the Province of Newfoundland and Labrador for the installation of a real time water quality/quantity monitoring network, prior to the start of construction, to monitor water quality and quantity.

The Company received a construction permit for the processing plant and the operating permits for the rail spur and mine in July, 2010

Subsequent phases and stages of the Schefferville Projects will be subject to further environmental assessments. A continuing program of environmental baseline work is being undertaken on those deposits designated for the next phases and stages of the Projects including archeology, terrestrial biology, wildlife (including fish), hydrology and noise and air quality.

Employees

At March 31, 2011, the Company and its subsidiaries had a total of 120 employees, including contract employees. In addition, the Company utilizes the services of contractors to carry out mining and processing operations.

Social or Environmental Policies

The Company has a policy of full compliance with the various local, provincial and federal environmental regulations that govern the mining industry in the Province of Newfoundland and Labrador and the Province of Québec.

The Company also has a policy of respecting and cooperating with the local communities, including the various First Nations peoples, who live in the areas in the vicinity of the Schefferville Projects.

Environmental and Social Responsibility Policy

Labrador Iron Mines Limited and its management are committed to conducting operations in an environmentally and socially responsible manner. LIM has adopted an Environmental and Social Responsibility Policy to express its commitment to the environment and the local communities in which it works. This commitment to sustainable development is achieved through the undertaking of its programs in a manner which balances environmental, economic, technical, and social issues.

To implement this policy and its commitment to such principles and practices, LIM will apply appropriate pollution prevention principles and environmental risk management practices throughout its activities on its mineral properties.

LIM and its contractors will conduct their work and operate the facilities in compliance with all applicable laws and regulations. In the absence of legislation, LIM will apply professional best management practices to support environmental protection at all sites, minimize risks to human health and the environment, and achieve environmental protection to levels at or above industry standards or best practices. To support the development of responsible environmental laws, policies and regulations, LIM will work cooperatively with the local communities, industry and regulators.

LIM will develop and implement closure and reclamation plans that will advance long-term environmental recovery and provide suitable post-closure land-use incorporating consideration of the long-term vision of local communities. Where possible LIM will encourage economic and educational development in the communities, during project assessment, development, operation and post-closure and will support initiatives to design and implement operating practices which advance the efficient sourcing and use of materials and energy.

LIM will include environmental performance as an important factor of its management and employee review process and will provide training, resources and staffing so that all employees, contractors and suppliers understand, and are able to conduct their work, in accordance with the Environmental Policy and Social Responsibility. To encourage continual improvement, LIM will conduct routine assessments of projects to identify areas of non-compliance with the Environmental and Social Responsibility Policy, and create and implement corrective action.

LIM commits to the establishment of effective communications relating to environmental and social issues with employees, regulators, stakeholders and communities and to addressing environmental and social concerns in a timely and effective manner.

Aboriginal Engagement Policy

Under various Impact and Benefits Agreements signed with four Aboriginal communities, LIM has committed to the development of the Schefferville Projects in an environmentally and socially responsible manner, and to address and mitigate any environmental, cultural, economic and spiritual concerns of the local aboriginal communities.

The Company has agreed to the equitable participation of the aboriginal communities in the Schefferville Projects through employment, training, contract opportunities and financial benefits, including certain community infrastructure projects.

The Company has undertaken to make best efforts to employ community members in the Project workforce and to engage aboriginal businesses for Project contracts. The Company has also agreed to provide support for education, training and social programs.

The Company has agreed to take certain social and environmental protection measures to mitigate the impact of the Company's Projects on the aboriginal communities, families, and traditional activities. The Company has agreed to make annual contributions to aboriginal traditional activities funds for the benefit of the traditional aboriginal activities of members of relevant First Nations. It is intended that the funds shall be used for the purposes of traditional, cultural and subsistence activities and the protection and preservation of aboriginal values and shall contribute to the aim of protecting the rights, interests and traditional activities of aboriginals.

Women's Employment Plan

LIM has established overall goals for women's employment during construction and operations of the Project, consistent with the approach adopted in the Energy Plan of the Province of Newfoundland and Labrador. Project goals have been established based on recent occupational and industry data, adjusted to reflect the nature of the Project. These goals will be communicated to all potential and selected contractors.

LIM has adopted a Women's Employment Plan which covers the construction and operations phases of the Schefferville Area Iron Ore Mine Project (the "Project"). It describes how Labrador Iron Mines Limited (LIM) will ensure that the employment of women on the Project is fully promoted and supported throughout the Project. The encouragement of women in the workplace is an important goal of LIM. In respect of LIM's commitment to employment equity, about 33% of technical and management positions at the Company are currently occupied by women.

LIM and each of its main contractors will identify actions for achieving the goal levels of employment for women. When new main contractors are identified, they will be asked, as part of the tendering process, to provide information concerning their programs to promote employment equity for women.

The Company has a policy with respect to all employees to ensure zero tolerance for discrimination on the basis of race ethnicity, gender, sexual orientation or origin. LIM's Women's Employment Plan requires the involvement of LIM and its Project contractors. The Plan describes the involvements and responsibilities of contractors; equity goals and initiatives; and, monitoring and reporting.

LIM is committed to employment equity. Employment equity involves a systematic approach to achieving fairness in employment, including the elimination of systemic, structural and attitudinal discrimination. Furthermore, LIM's policy is that no one should be denied access to employment opportunities for reasons unrelated to ability. In support of this, LIM:

- Requires the same commitment to employment equity from its contractors; and
- Will take account of employment equity considerations in the awarding of contracts.

This Women's Employment Plan, and hence this commitment and preference, is attached to relevant Project requests for proposals (RFPs), and all bidders will be required to outline their approach to employment equity.

LIM will identify its main contractors for employment equity planning purposes based on their share of Project employment. This will normally be measured in terms of the person-years of employment involved. The list of main contractors will be reviewed and, as necessary, revised on an annual basis.

LIM and each of the main contractors will identify a senior member of their staff responsible for implementing the Women's Employment Plan. Project equity will be monitored and tracked by these representatives in accordance with the commitments of this Plan and requirements of the IBAs.

In addition, LIM will liaise with the Women in Resource Development Committee (WRDC) prior to and throughout the Project, LIM will work with WRDC to identify the occupations in which women are under-represented and will, on an ongoing basis, update this information and re-evaluate goals accordingly.

Newfoundland and Labrador Benefits Plan

Labrador Iron Mines Limited understands the importance of the Schefferville Area Iron Ore Mine Project in Western Labrador (the "Project") to the people of the Province of Newfoundland and Labrador (the "Province"). LIM is committed to the maximization of associated benefits – including employment, procurement, education, training and economic development - to the Province and, in particular to Labrador, and is committed to providing full and fair opportunity and giving first consideration to residents and businesses of the Province to participate in, and benefit from, the Project.

LIM has established a Labrador Iron Mines Limited Newfoundland and Labrador Benefits Policy (Benefits Policy) that will apply to LIM and to all Project contractors and subcontractors and has developed its Newfoundland and Labrador Benefits Plan to implement the Benefits Policy.

LIM has committed to project employment targets and goods and services procurement targets within the Newfoundland and Labrador Benefits Plan. The targets represent minimum levels of participation by residents of the Province in Project employment and for business opportunities for Newfoundland and Labrador companies in Project activity and LIM commits to achieve or exceed these targets.

RISK FACTORS

The Company, and thus the securities of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed prior to making an investment in the Company. In addition to the other information presented, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

Exploration, Development and Operating Risk

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

No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

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

Company at Exploration and Development Stage - Limited Experience with Mining Operations

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

Government Regulation and Permitting

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

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

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

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

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

Environmental Risks and Hazards

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

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

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

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

Failure to comply with applicable environmental and health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that

the Company has been or will be at all times in complete compliance with all such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially adversely affect the Company's business, results of operations or financial condition. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, or require abandonment or delays in development of mining properties.

Legal and Title Risks

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

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

Factors Beyond Company's Control

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

Insurance and Uninsured Risks

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

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

events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Political and Aboriginal / First Nations

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

Section 35 of the Constitution Act, 1982 recognizes and affirms existing aboriginal and treaty rights. There have also been significant judicial decisions which have impacted the relationship of Aboriginal peoples with government. Government activities cannot infringe upon aboriginal rights unless there is proper justification. When development is proposed in an area to which an aboriginal group asserts aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required to conduct consultations concerning the proposed development with the aboriginal group that may be affected by the project.

Consultations can vary depending on the nature of the aboriginal right affected and the degree of impact. The results of the consultations may conclude that the interests of the aboriginal group be accommodated wherever appropriate. Obligations can range from information sharing to provisions for the participation of the aboriginal group in the development and compensation for impacts. Consultation must be meaningful with the view to accommodating the interests of the aboriginal group affected.

The Labrador Innu, as represented by the Innu Nation, is the only aboriginal party with a land claim that has been accepted by the Government of Newfoundland and Labrador. The Innu of Labrador claim aboriginal rights and title to land and resources in western Labrador in an area which includes the proposed Schefferville Projects area. The claim has been accepted by the Governments of Canada and of Newfoundland and Labrador. The Government of Newfoundland and Labrador, together with the Government of Canada, entered into a Framework Agreement with the Innu of Labrador in 1996 as a first step in the process towards reaching a treaty. The Land Claim Framework Agreement provides a road map for the next stage in treaty negotiations.

In September 2008, the Government of Newfoundland and Labrador and the Innu Nation of Labrador, signed the Tshash Petapen Agreement (the "New Dawn Agreement") which resolves key issues relating to matters between the Province and the Innu Nation and will facilitate the finalization of the Innu Rights Agreement, which will include the Government of Canada. The New Dawn Agreement deals with the major outstanding issues such as land selection, aboriginal harvesting rights, access to resources, aboriginal participation in resource management and financial compensation for the Upper Churchill River and an IBA for the Lower Churchill River Hydro Electric Project, and provided a framework for the conclusion of definitive agreements, including a Land Claim Agreement in Principle and an IBA for the Lower Churchill Project.

The New Dawn Agreement also identified certain Economic Development Areas within which an Impact Benefit Agreement with the Labrador Innu will be required for any Major Development. A large area around and southeast of Schefferville and east of the Schefferville / Emeril Junction rail line has been identified as an Economic Development Area.

The Land Claim Agreement-in-Principle, contemplated by the New Dawn Agreement, was initialed by the Innu Nation and Newfoundland and Labrador in February 2010 and resolved key issues between the Province and the Innu Nation surrounding the Innu Land Claims Agreement.

Federal issues remain to be resolved in the Agreement-in-Principle and the Agreement-in-Principle is subject to ratification by the Innu people of Labrador. Once a tripartite AIP is reached, it will be released to the public for review and comment and the Final Agreement negotiations will begin. It will likely take a number of years before a Final Agreement can be reached, ratified and brought into effect.

The NunatuKavut Community Council Inc. (Metis of Labrador) has asserted a land claim in parts of Labrador which may include the Schefferville Projects area. However, this land claim has not been accepted for negotiation by the Governments of Canada or of Newfoundland and Labrador.

The Labrador Inuit have reached a Final Land Claims Agreement with the Governments of Canada and of Newfoundland and Labrador that has been ratified by the Inuit and the Province. The Labrador Inuit land claim area does not extend to Western Labrador.

The Nunavik Inuit have asserted a claim to lands in northern Labrador. Their claim has not been accepted for negotiation by the Government of Newfoundland and Labrador.

There are a number of Innu groups based in Québec (including Schefferville, and Sept-Îles) who assert aboriginal rights in Québec and Labrador. The Innu of Québec, located at Matimekush-Lac Jean near Schefferville, and at the communities of Uashat Takuaikan mak Mani-Utenam, near Sept-Îles, assert aboriginal rights to traditional lands which include parts of Québec and Labrador. These claims were accepted by the Government of Canada in 1979 and by the Government of Québec in 1980 and negotiations have taken place with regard to the Québec part of the claim. The claims have not been accepted by the Government of Newfoundland and Labrador. No land claim settlement agreements have been reached between Canada or the Province of Newfoundland and Labrador with the Innu of Québec. These claim areas include the areas of the Schefferville Projects and the Québec Innu may be regarded as having overlapping credible land claims in the Schefferville Projects area.

Members of the Innu Uashat Takuaikan mak Mani-Utenam, near Sept-Îles, Québec, claim ownership of some registered trap lines in the Schefferville area.

The Innu of Matimekush-Lac John and Uashat Takuaikan mak Mani Utenam are two of five Innu communities living in northeastern Québec who in 2009 formed the “Innu Strategic Alliance” seeking to have their ancestral rights on their traditional lands which extend on both sides of Québec-Labrador border recognized by Governments. The Innu Alliance seeks to exercise their traditional rights to hunt in a territory called “Nitassinan”, and specifically the parts located within the borders of Labrador, and have objected to the “New Dawn” agreement signed between the Innu Nation of Labrador and the Government of Newfoundland and Labrador under which compensation in respect of the Churchill Hydroelectric Projects will be paid to the Labrador Innu. The Québec Innu were not included in that agreement.

The Innu Alliance has engaged in various political activities, including a demonstration at the Parliament of Canada in November 2009, a caribou hunt in Labrador in February 2010 and visits to the House of Assembly of Newfoundland and Labrador.

The Innu Uashat mak Mani-Utenam, a member of the Innu Strategic Alliance, in August 2010 initiated legal action in the Newfoundland Courts against the Government of Newfoundland and Labrador regarding the Crown’s duty of consultation with respect to the permitting of LIM’s Schefferville Area Iron Ore Project in Western Labrador.

At various times, the Innu Strategic Alliance has stated that, in order to have their ancestral rights, including the caribou hunt recognized, the Québec Innu would if necessary seek to block natural resource

development projects in Labrador and Québec, such as the Churchill hydroelectric project in Labrador, the La Romaine hydroelectric project in Québec and mining projects near Schefferville.

In June, 2010, the Innu Communities of Matimekush- Lac John and of Uashat mak Mani-Utenam set up a barricade on the road from the town of Schefferville leading to the mining projects of two companies (LIM and New Millennium) "to ensure protection of their rights". The barricade was intended to block access to mining properties in Labrador as part of the campaign to protect their rights and other political issues. In a statement issued June 18, 2010, the Innu Strategic Alliance "demands a meeting with the governments and insists on their making a written undertaking whereby the Government of Newfoundland and Labrador shall recognize Innu rights in Quebec".

The Minister of Aboriginal Affairs of the Government of Newfoundland and Labrador sent a letter to lawyers for Uashat, on June 7, 2010, in which the Minister refers to her earlier letter of February 23, 2009 to Chief Grégoire of Uashat and Chief McKenzie of Matimekush, which stated that the Government of Newfoundland and Labrador "is prepared to consult with the communities of Matimekush-Lac John and Uashat mak Mani-Utenam, on a case by case basis, if there were any developments proposed for the area in which they are asserting the claim, that might impinge upon any specific asserted Aboriginal rights they can demonstrate in that area".

The Minister of Aboriginal Affairs of the Government of Newfoundland and Labrador sent a second letter dated June 7, 2010 to the lawyer for Uashat, which appears to clarify a number of important points, including:

- That "a treaty with the Innu Nation of Labrador is not 'imminent' and that it will likely take a number of years before a Final Agreement can be reached, ratified and brought into effect.
- That the final agreement with Labrador's Innu Nation "will not affect, recognize, or provide any rights under section 35 of the Constitution Act 1982 for any Aboriginal peoples of Canada other than the Labrador Innu".
- That the federally established land claim process provides for overlap agreements where two or more Aboriginal groups have overlapping claims and. "Québec-Innu Bands can have their interests considered in that overlap process".
- That the Federal Government announced the creation of a forum to address overlapping issues between the Quebec and Labrador Innu on March 26, 2010.
- The Innu Nation… "is willing to participate in overlap talks with the Québec-Innu".

The Minister encouraged "the Innu of Quebec to engage the Innu of Labrador in overlap talks through that forum or other means".

The Government of Newfoundland and Labrador engaged in consultation with regard to the Company's various permits. This consultation on the permits took longer than anticipated, which resulted in a delay in the Company's originally planned construction and production timeline.

At the end of August 2010 agreement was reached with the Innu Matimekush–Lac John to remove the barriers and thereby enable the ongoing development of the Company's iron ore projects in Western Labrador and Quebec. This agreement was achieved following detailed negotiations between LIM and representatives of the Quebec Innu, including Innu Matimekush – Lac John (Schefferville) and Innu Takuaikan Uashat Mak Mani–Utenam (Sept-Iles), and following discussions and consultations between the Quebec Innu and the various Governments, including meetings in Schefferville attended by representatives of the Government of Newfoundland and Labrador and the Government of Quebec and representatives of the Federal Minister of Indian and Northern Affairs.

In December 2010, the Company signed an Agreement in Principle ("AIP") with the Innu Takuaikan Uashat Mak Mani–Utenam (Sept-Iles). Following signing of the AIP, the Innu Takuaikan Uashat Mak

Mani–Utenam withdrew its legal action against the Government of Newfoundland and Labrador in the Supreme Court of Newfoundland and Labrador (Trial Division). Its previously filed legal action had claimed that the Government of Newfoundland and Labrador failed to consult the Uashaunnuat with regard to the Company's projects, and failed to reasonably accommodate the Uashaunnuat's interests, as required under the Constitution.

The Government of Newfoundland and Labrador has made it clear that it is prepared to consult with Matimekush-Lac John and Uashat mak Mani-Utenam on a case by case basis and has developed a Consultation Protocol which has clarified and significantly improved the aboriginal consultation process.

In March 2010, the Minister of Indian Affairs and Northern Development proposed creating a forum for talks between the Innu residing both in Quebec and in Newfoundland and Labrador regarding their overlapping land claims. The Minister indicated that Canada is willing to provide funding to both Innu parties to enter into exploratory talks and the Minister has appointed a special representative to act as facilitator in hopes of resolving these overlapping land claim issues.

The federally established land claim process provides for overlap agreements where two or more Aboriginal groups have overlapping claims. The Federal Government's Overlap Forum provides an opportunity for all stakeholders to address and seek to resolve issues. The Government of Newfoundland and Labrador has indicated that it would not be a party to overlap agreement negotiations but has indicated that the Innu Nation… "is willing to participate in overlap talks with the Québec-Innu" and has encouraged "the Innu of Quebec to engage the Innu of Labrador in overlap talks through that forum or other means". In the 1996 Framework Agreement amongst the Innu Nation, the Federal Government, and the Government of Newfoundland and Labrador, the Innu Nation of Labrador took responsibility to resolve overlapping issues.

The Naskapi Nation located at Kawawachikamach, Québec, about 25 kilometers northeast of Schefferville, has concluded a settlement agreement with Canada and the Province of Québec with respect to land claims in Québec in proximity to Schefferville Projects area. In 1978 the Naskapi entered into a comprehensive land claim agreement, called the Northeastern Québec Agreement, which resolved these claims in and to parts of Québec including in the Schefferville Projects area.

The Naskapi Nation asserts rights in and to part of Labrador including the Schefferville Projects area, but this claim has not been accepted by Government of Canada or by Newfoundland and Labrador. No land claim settlement agreement has been reached between Canada or the Province of Newfoundland and Labrador with the Naskapi Nation with respect to asserted claims in Labrador.

The Company has undertaken a program of community consultation and has entered into, or intends to negotiate and enter into, memoranda of understanding and impact and benefits agreements with First Nations communities living in or adjacent to, or having an interest in or asserted claims to, historical lands or treaty or aboriginal rights in the Schefferville Projects area, or who may be impacted by the Schefferville Projects.

In July 2008, the Company and Innu Nation of Labrador, representing the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, respectively, living in the communities of Sheshatshiu and Natuashish, Labrador, signed an IBA, committing to an ongoing relationship between the Innu Nation of Labrador and the Company with respect to the development of the Company's iron ore project located in western Labrador. The IBA is a life of mine agreement that establishes the processes and sharing of benefits that will ensure an ongoing positive relationship between LIM and the Innu Nation of Labrador. In return for their consent and support of the project, the Innu Nation of Labrador and its members will benefit through training, employment, business opportunities and financial participation in the project.

On September 9, 2010, the Company signed an Impact Benefits Agreement with the Naskapi Nation of Kawawachikamach under which the Company has committed to the development of the Schefferville

Project in an environmentally and socially responsible manner, and to address and mitigate any environmental, cultural, economic and spiritual concerns of the Naskapi Nation. The Company has undertaken to make best efforts to employ Naskapi members in the Project workforce and to engage Naskapi aboriginal businesses for Project contracts. The Company has also agreed to provide some support for education, training and social programs.

On December 20, 2010, the Company entered into an Agreement in Principle with the Innu of Uashat and Mani-Utenam (the Uashaunnuat) which stipulates the principal terms to be included in an IBA and under which the Company has agreed to take measures to mitigate the impact of the Company's Projects on the Uashaunnuat and to take certain social and environmental protection measures relating to the Projects. The Company has also agreed to make annual contributions to an Aboriginal Traditional Activities Fund to be created for the benefit of the traditional activities of the Uashaunnuat and other Innu. The Fund may also be used for the benefit of the traditional activities of members of other First Nations in the vicinity of Schefferville. It is intended that the Fund shall be used for the purposes of traditional, cultural and subsistence activities and the protection and preservation of aboriginal values and shall contribute to the aim of protecting the rights, interests and traditional activities of the Uashaunnuat. Negotiations with the Innu Takuaikan Uashat Mak Mani–Utenam Quebec towards the completion of an IBA have been concluded, and it is expected that the agreement will be submitted to the community of Takuaikan Uashat Mak Mani–Utenam for ratification for later in 2011.

In June 2011 the Company signed an IBA with the Innu Nation of Matimekush-Lac John. Under this IBA, the Company has agreed to the equitable participation of the Matimekush-Lac John in the Schefferville Projects and to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects on the Matimekush-Lac John. By entering the IBA, the Matimekush-Lac John has given its consent to the Schefferville Projects proceeding in accordance with the IBA and agreed to provide the Company continuing and unobstructed access to and equitable enjoyment of the iron ore projects and its properties.

There can be no assurance that the Company will be successful in reaching 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, including the Naskapi and/or the Québec Innu.

Lags

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

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's future operations will require rail transportation from the Schefferville region to a sea port and ship berthing, storage and loading facilities at such port. Although the Company has negotiated agreements covering rail transportation to the port of Sept-Îles and berthing, storage and loading facilities at Sept-Îles, there can be no assurance that such arrangements will continue to be on economically feasible terms. Failure of such arrangements or the inability to renegotiate same on economically feasible terms could render the Schefferville Projects unviable. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Management

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

Ability to Attract and Retain Qualified Personnel

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

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

Price Volatility of Publicly Traded Securities

Securities of exploration and mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the the Company Shares include the following:

- the extent of analyst coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;

- limited trading volumes and general market interest in the Company's securities may affect an investor's ability to trade the Company's shares;

- the relatively small number of publicly held shares may limit the ability of some institutions to invest in the Company's securities; and

- a substantial decline in the Company's share price that persists for a significant period of time could cause its securities to be delisted from any stock exchange upon which they are listed, further reducing market liquidity.

As a result of any of these factors, the market price of the Company's shares at any given point in time may not accurately reflect the Company's long-term value.

Fluctuating Mineral Prices

Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. The principal factors include: diminished demand which may arise if

current rates of economic growth in India and China are not sustained; supply interruptions due to changes in government policies in iron ore consuming nations, war, or international trade embargoes; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest iron ore producers; and, increases in supply resulting from the discovery and the development of new sources of iron ore. The effect of these factors on the Company's operations cannot be predicted.

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian dollars, while prices for iron ore are generally quoted in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, if it occurs, may have a significant impact on the Company's financial position and results of operations in the future.

Conflicts of Interest

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

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

From time to time several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of Ontario, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company has no history of earnings. The Schefferville Projects are in the exploration and development stage and there are no proven commercial quantities of mineral reserves on the Schefferville Projects.

Mineral Projects

The Schefferville Projects

Technical information in this section and elsewhere in this Annual Information Form regarding Silver Yards and Houston is summarized or extracted from the Silver Yards Report and the Houston Report. Portions of the information in this section are based on assumptions, qualifications and procedures which are more fully described in the Silver Yards and Houston Reports, the full text of which is available for review on SEDAR, which can be accessed online at www.sedar.com. The full text of the Silver Yards and Houston Reports are hereby incorporated by reference and form an integral part of this Annual Information Form. Readers are advised not to rely on information in the Silver Yards Report pertaining to the Houston property as such information is covered by the Houston Report.

Property Description and Location

The Schefferville Projects comprise 20 different iron ore deposits, which were part of the original IOC direct shipping operations which ceased in 1982. These deposits included in the 250 million tonnes of historical reserves and resources previously estimated by IOC prior to 1983 and were not part of IOC's producing properties. These historical resources are not current and were not prepared in accordance with NI 43-101. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources or reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration; however, they should not be relied upon.

The iron ore deposits which comprise the Schefferville Projects are divided into two separate portions, one within the Province of Newfoundland and Labrador held by LIM and the other within the Province of Québec held by SMI.

The LIM portion comprises three mining leases and 54 mineral rights licences in western Newfoundland and Labrador, covering approximately 16,050 hectares. These licences are subject to a royalty in favour of former holders of 3% (to a maximum of $1.50 per tonne) of the selling price freight on board ("FOB") port of iron ore produced and shipped from such properties.

The SMI portion comprises 258 mining rights in eastern Québec, covering approximately 10,730 hectares. SMI also holds an exclusive operating licence in a mining lease covering 23 parcels totaling approximately 2,036 hectares. All of these rights and licences are subject to a royalty in favour of former holders of $2.00 per tonne of iron ore produced and shipped from these properties.

There are no roads connecting the area to southern Labrador or to Québec. Access to the area is by rail from Sept-Îles to Schefferville or by air from Montreal and Sept Îles. The Labrador properties are located inside a 70 km radius from Schefferville. The Iron Ore Company of Canada ("IOCC") had previous mining activities close to most of these properties.

Background and History

The Québec-Labrador Iron Range has a tradition of iron ore mining since the early 1950s and is one of the largest iron producing regions in the world.

The first serious exploration in the Labrador Trough occurred in the late 1930s and early 1940s when Hollinger North Shore Exploration Company Limited ("Hollinger") and Labrador Mining and Exploration Mining Company Limited acquired large mineral concessions in the Québec and Labrador portions of the Trough. Mining and shipping from the Hollinger lands began in 1954 under the management of IOC, a company specifically formed to exploit the Schefferville area iron deposits. The former direct shipping iron ore ("DSO") operations at Schefferville operated by IOC produced in excess of 150 million tonnes of lump and sinter fine ores over the period 1954-1982.

As the technology of the steel industry changed over the ensuing years, more emphasis was placed on the concentrating ores of the Wabush area and interest in and markets for the direct shipping Schefferville ores declined. In 1982, IOC closed its operations in the Schefferville area.

Following the closure of the IOC mining operations, the mining rights held by IOC in Labrador reverted to the Crown. Between September 2003 and March 2006, Fenton and Graeme Scott, Energold Minerals Inc. ("Energold") and New Millennium Iron Corp. began staking claims over the soft iron ores in the Labrador part of the Schefferville camp. Recognizing a need to consolidate the mineral ownership, Energold, and subsequently LIM, entered into agreements bringing the southern deposits under one ownership. LIM subsequently acquired additional properties in Labrador by staking. In 2009, SMI acquired the properties in Québec held by Hollinger.

All of the properties, including Silver Yards, Houston and Denault, comprising the Schefferville Projects were part of the original IOC Schefferville holdings and formed part of the 250 million tonnes of reserves and resources identified but not mined by IOC in the area. The historical resources estimates contained herein are based on work completed and estimates prepared by IOC prior to 1983 and were not prepared in accordance with NI 43-101. The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. A qualified person has not done sufficient work to classify the historical estimates as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. However, the historical estimates should not be relied upon.

Geology and Mineralization

At least 45 hematite-goethite ore deposits have been discovered in an area 20 km wide that extends 100 km northwest of Astray Lake, referred to as the Knob Lake Iron Range, which consists of a tightly folded and faulted iron-formation exposed along the height of land that forms the boundary between Québec and Labrador. The Knob Lake properties are located on the western margin of the Labrador Trough adjacent to Archean basement gneisses. The Central or Knob Lake Range section extends for 550 km south from the Koksoak River to the Grenville Front located 30 km north of Wabush Lake. The principal iron formation unit, the Sokoman Formation which is part of the Knob Lake Group, forms a continuous stratigraphic unit that thickens and thins from sub-basin to sub-basin throughout the fold belt.

The sedimentary rocks in the Knob Lake Range strike northwest, and their corrugated surface appearance is due to parallel ridges of quartzite and iron formation which alternate with low valleys of shales and slates. The Hudsonian Orogeny compressed the sediments into a series of synclines and anticlines, which are cut by steep angle reverse faults that dip primarily to the east. The synclines are overturned to the southwest with the east limits commonly truncated by strike faults. Most of the secondary earthy textured iron deposits occur in canoe-shaped synclines, some are tabular bodies extending to a depth of at least 200 metres, and one or two deposits are relatively flat lying and cut by several faults. Subsequent supergene processes converted some of the iron formations into high-grade ores, preferentially in synclinal depressions and/or down-faulted blocks.

The Labrador Trough contains four main types of iron deposits:

- soft iron ores formed by supergene leaching and enrichment of the weakly metamorphosed cherty iron formation; they are composed mainly of friable fine-grained secondary iron oxides (hematite, goethite, limonite);

- taconites, the fine-grained, weakly metamorphosed iron formations with above average magnetite content and which are also commonly called magnetite iron formation;

- more intensely metamorphosed, coarser-grained iron formations, termed metataconites which contain specular hematite and subordinate amounts of magnetite as the dominant iron minerals; and

- minor occurrences of hard high-grade hematite ore occur southeast of Schefferville at Sawyer Lake, Astray Lake and in some of the Houston deposits.

Secondary enrichment included the addition of secondary iron and manganese which appear to have moved in solution and filled pore spaces with limonite-goethite. Secondary manganese minerals (i.e., pyrolusite and manganite) form veinlets and vuggy pockets. The types of iron ores developed in the deposits are directly related to the original mineral facies. The predominant blue granular ore was formed from the oxide facies of the middle iron formation. The yellowish-brown ore, composed of limonite-goethite, formed from the carbonate-silicate facies, and the red painty hematite ore originated from mixed facies in the argillaceous slaty members.

Drilling, Sampling and Analysis

Diamond drilling of the Schefferville area iron deposits has historically proven challenging as the alternating hard and soft mineralized zones tend to preclude good core recovery. Traditionally, IOC used a combination of reverse circulation ("RC") drilling, diamond drilling and trenching to generate data for reserve and resource calculation. A large quantity of original IOC data has been recovered, reviewed and digitized by LIM. IOC also sampled targets by trenching and test pits in addition to drilling. The test pits and trenches were to determine lithologies, ore body limits and quality of ore on surface. Samples were usually collected over 10 feet (3.0 metres) intervals.

Exploration and Drilling

Most historic exploration at the Schefferville area iron ore deposits was carried out by IOC until the closure of their operation in 1982. A considerable amount of data used in the evaluation of the current status of the resource and reserve evaluation is provided in the documents, sections and maps produced by IOC or consultants working for them. Recent exploration has been carried out by the Company since 2005. On some of the properties comprising Silver Yards, trench sampling as well as bulk sampling was carried out. The exploration data has been used to calculate the mineral resource estimates for the James and Redmond deposits set out below.

Traditionally, IOC used a combination of RC drilling, diamond drilling and trenching to generate data for reserve and resource calculation. A significant portion of the original IOC data has been recovered and reviewed by the Company. Systematic drilling has been carried out on sections 30 metres apart. The Company carried out exploration drill programs in 2006, 2008, 2009 and 2010 using predominantly RC drilling. The geological sections originally prepared by IOC have been updated with the information obtained through the Company's exploration. Details of the results of these programs are contained in the Silver Yards Report which is incorporated in this Prospectus by reference.

Sample Preparation, Security and Data Verification

The precise sampling procedures used by IOC are not known, but it is believed that LIM has followed procedures that are similar to those used by IOC in the past. All samples were processed in a preparation laboratory, located in Schefferville, that was established by LIM. Sampling and preparation was carried out under the supervision of LIM and SGS Canada Inc. ("SGS") personnel in 2008, and by LIM personnel in 2006, 2009 and 2010. Sampling was carried out by experienced LIM geologists or technicians following well-established sampling and preparation procedures. The samples were reduced to representative, smaller size samples that were sent to SGS Lakefield laboratory or to ACTLABS laboratory for analysis and testing.

Metallurgical Testing

During February 1989 three mineralized samples comprising approximately 12.7 tonnes or 45 drums of James ore were treated at Lakefield Research Laboratories (now SGS-Lakefield), Lakefield, Ontario. In

1990, a bulk sample of mineralized material from James deposit weighing approximately three tonnes was transported to Centre de Recherches Minerales (CdRM), Québec City, for testing.

Trench samples taken in 2006 from the James and Houston deposits were tested for compressive strength, crusher index and abrasion index at SGS-Lakefield. Composite crushing, dry and wet screen analysis, washing and classification tests were done at "rpc The Technical Solutions Centre" in Fredericton, New Brunswick.

From the 2008 Exploration Drill Program, five iron ore composite samples from the James deposit were submitted to SGS-Lakefield for mineralogical characterization to aid with the metallurgical beneficiation program. The samples were selected based on their lower iron grade. Emphasis was placed on the liberation characteristics of the iron oxides and the silicates minerals.

The 2008 bulk sample program, during which a total of some 5,900 tonnes was collected, provided representative 200 kg samples from each of the raw ore type, (James: blue ore, Knob Lake: red ore, Houston: blue ore and Redmond 5: blue ore) that was sent to SGS Lakefield laboratories for metallurgical testing. Other tests (angle of repose, bulk density, moisture, direct head assay and particle size analysis determinations) were also carried out. Preliminary scrubber tests were performed on all four samples. Only the James South sample was submitted for Crusher Work Index tests. The potential of beneficiation by gravity was explored by Heavy Liquid Separation and Vacuum filtration testwork was also carried out by Outotec.

The material collected from the James South bulk sample was sent to a number of other laboratories for additional test work, including Derrick Company for screening tests, Outotec in Jacksonville, and SGA Laboratories in Germany for Sinter Tests and Lump Ore characterization. Material from the Redmond deposit was sent to MBE Coal & Minerals Technologies in Germany and to Corem in Québec City.

SGA concluded: "In summary, it can be stated that the tested sample showed excellent sintering behavior, clearly improving sintering productivity and metallurgical properties of the sinters. The high iron content and low gangue as well as the low portion of fines determine the high quality of this ore grade. Such fines will be well accepted in the market." SGA also concluded: "High reducibility evaluated for James South being superior to other ore grades on the European market. In summary, it can be stated that James South ore represents a high quality lump ore grade which will be well accepted on the European market."

Silver Yards

The Silver Yards property is the most advanced of the Schefferville Projects. The operational plan for the first phase of Stage 1 of the Schefferville Projects contemplates initial production from James and Redmond at Silver Yards, two brownfield deposits with low strip ratios within an area that has been previously mined. The deposits are accessible by existing gravel roads. Formal confirmation of the release of the first phase of Stage 1 by the Government of Newfoundland and Labrador under the Environmental Protection Act was received on February 12, 2010. The Company has received the necessary construction and operating permits to allow mining and processing to commence at Silver Yards. In addition, surface use leases have been issued for all those additional areas required for the construction and operation of the James and Redmond deposits at Silver Yards, including the processing and beneficiation area, camp area and the rail spur line. Construction of the processing and beneficiation plant for the initial phase of planned production at the Silver Yards site, where ore will be crushed, washed and screened, was completed and commissioning commenced in April 2011.

Preliminary mining operations at the James Mine commenced in April 2011. All of the James North pit area has been stripped of overburden and cleared and has exposed over 400 metres of ore along strike. Over 1,100 grade control holes have been completed and assayed to date towards detailed information for mining grade control. Development of the first mining bench in the north end of the James pit has exposed a mining face in the higher grade blue ore, which is the first ore being mined, and a significant

tonnage of this material will be directly shipped without further processing. The waste rock has proven to be largely free digging and mine development is currently ahead of schedule

Ore mining operations commenced in June 2011. Approximately 120,000 tonnes of iron ore have been stockpiled to date. Ore mining will continue for the season until November at a mining rate of approximately 15,000 tonnes of ore per day, using conventional open-pit mining methods and, where necessary employing standard drilling and blasting practices. Overburden and waste mining and some ore mining will continue through the winter period. Ore mined will be classed into three products for direct shipping, plant feed, and stockpiling for treatment in 2012.

The first James mine settling pond has been constructed to enable pit dewatering. A number of additional dewatering wells are being drilled, to supplement the wells drilled in 2009, with pump and piping installation and dewatering of the James mine currently underway. Site clearing and grubbing at the James South pit was completed during the winter months and the ore body is now exposed.

The ore haul road from the James mine to the Silver Yards processing site has been completed. The various ore and waste rock stockpile areas have been prepared, as have the temporary and permanent ore storage pads. Ore mined from the initial development, together with the stockpiles of ore from previous bulk sampling programs have been delivered to the plant area ahead of the primary crusher ready for processing. Some higher grade blue ore will be designated as direct shipping ore and will not be put through the beneficiation plant. This ore will be sold directly to users in China.

Silver Yards Plant

The beneficiation area, where Stage 1 ore will be crushed, washed and screened, is situated within an area called the Silver Yards approximately 1 km northeast of the James mine.

The first phase of the Silver Yards plant has been constructed and commissioned including the primary and secondary crushers, screens, scrubbers, stackers and conveyers. Overall the commissioning process was trouble free and took no longer than planned. The plant is now operating largely to specification though a number of small teething problems are being fixed as they occur. Residual material from the plant is being pumped to the old Ruth Pit where it is being disposed of under water in accordance with the development plan and various operating permits.

The Silver Yards plant has a planned initial processing rate of 6,000 tonnes per day, increasing to 10,000 tonnes per day. It is expected that the plant will continue to operate through to November. In future years the planned annual seasonal processing schedule will cover a period of seven to eight months, or approximately 210 to 240 days per year, from April to November or December, depending on weather conditions.

The ore which contains higher levels of silica will not be processed in the first year of operations but will be stockpiled for treatment later when the plant is expanded with the addition of a third processing line.

Plant Upgrade and Expansion

The Silver Yards plant as initially built had the equipment to crush, wash and screen to recover about 65% of the contained iron. The Company is currently installing a fines recovery system and this is expected to become operational during August 2011. This will include installation of a hydrosizer and pan filter. The installation of this system is expected to increase overall recoveries to about 75% and increase the plant output by approximately 13%.

The Company plans to install additional processing equipment in the Silver Yards plant to beneficiate the lower grade and the ultra-fine ore and to increase products grades. This would include installation of jigs and a wet high intensity magnetic separator to further process the overflow of the hydrosizer and the underflow of the secondary de-sliming cyclone. Installation of this additional equipment would improve

the grade of the lump and coarse sinter feed products, while at the same time improving recoveries to about 80% while increasing the capacity of the plant by approximately 6%. If confirmed, the installation of this additional equipment could commence in the fall of 2011 to be ready for commissioning in the spring of 2012.

In addition the Company is planning to install a new separate processing line in the Silver Yards plant. Subject to a planned metallurgical test program, this expansion will include equipment to produce sinter feed, sinter fines and pellet feed products. When installed, this line will be used to process the ore with the higher silica grades. This new line is expected to have an approximate recovery of ~ 67% and will increase the total Silver Yards treatment capacity by an additional one million tonnes per year.

The plan for the initial phase of operations of the Silver Yards beneficiation plant consists of washing and screening the higher grade blue ore material, while the higher silica blue ore and the yellow ore will be stockpiled for later treatment.

The Company plans to upgrade and expand the Silver Yards plant in subsequent phases to increase recoveries, treat lower grade and higher silica ores and to increase throughput and output. The Phase II expansion, consisting of the addition of a new lump ore secondary screen and a fines recovery system, is planned to be completed during the summer of 2011.

This first phase of Stage 1 has an estimated four-year operational life and will be followed by other phases, including development of the Denault, Ruth Lake, Gill, Knob Lake, Star Creek, Lance Ridge, Squaw Woolett 1 and Fleming 9 deposits, as further resource definition, metallurgical testing and detailed engineering design and environmental studies and project approvals are completed and obtained.

Details concerning the Company's rights, title and interest to the Silver Yards property, terms of agreements affecting the properties, and additional information concerning the location, infrastructure and physiography of the property are included in the Silver Yards Report which is incorporated in this Prospectus by reference.

Mineral Resource Estimates

The Company has confirmed a NI 43-101 compliant aggregate total indicated mineral resource of approximately 11.0 million tonnes on the James and Redmond deposits with an average grade of 57.3% iron and 0.72% manganese, consisting on the James deposit of approximately 8.1 million tonnes of indicated mineral resource grading 57.7% iron and 0.65% manganese, and on the Redmond deposit of approximately 2.9 million tonnes of indicated mineral resource grading 56.4% iron and 0.94% manganese.

Details of the indicated and inferred mineral resources on the James and Redmond deposits at Silver Yards are set out in the following table which is effective as of November 9, 2009:

Estimated Mineral Resources James Deposit (NI 43-101 Compliant)

Ore Type	Classification	Tonnes	SG	Fe%	P%	Mn%	SiO_2%	Al_2O_3%
NB-LNB	Indicated	5,802,000	3.49	59.60	0.029	0.69	11.05	0.48
	Inferred	35,000	3.43	57.22	0.080	0.14	11.50	0.59
$HiSiO_2$	Indicated	2,296,000	3.33	52.92	0.021	0.53	21.75	0.43
	Inferred	76,000	3.31	51.87	0.015	0.15	23.72	0.42
Total	**Indicated**	**8,098,000**	**3.44**	**57.71**	**0.027**	**0.65**	**14.08**	**0.47**
	Inferred	**111,000**	**3.35**	**53.56**	**0.036**	**0.14**	**19.88**	**0.47**

Estimated Mineral Resources Redmond Deposits (NI 43-101 Compliant)

Ore Type	Classification	Tonnes	SG	Fe%	P%	Mn%	SiO_2%	Al_2O_3%
NB-LNB	Indicated	2,642,000	3.43	56.94	0.07	1.02	7.91	1.26
	Inferred	109,000	3.35	53.67	0.09	1.58	9.44	1.83
$HiSiO_2$	Indicated	291,000	3.29	51.19	0.03	0.24	21.52	0.41
	Inferred	-	-	-	-	-	-	-
Total	**Indicated**	**2,933,000**	**3.41**	**56.37**	**0.07**	**0.94**	**9.26**	**1.18**
	Inferred	**109,000**	**3.35**	**53.67**	**0.09**	**1.58**	**9.44**	**1.83**

Ore Types	***Ore Colours***	***T_Fe%***	***T_Mn%***	***SiO2%***	***Al2O3%***
NB (Non-bessemer)	Blue, Red, Yellow	>=55	<3.5	<10	<5
LNB (Lean non-bessemer)	Blue, Red, Yellow	>=50	<3.5	<18	<5
HiSiO2 (High Silica)	Blue	>=50	-	18-30	<5
HMN (High Manganiferous)	Blue, Red, Yellow	(Fe+Mn) >=50	>=6	<18	<5
LMN (Low Manganiferous)	Blue, Red, Yellow	(Fe+Mn) >=50	3.5-6	<18	<5

- *LIM resource definitions includes Hi-SiO2 ores (>=50% Fe <=30% SiO_2 dry basis).*
- *The original IOC ore definition was: >=50% Fe, <=18% SiO_2 dry basis.*
- *A variable specific gravity (density) was used for the modeled ore blocks using the following equation previously calculated by LIM based upon 229 specific gravity tests: SG = (2.3388 + Fe x 0.0258) x 0.9.*
- *Blue ores, which are composed mainly of the minerals hematite and martite, are generally coarse grained and friable. They are usually found in the middle section of the iron formation.*
- *Yellow ores, which are made up of the minerals limonite and goethite, are located in the lower section of the iron formation in a unit referred to as the "silicate carbonate iron formation" or SCIF.*
- *Red ore is predominantly a red earthy hematite. It forms the basal layer that underlies the lower section of the iron formation. Red ore is characterized by its clay and slate-like texture.*

The mineral resources were calculated by SGS using a database consisting of a total of 310 collar records (including RC, diamond and trench records), a total of 15,049 metres, mostly RC, and 4,567 assay records. SGS did not carry out detailed verification of all the historical data in comparison with the original logs, but rather did a selective checking on the data found with the documents provided by the Company. SGS's site visit, 2008 and 2009 field work and discussions with the Company's personnel provided them with the belief that the database (with some minor corrections) is accurate and managed correctly. Specific gravity testing was carried out on RC drill chips and a variable specific gravity (density) was used for the modeled ore types. Geological modelling was done using standard sectional modelling of 30 metre spacing on the James deposit and Redmond 5 deposit, and 25 metre spacing on the Redmond 2B deposit.

Project Operations – Stage 1, Phase 1

Mining and Processing

Mining and processing operations will be conducted by contractors using conventional open pit mining methods for eight months per year, from April to November, at an anticipated initial mining rate of 6,000 tonnes per day ("tpd"), increasing later to 10,000 tpd, followed by beneficiation at the Silver Yards facility using washing and screening. The Silver Yards plant as currently installed has the equipment to crush, wash and screen to recover about 65% of the contained iron, which will be produced as two products, one coarse lump ore and the second a sinter feed. It is expected that initially the lump ore will represent about one-quarter of the product. In addition, some run of mine ore will be directly shipped without further processing.

The ore which contains higher levels of silica ($HiSiO_2$) will not be processed in the first year of operations but will be stockpiled for treatment later when the plant is expanded with the addition of a third processing line. This expansion line is expected to be in operation for the 2012 operating season.

Major features of the first phase of Stage 1 include:

- mine product will be beneficiated by crushing, washing and screening at the Silver Yards area. No chemicals will be used in the beneficiation process;

- the Silver Yards beneficiation plant has been designed to process 10,000 tpd of iron ore, with the initial processing rate at 6,000 tpd, over a period of approximately 212 to 240 days per full season depending on weather conditions. Additional equipment will be added during 2011 and 2012 to improve recoveries and increase production; and

- subsequent to the washing and screening process, reject fines will be pumped via pipeline to be deposited in Ruth Pit, a flooded historical open pit, which will act as a settling pond to remove suspended solids.

An accommodation camp, which can accommodate approximately 70 people, has been completed at Bean Lake, located about 2 km from Silver Yards. The camp catering contract has been finalized and workers began occupying the Bean Lake camp in March 2011.

An existing power transmission line is located less than 1 km away from Silver Yards and transmits power from the Menihek Generating Station, owned by Newfoundland and Labrador Hydro. Diesel power will be used for the Silver Yards and Bean Lake camp during the first year pending hook up to the grid.

Once the basic processing plant at Silver Yards is operating satisfactorily, a series of plant upgrades and expansions will be considered and, subject to favourable metallurgical testing, undertaken. These include:

- installation of a fines recovery system, including a hydrosizer and pan filter, during the summer of 2011 and expected to be operational in September 2011. The installation of this system is expected to increase overall recoveries to about 75% and the plant output by approximately 13%;

- possible installation in the spring of 2012 of additional process equipment, to beneficiate the lower grade material. This would also produce an ultra-fine product which would be sold as a pellet feed and is expected to improve the grade of the lump and coarse sinter feed products, while at the same time improving overall recoveries to over 80% and increase the capacity of the plant by approximately 6% and

- installation of a new separate processing line in the Silver Yards plant which, subject to favourable metallurgical test results, will include equipment to produce sinter fines, ultra fines

and pellet feed products. When installed, this line will be used to process higher silica grade material with an expected recovery of approximately 67%, and is expected to increase the total Silver Yards treatment capacity by an additional one million tonnes per year.

The iron content and quality of the final products will depend on the grade of the treated ore and is expected to be about 64%Fe for non-bessemer blue ore (≥ 55% Fe) for both lump and sinter fines and about 62% Fe for ultra fines. For lower grade ores (lean non-bessemer ≤ 55% Fe) and higher silica ore ($HiSiO_2$) the iron content of the final products is expected to be about 62% Fe for sinter fines and ultra fines. In addition, higher grade run of mine ore (≥ 59% Fe) may be shipped directly with only limited crushing and no further beneficiation.

Final iron ore products from the beneficiation plant will be loaded on rail cars at the Silver Yards rail spur and shipped by rail to the port of Sept-Îles, Québec for transhipment by sea to the ultimate consumers who are currently expected to be steel plants in Europe and Asia.

Capital and Operating Cost Estimates

These capital and operating cost estimates are limited to the first phase of Stage 1 (James and Redmond deposits) of the planned operations with processing to occur at the Silver Yards facility.

As at March 31, 2011, the Company had expended approximately $33 million in plant and equipment and approximately $3 million in environmental reclamation and bonding (excluding expenditures on exploration, environmental or marketing studies). Capital costs to complete the plant construction at Silver Yards and mine development at James were estimated at March 31 2011 at about $7 million.

Additional anticipated capital costs are as follows:

Equipment for recovery enhancement at the Silver Yards plant	$3,000,000
An enhancement and expansion program to upgrade the Silver Yards plant to enable the treatment of lower grade ore and increase the output capacity (2012) [(1)]	$20,000,000
Planned further process improvements to treat high silica and lower grade material (2012)[(1)]	$15,000,000
Capital contributions towards the cost of the TSH railway rehabilitation program	$3,500,000
Capacity and equipment advances to QNS&L (2011 – 2012)[(2)]	$25,000,000

Notes:

(1) Subject to further evaluation.

(2) These costs will be recoverable from future tariff credits.

The average life of mine operating costs for the James and Redmond deposits were estimated to be in the range of approximately $50 per tonne broken out as follows:

- Mining and Haulage: $12
- Processing: $ 8
- Transport and Port: $25
- General and Administration: $ 5

The year 2011 is considered to be a short start-up year and initial unit operating costs for the 2012 fiscal year will be higher than the anticipated average. Total operating cash costs will be dependent on final port and shipping arrangements which have not been completed.

Houston

Details concerning the Company's rights, title and interest to the Houston property, terms of agreements affecting the properties, and additional information concerning the location, infrastructure and physiography of the property are included in the Houston Report which is incorporated in this Annual Information Form by reference.

As a result of the significantly increased mineral resource estimate resulting from the 2010 exploration drilling at the Houston 1, 2 and 3 deposits, situated 15 km southeast of the James deposit at Silver Yards and about 20 km from Schefferville, Québec, the Houston deposits are now considered of sufficient tonnage to merit evaluation as a stand-alone operation. Management is in the process of preparing a detailed mine plan and cost estimates for Houston.

Exploration and Drilling

The 2010 program in Houston consisted of RC drilling. Drilling was targeted to test the presence of mineralization between cross sections 330 and 340 and as infill drilling in Houston 1 and Houston 2S. In 2010, 26 RC drill holes were completed at Houston for a total of 1,804 metres.

For the most recent calculations of the resources for the Houston deposit, data from 4,418 metres of drilling in 84 historical reverse circulation drill holes and 1,485 samples has been used. The systematic drilling has been carried out on sections 100 feet (30 metres) apart.

A bulk sample program was started in 2006 (2,400kg from Houston) but the major bulk sampling was carried out in 2008 when 2,000 tonnes of ore were excavated from the Houston 1 deposit.

Mineral Resource Estimates

The Company has confirmed a NI 43-101 compliant total measured and indicated mineral resource of approximately 22.2 million tonnes on the Houston deposit with an average grade of 58.3% iron and 0.9% manganese, consisting of approximately 18.7 million tonnes of measured mineral resource grading 57.7% iron and 1.0% manganese and approximately 3.5 million tonnes of indicated mineral resource grading 55.6% iron and 1.0% manganese. For the most recent calculations of the resources for the Houston deposits, data from 4,418 metres of drilling in 84 historical RC drill holes comprising 1,485 samples has been used. The systematic drilling had been carried out on sections 100 feet (30 metres) apart. In addition to historical data, LIM carried out several exploration programs at Houston since 2006 with the purpose of verifying the historical resources and evaluating its extensions. This included 5,985 metres in 89 drill holes, 554 metres in 10 trenches, and 2,074 samples. Most of the drilling completed was using tricone reverse circulation.

Details of the measured, indicated and inferred mineral resources on the Houston deposit are set out in the following table which is effective as of March 25, 2011:

Classification	Area	Ore Type	Tonnage	SG	Fe(%)	Mn(%)	SiO2(%)
Measured (M)	Houston 1	HiSiO2	1,300,000	3.3	52.7	0.8	21.0
		LMN-HMN	470,000	3.4	54.4	4.9	10.3
		LNB-NB	5,210,000	3.5	59.8	0.8	10.2
	Houston 2N	HiSiO2	20,000	3.3	52.2	0.4	22.7
		HMN-LMN	0	0.0	0.0	0.0	0.0
		LNB-NB	20,000	3.5	60.1	0.4	11.6
	Houston 2S	HiSiO2	2,300,000	3.3	52.4	0.8	21.2
		HMN-LMN	50,000	3.4	56.2	4.5	9.7
		LNB-NB	5,250,000	3.5	59.8	0.6	10.6
	Houston 3	HiSiO2	630,000	3.3	52.7	0.6	21.0
		HMN-LMN	380,000	3.3	52.3	5.2	11.0
		LNB-NB	3,070,000	3.5	58.6	1.1	10.1
	Total		18,700,000	3.4	57.7	1.0	12.8
Indicated(I)	Houston 1	HiSiO2	290,000	3.3	52.9	0.4	21.3
		LMN-HMN	0	3.3	52.4	5.3	13.7
		LNB-NB	620,000	3.5	59.5	0.6	12.1
	Houston 2N	HiSiO2	20,000	3.3	53.2	0.7	21.4
		HMN-LMN	0	0.0	0.0	0.0	0.0
		LNB-NB	30,000	3.5	60.1	0.6	12.0
	Houston 2S	HiSiO2	880,000	3.3	52.1	0.9	22.2
		HMN-LMN	0	0.0	0.0	0.0	0.0
		LNB-NB	690,000	3.5	58.4	1.0	13.0
	Houston 3	HiSiO2	290,000	3.3	52.4	0.7	21.3
		HMN-LMN	130,000	3.3	52.7	5.1	11.2
		LNB-NB	520,000	3.4	57.0	1.4	12.8
	Total		3,470,000	3.4	55.6	1.0	16.5
Inferred	Houston 1	HiSiO2	50,000	3.3	52.4	0.6	21.3
		LMN-HMN	0	3.2	48.8	7.7	15.8
		LNB-NB	70,000	3.5	58.3	0.5	13.5
	Houston 2N	HiSiO2	30,000	3.3	51.7	0.8	23.7
		HMN-LMN	0	0.0	0.0	0.0	0.0
		LNB-NB	0	3.5	58.3	0.9	14.6
	Houston 2S	HiSiO2	150,000	3.3	52.3	1.1	21.3
		HMN-LMN	0	0.0	0.0	0.0	0.0
		LNB-NB	200,000	3.4	57.4	1.0	14.8
	Houston 3	HiSiO2	130,000	3.3	52.8	0.5	21.0
		HMN-LMN	0	0.0	0.0	0.0	0.0
		LNB-NB	60,000	3.4	57.0	0.6	16.0
	Total		690,000	3.4	54.9	0.8	18.2

Ore Types	***Ore Colours***	***T_Fe%***	***T_Mn%***	***SiO2%***	***Al2O3%***
NB (Non-bessemer)	Blue, Red, Yellow	>=55	<3.5	<10	<5
LNB (Lean non-bessemer)	Blue, Red, Yellow	>=50	<3.5	<18	<5
HiSiO2 (High Silica)	Blue	>=50	-	18-30	<5
HMN (High Manganiferous)	Blue, Red, Yellow	(Fe+Mn) >=50	>=6	<18	<5
LMN (Low Manganiferous)	Blue, Red, Yellow	(Fe+Mn) >=50	3.5-6	<18	<5

- *LIM resource definitions includes Hi-SiO2 ores (>=50% Fe <=30% SiO_2 dry basis).*
- *The original IOC ore definition was: >=50% Fe, <=18% SiO_2 dry basis.*
- *A variable specific gravity (density) was used for the modeled ore blocks using the following*

equation previously calculated by LIM based upon 229 specific gravity tests: SG = (2.3388 + Fe x 0.0258) x 0.9.

- *Blue ores, which are composed mainly of the minerals hematite and martite, are generally coarse grained and friable. They are usually found in the middle section of the iron formation.*
- *Yellow ores, which are made up of the minerals limonite and goethite, are located in the lower section of the iron formation in a unit referred to as the "silicate carbonate iron formation" or SCIF.*
- *Red ore is predominantly a red earthy hematite. It forms the basal layer that underlies the lower section of the iron formation. Red ore is characterized by its clay and slate-like texture.*

Block Modeling: In March 2011, SGS was mandated to review and update the resource and block model previously disclosed by the Company in February 2011. SGS used its own software called BlockCad for the resource estimation. The SGS set of geotatistial software programs are reliable and validated and constantly improved by SGS's experienced software and geostatistical team. The ordinary kriging interpolation method was used to estimate the resources by block modeling with block sizes of 5x5x5 metres and block rotation of 45.6° which corresponds to the general strike of the deposit. SGS used LIM's geological and ore models interpreted in the Gemcom software. The mineralized envelope prepared by LIM was considered reliable and current.

Planned Exploration and Development

The Company intends to evaluate the development of a new separate Stage 2 operation for the Houston deposit (and possibly the Malcolm deposit), which may include a dedicated processing plant which, subject to environmental assessment, permitting and detailed engineering, could be brought into production commencing in 2013 at an eventual rate of 2 to 3 million tonnes per year. This would be in addition to the existing processing plant at Silver Yards which, with planned enhancements and additions, will have a similar design capacity. Planned site development and access infrastructure work at Houston during 2011 is budgeted at $5.0 million.

Further exploration on the Houston property, especially to the south of Houston 3 (20 holes totalling 2,000 metres), to fully evaluate the additional resource potential as well as to investigate the lower grade taconite potential along the eastern margin of the Houston deposits, will be undertaken commencing in the second quarter of 2011. This will include some additional infill drilling to evaluate the deeper, down dip, potential of the Houston 1 deposit (eight holes totalling 800 metres) and the Houston 2 deposit (eight holes totalling 800 metres), as well as some further drilling between the Houston 2 and 3 deposits and to the north of the Houston 1 deposit. In addition, programs of environmental data collection, metallurgical testing, road route evaluation and detailed metallurgical, engineering and design studies at an estimated cost of $2.0 million will be undertaken at Houston.

Management is in the process of preparing a detailed mine plan and operating and capital cost estimates for Houston. The initial capital cost of the Houston mine project for mine site preparation and overburden removal is estimated by Management to be approximately $2 million, with all mine operating equipment supplied by the mining contractor. An additional $3 million is estimated by Management for the cost of the new haul road to Houston. Additional capital expenditures will be required in future years as the other Houston deposits are developed into production.

Other Properties – Denault

The Company also has a 100% interest in the Denault deposit in Québec. Denault is an early stage exploration property. The Company has confirmed a NI 43-101 compliant total measured and indicated mineral resource of approximately 6.4 million tonnes on the Denault deposit with an average grade of 54.8% iron, consisting of approximately 4.4 million tonnes of measured mineral resource grading 55.1% iron and approximately 1.9 million tonnes of indicated mineral resource grading 54.2% iron.

A 2011 drill program is planned consisting of 25 drill holes (totalling 2,500 metres), including ten holes totalling 100 metres on the Denault 1 deposit to delineate any possible extensions of the deposit to the northwest and southeast. A further five holes (totalling 100 metres) on the Denault 2 deposit and ten holes (totalling 100 metres) on the Denault 3 deposit are also planned. Neither of these latter two deposits is included in the Company's mineral resource estimate for Denault. An airborne gravity/magnetic survey has also been recommended to evaluate the possible extensions of DSO mineralization and the presence of possible taconite type mineralization of economic interest.

2011 Exploration Program

In June 2011, the Company commenced its largest ever exploration program on its Schefferville Area Projects, almost exclusively aimed at confirming and potentially extending the resources previously identified by the Iron Ore Company of Canada. A total of 17,500 metres of drilling is planned for the 2011 season, using four drill rigs, and a further 4,000 metres of exploration trenching will be carried out.

The principal targets will be deposits that will comprise Stage 1 subsequent to James and Redmond, and to further work on the Stage 2 deposits at Houston. The deposits to be explored will be Knob Lake, Ruth Lake 8, Gill, Star Creek and Denault for Stage 1, and Houston 1, 2 and 3 plus Malcolm for Stage 2. Some additional definition drilling will be also carried out on the James and Redmond deposits

It is planned to carry out further airborne geophysical surveys to continue to identify extensions to current deposits as well as potential new targets. In addition it is planned to carry out some field exploration of a number of the more distant deposits in Quebec. This work will be used in planning further exploration in the following season.

ITEM 6 – DIVIDENDS AND DISTRIBUTIONS

The Company has not paid any dividends on its common shares since incorporation. The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

ITEM 7 – DESCRIPTION OF CAPITAL STRUCTURE

Labrador Iron Mines Holdings' authorized capital structure consists of an unlimited number of shares without par value of one class designated as an unlimited of common shares. Each common share is entitled to one vote and all common shares rank equally for the payment of dividends and for all distributions, whether upon dissolution, a winding up or otherwise.

At March 31, 2011 the Company had 44,189,891 common shares, 145,320 warrants and 1,739,200 options issued and outstanding. Each option and each warrant is exercisable to acquire one common share of the Company.

As at June 29, 2011 the Company had 53,855,791 common shares, 623,655 warrants and 1,633,750 options issued and outstanding.

Prior Sales

The following tables set forth the prior sales for the financial year ended March 31, 2011 of securities of the Company outstanding but not listed or quoted on a marketplace:

Grant of options to officers and employees:

Date Issued	Number of Securities Issued	Weighted Average Fair Value[(1)]	Exercise Price
2010			
September 15	290,000	$1,400,700	$6.27
November 10	12,500	$69,750	$7.30
2011			
February 17	132,500	$1,165,675	$11.65

Note:

(1) The fair value of the options granted has been estimated using the Black-Scholes option pricing model.

ITEM 8 – MARKET FOR SECURITIES

The Company's common shares trade on the TSX under the symbol "LIM".

The following table shows the price ranges and volume traded of the Company's common shares and warrants on the TSX on a monthly basis for each month of the last financial year.

Share Price Range 2010/11

Month	High	Low	Volume
April 2010	$7.65	$5.95	5,836,554
May 2010	$6.77	$4.40	3,953,208
June 2010	$5.69	$4.36	2,014,627
July 2010	$5.40	$3.80	2,090,419
August 2010	$5.94	$4.25	1,590,664
September 2010	$6.56	$4.37	3,251,456
October 2010	$6.29	$5.41	2,122,904
November 2010	$9.96	$5.99	5,179,500
December 2010	$11.63	$9.31	2,724,676
January 2011	$14.00	$10.87	8,808,158
February 2011	$14.34	$11.26	4,188,820
March 2011	$14.50	$11.51	4,168,203

Broker Warrants

In March 2010 the Company issued 369,960 broker warrants as part of the compensation to the underwriters pursuant to the short form prospectus offering of common shares and flow-through shares. The broker warrants have an exercise price of $6.36 and expire on September 25, 2011. As at the date of this Annual Information Form, 145,320 of these broker warrants were outstanding.

In April 2011 the Company issued 478,335 broker warrants as part of the compensation to the underwriters pursuant to a further short form prospectus offering of common shares and flow-through shares. The broker warrants have an exercise price of $12.50 and expire on October 26, 2012. As at the date of this AIF, 623,655 broker warrants were outstanding.

ITEM 9 – ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at March 31, 2011, and the date hereof, no common shares were held in escrow or subject to contractual restriction.

ITEM 10 – DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

Name and Municipality of Residence	Principal Occupation During the Preceding Five Years	Director Since [5]	Shares held Directly or Indirectly or over which control or direction is exercised
John F. Kearney Toronto, Ontario	Chairman, Chief Executive Officer and Director of the Company Chairman and CEO, Canadian Zinc Corp.; Chairman, Conquest Resources Limited, Anglesey Mining plc, Xtierra Inc. and Minco plc; Director of Vatukoula Gold Mines plc.	May 2007	1,630.101 (3.03%)
Bill Hooley Rhos-on-Sea, Wales, United Kingdom	President, Chief Operating Officer and Director of the Company Chief Executive Officer of Anglesey Mining plc	May 2007	6,250 (0.00%)
Terence N. McKillen[4] Mississauga, Ontario	Executive Vice President and Director of the Company Director, President and Chief Executive Officer of Conquest Resources Limited, and Xtierra Inc.; Chief Executive & Director of Minco plc	May 2007	800,000 (1.15%)
Matthew Coon Come[2][3] Ottawa, Ontario	Grand Chief of Grand Council of the Crees and the Cree Regional Authority. Previous Grand Chief of Assembly of First Nations	August 2007	Nil
Eric W. Cunningham[1][2][3] Toronto, Ontario	Mining Consultant	August 2007	Nil
Gerald Gauthier[1][3] Toronto, Ontario	Mining Engineer, Chief Operating Officer of Xtierra Inc.	August 2007	Nil
Richard Lister[1][2] Toronto, Ontario	Retired Mining Executive	August 2007	25,000 (0.00%)
Officers			
Richard Pinkerton Toronto, Ontario	Vice President Finance of the Company since May 2010. Previously Managing Director of Northern Securities Inc.	N/A	Nil

Name and Municipality of Residence	Principal Occupation During the Preceding Five Years	Director Since (5)	Shares held Directly or Indirectly or over which control or direction is exercised
Neil J.F. Steenberg Toronto, Ontario	Secretary of the Company Lawyer	N/A	5,250 (0.00%)
Danesh Varma London, England	Chief Financial Officer of the Company Chief Financial Officer of Minco plc, Conquest Resources Limited and Xtierra Inc.	N/A	131,250 (0.00%)

Notes:
(1) Independent director and Member of the Company's Audit Committee.
(2) Independent director and Member of the Company's Compensation Committee.
(3) Independent director and Member of the Company's Health and Safety Committee.
(4) Mr. McKillen is the controlling shareholder of 3222594 which holds 800,000 Common Shares.
(5) Each director holds office until the next annual meeting of shareholders or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the Company's by-laws.

Corporate Cease Trade Orders or Bankruptcies

No director or executive officer of the Company, and no shareholder of the Company holding a sufficient number of shares of the Company to affect materially control of the Company (a "significant shareholder") is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

No director or executive officer of the Company, and no significant shareholder of the Company is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, or within one year of acting in such capacity, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follows:

(a) Mr. Kearney was a non-executive director of McCarthy Corporation plc, a UK based investment company from July 2000 to March 2003. In June 2003, McCarthy Corporation plc adopted a voluntary arrangement with its creditors pursuant to the legislation of the United Kingdom.

(b) Mr. Gauthier was an executive director and President of United Keno Hill Mines Limited (TSX:UKH) from May 1999 to October 2001. In February 2000, United Keno Hill Mines Limited filed for protection pursuant to the *Company's Creditors Arrangement Act* ("CCAA") and on October 30, 2000 proposed a plan of arrangement with its creditors. The plan was approved but never implemented.

(c) Mr. Varma was President and Managing Director of American Resource Corporation Limited from September 1987 to March 2008. In June 2004 a cease trade order was issued against American Resource Corporation Limited for failure to file its financial statements and is still currently in effect.

(d) Mr. Steenberg served as a Director of Tagish Lake Gold Corp., which obtained an order for protection from its creditors under the Companies' Creditors Arrangement Act in April 2010. This order was lifted and a plan of arrangement was implemented on October 27, 2010 pursuant to which all of the creditors of Tagish were paid in full.

(e) Mr. Pinkerton served as a director of Blue Note Mining Inc. ("Blue Note") from November 21, 2008 to February 19, 2009. On February 20, 2009 Blue Note's wholly-owned subsidiary Blue Note Caribou Mines Inc. filed for protection under CCAA and on June 12, 2009 Blue Note filed for protection under CCAA.

Personal Bankruptcies

No director, or executive officer, of the Company is, and no significant shareholder of the Company is, or within the ten years prior to the date hereof has been bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director, executive officer or significant shareholder has been subject to 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.

ITEM 11 – PROMOTERS

Anglesey Mining plc. having taken the initiative in founding and organizing the Company and in the development of the Schefferville Project up to the completion of its IPO in December 2007 has been a promoter of the Company within the meaning of applicable securities laws. Anglesey, through its wholly owned subsidiary Labrador Iron plc, owns 17,789,100 common shares or approximately 33.03% of the issued and outstanding common shares of the Company.

ITEM 12 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management is not aware of any material legal proceedings, actual, contemplated or threatened to which the Company is a party or which any of their properties or assets are subject, except for pending legal proceedings against Hollinger North Shore Exploration Inc. ("Hollinger") concerning iron ore properties in Québec which were acquired by the Company's subsidiary, SMI, from Hollinger in December 2009. The properties are subject to outstanding litigation of certain disputes, including legal claims for breach of contract by Hollinger under which certain third parties may, separately, claim interests in or ownership of the properties. The Company considers such claims are without merit.

ITEM 13 – INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, shareholder beneficially owning (directly or indirectly) or exercising control or direction over more than 10% of the common shares, or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company, other than Messrs. Kearney, Hooley and Varma who are directors of Anglesey which in 2007 was the vendor to the Company of the Company's principal properties in Labrador and currently holds 17,789,100 common shares.

ITEM 14 – TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Common Shares is Olympia Transfer Services Inc., located at 120 Adelaide Street West, Suite 920, Toronto, Ontario, M5H 1T1.

ITEM 15 – MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the only material contract entered into by the Company during its most recently completed financial year was the Underwriting Agreement between the Company and Canaccord Genuity Corp., BMO Nesbitt Burns Inc., Jennings Capital, Haywood Securities and Scotia Capital Inc. dated April 5, 2011 referred to in the Short Form Prospectus filed on SEDAR on April 19, 2011.

ITEM 16 – AUDIT COMMITTEE INFORMATION

The Corporation's Audit Committee is governed by an Audit Committee Charter (the "Charter"). The Charter has been adopted by the Board in order to comply with NI 52-110 and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in the Charter is intended to restrict the ability of the Board or the Committee to alter or vary procedures in order to comply more fully with NI 52-110, as amended from time to time.

"Charter of the Audit Committee of the Board of Directors

I. MANDATE

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of the Corporation to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's mandate and responsibilities are to:

- recommend to the Board the external auditors to be nominated and the compensation of such auditor;
- oversee and monitor the work and performance of the Corporation's external auditors, including meeting with the external auditors and reviewing and recommending all renewals or replacements of the external auditors and their remuneration;
- pre-approve all non-audit services to be provided to the Corporation by the external auditors;
- review the financial statements and management's discussion and analysis (MD&A) and annual and interim financial results press releases of the Corporation;
- oversee the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- provide oversight to any related party transactions entered into by the Corporation.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

(1) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(2) set and pay the compensation for advisors employed by the Audit Committee; and

(3) communicate directly with the external auditors.

III. COMPOSITION AND MEETINGS

(1) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including those of all applicable securities regulatory authorities.

(2) The Committee shall be composed of three directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. A minimum of two members of the Committee present either in person or by telephone shall constitute a quorum.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

(1) Each member of the Committee shall be "independent" and shall be "financially literate" (as each such term is defined in Multilateral Instrument 52-110).

(2) The Committee shall meet at least quarterly, as circumstances dictate or as may be required by applicable legal or listing requirements.

(3) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

IV. RESPONSIBILITIES

(1) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles ("**GAAP**") and report thereon to the Board and recommend to the Board whether or not same should be approved, prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.

(2) The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.

(3) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses this information.

(4) The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, before the Corporation publicly disclose this information.

(5) The Committee shall meet no less frequently than annually with the external auditors to review accounting practices, internal controls and such other matters as the Committee deems appropriate.

(6) The Committee shall establish procedures for

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(7) The Committee shall provide oversight to any related party transactions entered into by the Corporation.

(8) In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance or tax advice or any non-audit services the Chief Financial Officer of the Corporation shall consult with the Audit Committee, who shall have the authority to approve or disapprove such non-audit services. The Audit Committee shall maintain a record of non-audit services approved by the Audit Committee for each fiscal year and provide a report to the Board on an annual basis.

(9) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

(10) The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate."

Composition of the Audit Committee

The current members of the Audit Committee are Messrs. Cunningham, Gauthier and Lister, all of whom are independent and financially literate in accordance with National Instrument 52-110 (NI 52-110) – *Audit Committees*.

Relevant Education and Experience

The education and experience of each Audit Committee Member is set out below:

Eric W. Cunningham, Age 71, 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 also was Manager of Wright Engineers, and held various positions with Sherritt Gordon Mines. Mr. Cunningham holds a B.Sc in Geology from Rhodes University in South Africa.

Gerald Gauthier, Age 64, Director. Mr. Gauthier is a mining engineer and since September 2008 has been Chief Operating Officer of Xtierra Inc. From August 2005 to June 2008 he was Chief Operating Officer of Nevsun Resources Ltd. From June 2004 until August 2005 he was a mining consultant and previously from December 2002, until April 2004, he was Vice-President, Mining of Glencairn Gold Corp. From May 2002 to December 2002 he served as Vice President Mining of Conquest Resources Limited (and is currently a director of Conquest Resources Limited). Mr. Gauthier has served as President and CEO of United Keno Hill Mines Limited prior to 2001. President and COO Santa Cruz Gold Inc. prior to 1999, and formerly was Senior Vice-President Operations Lac Minerals Limited.

Richard Lister, Age 71, Director. Dr. Lister has over 40 years of experience in the mining, metallurgical and chemical industries. He has served as President and CEO of Zemex Corporation, Vice Chairman of

Dundee Bancorp Inc. and Chairman and President of Campbell Resources Inc. Dr. Lister holds the degrees of Bachelor of Science, a Master of Science and a Doctor of Philosophy from the University of Toronto. Dr. Lister is a director of Coal Corporation and Anatolia Minerals Development Limited.

Pre-Approval of Policies and Procedures

The Audit Committee has adopted procedures requiring Audit Committee review and approval in advance of all particular engagement for services provided by the Auditors. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit services, to be approved by the Audit Committee provided the audit committee is informed of each particular service. All of the engagements and fees for Fiscal 2010 and 2009 were approved by the Audit Committee. The Audit Committee reviews with the auditors whether the non-audit services to be provided are compatible with maintaining the Auditor's independence.

Since the commencement of the Corporation's most recently completed financial year there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Whistleblower Disclosure

The Corporation has in place a Whistleblower Policy pursuant to which Directors, officers and employees are encouraged to report violations of the Code and matters related to accounting, internal controls and auditing.

Audit Fees and Services

The aggregate amounts billed by auditors for the two fiscal periods ended March 31, 2011 and 201 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Period Ended March 31, 2011	Period Ended March 31, 2010
Audit Fees [(1)]	$52,000	$85,000
Audit-Related Fees [(2)]	-	-
Tax Fees [(3)]	-	-
All Other Fees	-	-
Total	**$52,000**	**$85,000**

[(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.

ITEM 17 – INTERESTS OF EXPERTS

Certain information of a scientific or technical nature regarding the Company's properties included in this Annual Information Form is based upon the Silver Yards Report and the Houston Report. of. Messrs. Justin Taylor P.Eng. and Maxime Dupéré, P.Geo the individuals responsible for the Silver Yards Report and Mr. Dupéré, the individual responsible for the Houston Report, are each a "qualified person" as such term is defined in NI 43-101 and were at the respective dates of the Silver Yards and Houston Reports independent of the Company within the meaning of NI 43-101. To the Company's knowledge, Messrs. Taylor and. Dupéré do not have any interest in the Company's properties and do not own any securities of

the Company. Copies of the technical reports can be found on the Company's disclosure page under the Company's profile on www.sedar.com.

D. William Hooley, B.Sc.(Eng.), FAusIMM, President, Chief Operating Officer and a director of the Company and Terence N. McKillen, M.Sc., P.Geo., Executive Vice President and a director of the Company, both act as the Company's qualified persons under the meaning of NI 43-101 and have reviewed this Annual Information Form.

The Company's auditors are McGovern, Hurley, Cunningham, LLP, Chartered Accountants, who have prepared an independent auditors' report to the shareholders of the Company on the consolidated balance sheets of the Company as at March 31, 2011 and 2010 and the consolidated statements of operations and comprehensive income (loss) and deficit and cash flows for the years ended March 31, 2011 and March 31, 2010. The auditors' report is dated June 24, 2011. McGovern, Hurley, Cunningham, LLP have advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

To the knowledge of the Company, each of these experts held less than 1% of the outstanding common shares of the Company at the time of the preparation of the reports and/or at the time of the preparation of the technical information contained or incorporated by reference in this AIF, except for Mr. McKillen who holds or exercises control or direction 800,000 shares (1.51%).

ITEM 18 – ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular filed on SEDAR dated July 27, 2010 for its most recent annual meeting of security holders that involved the election of directors, which was held on September 15, 2010, together with the Audited Financial Statements and Management's Discussion and Analysis for the year ended March 31, 2011 available under the Company's profile on SEDAR at www.sedar.com.

The Company shall provide, upon request and upon payment of a reasonable charge where permitted, a copy of its 2011 Annual Information Form, the March 31, 2011 Audited Financial Statements and the accompanying auditor's report thereon, Management's Discussion and Analysis, any subsequent interim financial statements and the Information Circular.

Cautionary Note – Forward Looking Statements

This Annual Information Form contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan", or similar expressions, are intended to identify forward-looking statements. Such forward-looking statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995.

Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, mineral reserves, mineral resources, results of exploration, reclamation and other post-closure costs, capital costs, mine production costs, the timing of exploration, development and mining activities and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements by reason of factors such as changes in general economic conditions and conditions in the financial markets, changes in demand and prices for the minerals the Company expects to produce, delays in obtaining permits, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the Company operates, technological and operational difficulties encountered in connection with the Company's activities, labour relations

matters, costs and changing foreign exchange rates and other matters discussed under "Risk Factors" herein and in "Management's Discussion and Analysis" for the year ended March 31, 2011.

Other factors that may cause actual results to vary materially include, but are not limited to delays in the receipt of permits or approvals, changes in commodity and power prices, changes in interest and currency exchange rates, geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources), unanticipated operational difficulties (including failure with plant, equipment or processes to operate in accordance with specifications or expectations), cost escalation, unavailability of materials and equipment, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters, political risk, social unrest, and changes in general economic conditions or conditions in the financial markets.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves. The Company does not currently hold a permit for the operation of the Schefferville Projects.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the filings by the Company with securities regulatory authorities. The Company does not undertake to update any forward-looking statements that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.