

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **Labrador Iron Mines Holdings Limited**

55 University Ave., Suite 1805, Toronto, Ontario, M5J 2H7, Canada

647-728-4104

[www.labradorironmines.ca](http://www.labradorironmines.ca)

[info@labradorironmines.ca](mailto:info@labradorironmines.ca)

1011

## **Annual Report**

**For the Year Ended: March 31, 2023**

(the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

162,364,427 as of March 31, 2023 (Current Reporting Date (Year End))

162,364,427 as of December 31, 2022 (Previously Completed Quarter End)

162,364,427 as of March 31, 2022 (Previously Completed Year End)

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No:

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Labrador Iron Mines Holdings Limited

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The issuer was incorporated on May 17, 2007 in the Province of Ontario, Canada under the *Business Corporations Act* (Ontario). The issuer is currently active and in good standing in the Province of Ontario.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

55 University Ave., Suite 1805, Toronto, Ontario, M5J 2H7, Canada

The address(es) of the issuer's principal place of business:

*Check if principal executive office and principal place of business are the same address:*

As above

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No:  Yes:  If Yes, provide additional details below:

\_\_\_\_\_

**2) Security Information**

**Transfer Agent**

Name: Computershare

Phone: 416-263-9471

Email: Laura.Stone@computershare.com

Address: 100 University Ave., 11th Floor, South Tower, Toronto, ON, M5J 2Y1, Canada

**Publicly Quoted or Traded Securities:**

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol: LBRMF  
Exact title and class of securities outstanding: Common Shares  
CUSIP: 505435107  
Par or stated value: No par or stated value  
Total shares authorized: Unlimited as of date: March 31, 2023  
Total shares outstanding: 162,364,427 as of date: March 31, 2023  
Total number of shareholders of record: 14 as of date: March 31, 2023

All additional class(es) of publicly quoted or traded securities (if any):

Trading symbol: \_\_\_\_\_  
Exact title and class of securities outstanding: \_\_\_\_\_  
CUSIP: \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total number of shareholders of record: \_\_\_\_\_ as of date: \_\_\_\_\_

**Other classes of authorized or outstanding equity securities:**

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security: \_\_\_\_\_  
CUSIP (if applicable): \_\_\_\_\_  
Par or stated value: \_\_\_\_\_  
Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
Total shares outstanding (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_  
Total number of shareholders of record (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

**Security Description:**

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

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.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Not applicable

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No:  Yes:  (If yes, you must complete the table below)

| Shares Outstanding as of Second Most Recent Fiscal Year End: |                                                                                 |                                        |                     |                                                   |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
|--------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|---------------------|---------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------|
| Opening Balance                                              |                                                                                 |                                        |                     |                                                   |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
| Date <u>April 1, 2021</u>                                    | Common: <u>162,364,427</u>                                                      |                                        |                     |                                                   |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
|                                                              | Preferred: <u>0</u>                                                             |                                        |                     |                                                   |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
|                                                              | DSUs <u>1,077,362</u>                                                           |                                        |                     |                                                   |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
|                                                              | RSUs <u>1,475,000</u>                                                           |                                        |                     |                                                   |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
|                                                              | Stock options <u>0</u>                                                          |                                        |                     |                                                   |                                                                                        |                                                                                                                      |                                                                                               |                                               |                                 |
| Date of Transaction                                          | Transaction type (e.g. new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed). | Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided | Restricted or Unrestricted as of this filing. | Exemption or Registration Type. |
| <u>June 30, 2021</u>                                         | <u>New Grant</u>                                                                | <u>16,779</u>                          | <u>RSUs</u>         | <u>CDN\$0.298</u>                                 | <u>No</u>                                                                              | <u>Matthew Coon Come</u>                                                                                             | <u>Director compensation</u>                                                                  | <u>Restricted</u>                             | <u>Not Applicable</u>           |
| <u>June 30, 2021</u>                                         | <u>New Grant</u>                                                                | <u>16,779</u>                          | <u>RSUs</u>         | <u>CDN\$0.298</u>                                 | <u>No</u>                                                                              | <u>Eric Cunningham</u>                                                                                               | <u>Director compensation</u>                                                                  | <u>Restricted</u>                             | <u>Not Applicable</u>           |
| <u>June 30, 2021</u>                                         | <u>New Grant</u>                                                                | <u>16,779</u>                          | <u>RSUs</u>         | <u>CDN\$0.298</u>                                 | <u>No</u>                                                                              | <u>Gerald Gauthier</u>                                                                                               | <u>Director compensation</u>                                                                  | <u>Restricted</u>                             | <u>Not Applicable</u>           |
| <u>June 30, 2021</u>                                         | <u>New Grant</u>                                                                | <u>16,779</u>                          | <u>RSUs</u>         | <u>CDN\$0.298</u>                                 | <u>No</u>                                                                              | <u>D. William Hooley</u>                                                                                             | <u>Director compensation</u>                                                                  | <u>Restricted</u>                             | <u>Not Applicable</u>           |

|                           |                  |               |             |                   |           |                          |                              |                   |                       |
|---------------------------|------------------|---------------|-------------|-------------------|-----------|--------------------------|------------------------------|-------------------|-----------------------|
| <u>June 30, 2021</u>      | <u>New Grant</u> | <u>16,779</u> | <u>RSUs</u> | <u>CDN\$0.298</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>June 30, 2021</u>      | <u>New Grant</u> | <u>16,779</u> | <u>RSUs</u> | <u>CDN\$0.298</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>September 30, 2021</u> | <u>New Grant</u> | <u>33,784</u> | <u>RSUs</u> | <u>CDN\$0.148</u> | <u>No</u> | <u>Matthew Coon Come</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>September 30, 2021</u> | <u>New Grant</u> | <u>33,784</u> | <u>RSUs</u> | <u>CDN\$0.148</u> | <u>No</u> | <u>Eric Cunningham</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>September 30, 2021</u> | <u>New Grant</u> | <u>33,784</u> | <u>RSUs</u> | <u>CDN\$0.148</u> | <u>No</u> | <u>Gerald Gauthier</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>September 30, 2021</u> | <u>New Grant</u> | <u>33,784</u> | <u>RSUs</u> | <u>CDN\$0.148</u> | <u>No</u> | <u>D. William Hooley</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>September 30, 2021</u> | <u>New Grant</u> | <u>33,784</u> | <u>RSUs</u> | <u>CDN\$0.148</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>September 30, 2021</u> | <u>New Grant</u> | <u>33,784</u> | <u>RSUs</u> | <u>CDN\$0.148</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>December 31, 2021</u>  | <u>New Grant</u> | <u>42,735</u> | <u>RSUs</u> | <u>CDN\$0.117</u> | <u>No</u> | <u>Matthew Coon Come</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>December 31, 2021</u>  | <u>New Grant</u> | <u>42,735</u> | <u>RSUs</u> | <u>CDN\$0.117</u> | <u>No</u> | <u>Eric Cunningham</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>December 31, 2021</u>  | <u>New Grant</u> | <u>42,735</u> | <u>RSUs</u> | <u>CDN\$0.117</u> | <u>No</u> | <u>Gerald Gauthier</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>December 31, 2021</u>  | <u>New Grant</u> | <u>42,735</u> | <u>RSUs</u> | <u>CDN\$0.117</u> | <u>No</u> | <u>D. William Hooley</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>December 31, 2021</u>  | <u>New Grant</u> | <u>42,735</u> | <u>RSUs</u> | <u>CDN\$0.117</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>December 31, 2021</u>  | <u>New Grant</u> | <u>42,735</u> | <u>RSUs</u> | <u>CDN\$0.117</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>March 31, 2022</u>     | <u>New Grant</u> | <u>34,965</u> | <u>RSUs</u> | <u>CDN\$0.143</u> | <u>No</u> | <u>Matthew Coon Come</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>March 31, 2022</u>     | <u>New Grant</u> | <u>34,965</u> | <u>RSUs</u> | <u>CDN\$0.143</u> | <u>No</u> | <u>Eric Cunningham</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>March 31, 2022</u>     | <u>New Grant</u> | <u>34,965</u> | <u>RSUs</u> | <u>CDN\$0.143</u> | <u>No</u> | <u>Gerald Gauthier</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>March 31, 2022</u>     | <u>New Grant</u> | <u>34,965</u> | <u>RSUs</u> | <u>CDN\$0.143</u> | <u>No</u> | <u>D. William Hooley</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>March 31, 2022</u>     | <u>New Grant</u> | <u>34,965</u> | <u>RSUs</u> | <u>CDN\$0.143</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>March 31, 2022</u>     | <u>New Grant</u> | <u>34,965</u> | <u>RSUs</u> | <u>CDN\$0.143</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>June 30, 2022</u>      | <u>New Grant</u> | <u>48,077</u> | <u>RSUs</u> | <u>CDN\$0.104</u> | <u>No</u> | <u>Matthew Coon Come</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>June 30, 2022</u>      | <u>New Grant</u> | <u>48,077</u> | <u>RSUs</u> | <u>CDN\$0.104</u> | <u>No</u> | <u>Eric Cunningham</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>June 30, 2022</u>      | <u>New Grant</u> | <u>48,077</u> | <u>RSUs</u> | <u>CDN\$0.104</u> | <u>No</u> | <u>Gerald Gauthier</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |

|                      |                  |               |             |                   |           |                          |                              |                   |                       |
|----------------------|------------------|---------------|-------------|-------------------|-----------|--------------------------|------------------------------|-------------------|-----------------------|
| <u>June 30, 2022</u> | <u>New Grant</u> | <u>35,791</u> | <u>RSUs</u> | <u>CDN\$0.104</u> | <u>No</u> | <u>D. William Hooley</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>June 30, 2022</u> | <u>New Grant</u> | <u>48,077</u> | <u>RSUs</u> | <u>CDN\$0.104</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>June 30, 2022</u> | <u>New Grant</u> | <u>48,077</u> | <u>RSUs</u> | <u>CDN\$0.104</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Sept 30, 2022</u> | <u>New Grant</u> | <u>39,683</u> | <u>RSUs</u> | <u>CDN\$0.126</u> | <u>No</u> | <u>Matthew Coon Come</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Sept 30, 2022</u> | <u>New Grant</u> | <u>39,683</u> | <u>RSUs</u> | <u>CDN\$0.126</u> | <u>No</u> | <u>Eric Cunningham</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Sept 30, 2022</u> | <u>New Grant</u> | <u>39,683</u> | <u>RSUs</u> | <u>CDN\$0.126</u> | <u>No</u> | <u>Gerald Gauthier</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Sept 30, 2022</u> | <u>New Grant</u> | <u>39,683</u> | <u>RSUs</u> | <u>CDN\$0.126</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Sept 30, 2022</u> | <u>New Grant</u> | <u>39,683</u> | <u>RSUs</u> | <u>CDN\$0.126</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Dec 31, 2022</u>  | <u>New Grant</u> | <u>46,729</u> | <u>RSUs</u> | <u>CDN\$0.107</u> | <u>No</u> | <u>Matthew Coon Come</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Dec 31, 2022</u>  | <u>New Grant</u> | <u>46,729</u> | <u>RSUs</u> | <u>CDN\$0.107</u> | <u>No</u> | <u>Eric Cunningham</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Dec 31, 2022</u>  | <u>New Grant</u> | <u>46,729</u> | <u>RSUs</u> | <u>CDN\$0.107</u> | <u>No</u> | <u>Gerald Gauthier</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Dec 31, 2022</u>  | <u>New Grant</u> | <u>46,729</u> | <u>RSUs</u> | <u>CDN\$0.107</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Dec 31, 2022</u>  | <u>New Grant</u> | <u>46,729</u> | <u>RSUs</u> | <u>CDN\$0.107</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Mar 31, 2023</u>  | <u>New Grant</u> | <u>45,045</u> | <u>RSUs</u> | <u>CDN\$0.111</u> | <u>No</u> | <u>Matthew Coon Come</u> | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Mar 31, 2023</u>  | <u>New Grant</u> | <u>45,045</u> | <u>RSUs</u> | <u>CDN\$0.111</u> | <u>No</u> | <u>Eric Cunningham</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Mar 31, 2023</u>  | <u>New Grant</u> | <u>45,045</u> | <u>RSUs</u> | <u>CDN\$0.111</u> | <u>No</u> | <u>Gerald Gauthier</u>   | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Mar 31, 2023</u>  | <u>New Grant</u> | <u>45,045</u> | <u>RSUs</u> | <u>CDN\$0.111</u> | <u>No</u> | <u>Brendan Lynch</u>     | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |
| <u>Mar 31, 2023</u>  | <u>New Grant</u> | <u>45,045</u> | <u>RSUs</u> | <u>CDN\$0.111</u> | <u>No</u> | <u>Danesh Varma</u>      | <u>Director compensation</u> | <u>Restricted</u> | <u>Not Applicable</u> |

|                                                              |                  |
|--------------------------------------------------------------|------------------|
| Shares Outstanding on Date of This Report:                   |                  |
| Ending Balance:                                              |                  |
| Date <u>Mar 31, 2023</u> Common (i), (ii) <u>162,364,427</u> |                  |
| Preferred:                                                   | <u>0</u>         |
| DSUs (iii)                                                   | <u>1,077,362</u> |
| RSUs (iv)                                                    | <u>3,178,039</u> |
| Stock options                                                | <u>0</u>         |

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

- (i) On July 5, 2022, the issuer entered into an agreement for a US\$4,000,000 strategic investment by Scully Royalty Ltd. Closing of this investment was scheduled to occur by the outside date of September 14, 2022, however the transaction was not completed by the parties. The issuer continues to explore various short term financing alternatives.
- (ii) At a Special Meeting of Shareholders of the issuer's 52% subsidiary Labrador Iron Mines Limited ("LIM") held on March 30, 2023, a requisite two-thirds majority of votes cast by LIM shareholders at the meeting approved a special resolution authorizing the amalgamation of LIM with a wholly owned subsidiary of the issuer, involving the issue of shares of the issuer to LIM shareholders, such that LIM will, once again, become a wholly owned subsidiary of the issuer.

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

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

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

As at the date hereof, the issuer is authorized to complete the amalgamation, but has not yet done so.

- (iii) DSUs represent Deferred Share Units. On redemption, each DSU entitles the grantee to receive, after deduction of any applicable taxes and other required source deductions, at the issuer's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the grantee.
- (iv) RSUs represent Restricted Share Units. Upon vesting, each RSU entitles the grantee the right to receive, on or after the payout election date and until the expiry date, after deduction of any applicable taxes and other required source deductions, at the issuer's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the grantee.

**B. Promissory and Convertible Notes**

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No:  Yes:  (If yes, you must complete the table below)

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder.<br><small>*You must disclose the control person(s) for any entities listed.</small> | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| _____                 | _____                    | _____                             | _____                 | _____         | _____                                                                                        | _____                                                                                                   | _____                                           |

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. (Please ensure that these descriptions are updated on the Company's Profile on [www.otcmarkets.com](http://www.otcmarkets.com)).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Labrador Iron Mines Holdings Limited ("LIMH", the parent company), through its majority owned subsidiaries Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI"), is engaged in the exploration and development of iron ore projects situated in the Menihek area of western Newfoundland and Labrador and northeastern Quebec, near the town of Schefferville, in the central part of the Labrador Trough region of eastern Canada, one of the major iron ore producing regions in the world.

The Schefferville Projects comprise numerous different iron ore deposits of varying sizes divided into separate portions, one within the Province of Newfoundland and Labrador and the other within the Province of Quebec, which were all part of the original Iron Ore Company of Canada ("IOC") direct shipping operations which reported producing in excess of 150 million tons of lump and sinter fine ore between 1954 and 1982, and formed part of the 250 million tons of historical reserves and resources previously identified by IOC.

In addition, LIM holds the Elizabeth Taconite Project, which has an inferred mineral resource estimate (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe.

The issuer's strategy for the Schefferville Projects has been the development and mining of the various deposits in stages. Stage 1 comprised the deposits closest to existing infrastructure located at or near LIM's Silver Yards processing site, near Menihek in Labrador, and involved mining of the James and Redmond deposits.

Mining of the James deposit commenced in 2011 and in the three-year period of 2011, 2012 and 2013 LIM produced a total of 3.6 million dry metric tonnes of iron ore, all of which was railed to the Port of Sept-Iles and sold in 23 cape-size shipments into the China spot market.

LIM has not undertaken mining operations since 2013, primarily due to volatile iron ore market conditions, but has maintained its properties on a stand-by care and maintenance basis, while focusing its planning activities on advancing the development of Stage 2, the Houston Project.

The Company's current focus is on development of the Houston Project, LIM's flagship property. The Houston Project is an open pit DSO project expected to produce 2 million dry metric tonnes ("dmt") of direct shipping iron ore ("DSO") per year, with an initial 12-year mine life, for total production of 23.4 million dmt of product at 62.2% Fe over the life of the mine. Planned operations will involve conventional open pit truck and shovel activities and simple dry crushing and screening for processing.

LIM engaged Roscoe Postle Associates Inc., now part of SLR Consulting Ltd. (collectively, "RPA/SLR"), to complete a National Instrument 43-101("NI 43-101") compliant technical report and preliminary economic assessment (collectively, the "PEA") of the Houston Project. The PEA was issued in February 2021 with an effective date of December 31, 2020 and is filed on the issuer's website and under the issuer's profile on [www.sedar.com](http://www.sedar.com).

As part of the PEA, RPA/SLR completed an updated National Instrument 43-101 ("NI 43-101") mineral resource estimate and undertook a detailed optimization of Houston's open pit mining strategy and fully updated the proposed production schedule. This work focused on maximizing the component of the mineral resource that can benefit from

the dry crushing and screening processing strategy and thereby increased the expected production life of the project from 10 years to 12 years.

As reported in the Technical Report, the updated NI-43-101 mineral resource estimate of the Houston Project, effective December 31, 2020, is 20.5 million tonnes (62.7% Fe) in the Measured and Indicated categories and 14.3 million tonnes (59.4% Fe) in the Inferred category.

The PEA establishes an updated Houston mining schedule of 2.0 million tonnes per annum (“Mtpa”) (62.2% Fe) for total production of 23.4 Mt over a 12 year mine life. Mining and processing (consisting of dry crushing and screening only) will be undertaken 12 months of the year at a planned rate of 5,500 tonnes per day (“tpd”), with an expected 100% mass yield. Train loading is planned to be undertaken from May to November (approximately 200 days per year) at a rate of 10,000 tpd. The product mix is expected to be 30% lump and 70% sinter fines DSO product.

The PEA estimates initial direct capital costs of CDN\$51.3 million, and along with indirect costs, engineering, procurement and construction management (EPCM) costs, owner’s costs and contingency, total initial capital expenditures of CDN\$86.8 million. Sustaining capital is estimated at CDN\$67.7 million. Initial capital costs and sustaining capital costs include an 18% contingency on direct and indirect costs.

The PEA uses an assumed long term iron ore price of US\$90/dmt (62% Fe Sinter Fines CFR China basis) as the base case in its financial analysis. This assumed base case long term iron ore price reflects the 3-year trailing average price of iron ore up to December 31, 2020, the effective date of the report.

The product from the Houston Project is expected to be comprised of 30% lump iron ore and 70% sinter iron ore at an average Fe grade of 62.2% and an average silica content of 7.4%. The PEA assumes a premium of US\$10/dmt will be paid over the benchmark price for lump product and a penalty of US\$1.50/dmt will be charged for every 1.0% silica content above 4.0%.

The product sold from the Houston Project is subject to a 2% revenue royalty payable to Houston Iron Royalties Limited. Additionally, the Houston deposits in Newfoundland and Labrador are subject to a royalty of US\$1.50/dmt and the Malcolm deposit in Quebec is subject to a royalty of CDN\$2.00/dmt, in both cases payable to the former owners of the properties. Financial participation to adjacent First Nation communities total approximately 1.1% NSR.

The PEA economic model assumes a planned point-of-sale of product from the Houston Project as Free on Board (FOB) the Houston rail siding. Under this concept, the sale price realized by the LIM (FOB Houston rail siding) is expected to reflect an adjustment to the CFR China benchmark price for all onward rail, port and ocean shipping costs and value-in-use adjustments.

The PEA assumes the project’s realized price (FOB Houston rail siding), at an assumed base case, long term iron ore price of US\$90/dmt, will reflect an off-take partner’s adjustment of US\$52/dmt comprising rail and port costs in Canada, ocean shipping to China, value-in-use adjustments, a price discount for the purchaser and a charge for royalties. In other words, the PEA assumes LIM will net US\$38/dmt (FOB Houston rail siding) for its sinter product and US\$48/dmt (FOB Houston rail siding) for its lump product at an assumed base case long term iron ore price of US\$90/dmt (CFR China 62% Fe sinter fines basis). The PEA estimates LIM’s total cash cost of iron ore product delivered FOB Houston rail siding will be US\$24.63/dmt (CDN\$32.84/dmt).

Although an off-take agreement with a partner has yet to be finalized, the PEA economic model assumes a buyer would participate as to 50% of the price appreciation above US\$90/dmt (CFR China 62% Fe sinter fines basis), as

an incentive to agree to the point-of-sale being FOB Houston rail siding. The issuer notes that if the point of sale were alternatively FOB Port of Sept-Iles, such a price participation arrangement with a buyer would not be anticipated.

Based on the assumptions used, the PEA estimates the Houston Project will generate an undiscounted net cash flow of CDN\$234 million and an after-tax net present value at an 8% discount rate ("NPV<sub>8%</sub>") of CDN\$109 million and an after-tax internal rate of return ("IRR") of 39%, under the base case US\$90/dmt (62% Fe Sinter Fines CFR China basis) benchmark pricing model.

The project economic results are most sensitive to the iron ore price revenue driver and less sensitive to input operating and capital costs.

The Houston Project's deposits 1 and 2 have undergone extensive regulatory review and approval and are considered ready for construction and with a one-year construction period to production, the Houston Project offers low technical risk, with only building a short gravel road and rail siding as the principal construction components.

Subject to securing financing, the issuer plans to pursue development of the Houston Project and resume mining operations at the earliest opportunity.

A feasibility study has not been conducted on any of the Schefferville Projects and LIM's decision to undertake commercial production has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability. Mineral resources, unlike reserves, do not have demonstrated economic viability.

The Stage 1 former James Mine and the Silver Yards processing facility were in progressive reclamation since 2014, following termination of mining at the James Mine. A final rehabilitation program was completed in 2021. The 2021 Rehabilitation program completed all environmental regulatory requirements relating to reclamation and rehabilitation of the former James Mine and Silver Yards processing site and related infrastructure and resulted in the full release of all remaining financial assurance previously posted in respect of such obligations.

B. List any subsidiaries, parent company, or affiliated companies.

The issuer, as parent company, conducts its business through a number of operating subsidiaries, as follows.

The issuer directly owns 52% of the common shares of Labrador Iron Mines Limited ("LIM"), which holds mineral properties in the Province of Newfoundland and Labrador, Canada.

LIM directly owns 100% of the common shares of Schefferville Mines Inc. ("SMI"), which holds mineral properties in the Province of Quebec, Canada.

The issuer's subsidiaries have the same principal contact information as the issuer.

C. Describe the issuers' principal products or services.

Iron ore is the main raw material used in the steel making process, which requires approximately 1.7 tonnes of iron ore to produce each tonne of steel. China, which forges half of the world's steel and consumes 70% of the world's seaborne iron ore trade, dominates both the steel and iron ore markets. China currently imports approximately 90% of the iron ore used in its blast furnaces, due to the low quality of its domestic iron ore sources.

Similar to recent years, the iron ore market was very volatile in the year ended March 31, 2023. While averaging US\$117 per tonne (62% Fe Sinter Fines CFR China) for the full twelve month period, the price ranged between US\$160 and US\$82 per tonne, with the price falling significantly during the summer of 2022, before rebounding later in the year. By year end March 31, 2023, the price had improved to US\$127 per tonne.

The market negativity in the summer and early fall of 2022 was attributed to a slowdown in Chinese homebuilding resulting from Beijing's zero-Covid lockdown measures that dampened demand for the steelmaking raw material. Chinese authorities abandoned the zero-Covid measures late fall, unleashing pent-up demand for residential construction and other infrastructure development. Demand for iron ore imports immediately increased, with an associated rise in price that continued into 2023.

There is unlikely to be any meaningful increase in iron ore supply in the near term, as shipments from top exporter Australia are expected to rise only modestly, while those from number two Brazil are expected to remain largely steady for the time being. Many analysts believe a surge in industrial and real estate activity in China combined with the potential for continued interruption in supply from Ukraine and limited supply growth elsewhere may lead to a strong iron ore market throughout calendar 2023.

## **5) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The issuer's subsidiaries LIM and SMI own extensive iron ore resources as well as mineral exploration claims in the Menihek area of western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, near the town of Schefferville, Quebec. Among the Schefferville Projects, the Houston Project, consisting of the Houston and Malcolm properties, and the Elizabeth Taconite Property, are the issuer's principal projects.

LIM holds mining leases and surface leases and mineral rights licences in Newfoundland and Labrador. These licences are subject to a royalty in favour of former holders of 3% (to a maximum of US\$1.50 per tonne) of the selling price free on board ("FOB") port of iron ore produced and shipped from such properties.

The Houston/Malcolm iron ore properties are subject to a royalty equal to 2% of the sales proceeds (FOB Port of Sept-Iles) received from sales of iron ore from the Houston Project, with such royalty being payable quarterly in arrears. Six mining claims in Quebec held by SMI are held subject to a royalty of 3% of the selling price FOB port of iron ore shipped and sold from the properties, subject to such royalty being no greater than US\$1.50 per tonne and certain other mining claims in Quebec held by SMI are subject to the payment of a royalty of CDN\$2.00 per tonne of iron ore shipped from the properties.

Private ownership of mineral rights in Newfoundland and Labrador is either through mineral claims called "Mineral Rights Licenses" issued by the Department of Natural Resources, Province of Newfoundland and Labrador at the exploration stage or mining leases at the production stage.

Mineral Rights Licenses in the Province of Newfoundland and Labrador consist of a number of claim units which are “map staked claims”. In Labrador, all mineral claims are “map staked.” A map staked claim is a plot of land shown on maps maintained at the Department of Mines constituting one-quarter part of a UTM grid square comprising 25 hectares or less and bounded by one corner of a UTM grid square. A “map staked license” means a license giving the holder the exclusive right to explore for minerals in an area shown on maps maintained in the Department of Mines and described in accordance with the Mineral Act (Newfoundland and Labrador) (“NFMA”). A map staked license may be issued by the Recorder for up to 256 coterminous map staked claims. A license confers no right to remove minerals except for sampling, assaying and testing purposes. The holder of a map staked license is required to expend or cause to be expended on the licensed area the assessment work described in the NFMA.

A holder of a Mineral Rights License who wishes to obtain a mining lease of the unalienated minerals in, on or under the land or part of the land covered by the license must ensure that an application for the lease is received by the Minister of Natural Resources during the currency of the license. The holder of a Mineral Rights License who delivers an application under the NFMA has a right to be issued a mining lease for a reasonable period, not exceeding 25 years, that the Minister may determine, and subject to certain provisions including a survey of the perimeter of the area. A mining lease issued under the NFMA shall provide for an annual rental fee as set out in the NFMA.

Title to mineral properties and mining rights involves certain inherent risks including difficulties in identification of the actual location of specific properties. The issuer 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 Quebec and the federal laws of Canada applicable therein. Although the issuer has investigated title to all of its mineral properties for which it holds contractual interests or mineral licenses, the issuer 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 issuer 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 issuer’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 some of the Schefferville Projects in accordance with the laws of Newfoundland and Labrador and Quebec; therefore, their existence and area could be in doubt.

The main permits, licenses, approvals, and other forms of authorization required for the development of a mine in Labrador must be obtained from both the Government of the Province of Newfoundland and Labrador and the Government of Canada. These consist of a Mining Lease and a Permit to Mine issued under the Mining Act (Newfoundland and Labrador) and an approval and release of the project under the Environmental Protection Act (Newfoundland and Labrador) and, potentially, the Impact Assessment Act (Canada).

Legislation principally applicable to the permitting process by the Government of Newfoundland and Labrador includes (i) the Environmental Protection Act, the Water Resources Act and the Endangered Species Act administered by the Department of Environment and Conservation; (ii) the Mining Act administered by the Department of Natural Resources; and (iii) the Occupational Health & Safety Act and the Workplace Health, Safety and Compensation Act administered by the Department of Government Services.

Legislation principally applicable to the permitting process by the Government of Canada includes (i) the Impact Assessment Act, the Environmental Protection Act and the Species at Risk Act all administered by Environment Canada;

(ii) the Fisheries Act administered by Fisheries and Oceans Canada; and (iii) the Navigable Waters Protection Act and the Transportation of Dangerous Goods Act administered by Transport Canada.

The issuer must obtain various regulatory approvals, permits and licences and there is no assurance that such approvals will be obtained. There can be no assurance that all permits, licences and approvals that the issuer may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis.

## 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

| Name of Officer/Director or Control Person | Affiliation with Company (e.g. Officer/Director/Owner of more than 5%) | Residential Address (City / State Only) | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Note                                                                                                                                          |
|--------------------------------------------|------------------------------------------------------------------------|-----------------------------------------|------------------------|------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <u>John F. Kearney</u>                     | <u>Officer and Director</u>                                            | <u>Toronto / Ontario</u>                | <u>3,523,270</u>       | <u>Common</u>    | <u>2.2%</u>                               | <u>Includes 385,001 shares owned personally and 3,138,269 shares held through Energold Minerals Inc. Mr. Kearney also holds 500,000 RSUs.</u> |
| <u>Matthew Coon Come</u>                   | <u>Director</u>                                                        | <u>Mistissini / Quebec</u>              | <u>-</u>               | <u>Common</u>    | <u>0.0%</u>                               | <u>Mr. Coon Come holds 404,166 RSUs and 359,121 DSUs.</u>                                                                                     |
| <u>Eric Cunningham</u>                     | <u>Director</u>                                                        | <u>Toronto / Ontario</u>                | <u>-</u>               | <u>Common</u>    | <u>0.0%</u>                               | <u>Mr. Cunningham holds 404,166 RSUs and 359,121 DSUs.</u>                                                                                    |
| <u>Gerald Gauthier</u>                     | <u>Director</u>                                                        | <u>Toronto / Ontario</u>                | <u>75,000</u>          | <u>Common</u>    | <u>0.0%</u>                               | <u>Mr. Gauthier also holds 404,166 RSUs and 359,120 DSUs.</u>                                                                                 |
| <u>Brendan Lynch</u>                       | <u>Director</u>                                                        | <u>London / UK</u>                      | <u>-</u>               | <u>Common</u>    | <u>0.0%</u>                               | <u>Mr. Lynch holds 404,166 RSUs.</u>                                                                                                          |
| <u>Danesh Varma</u>                        | <u>Director</u>                                                        | <u>Kingston / United Kingdom</u>        | <u>150,000</u>         | <u>Common</u>    | <u>0.1%</u>                               | <u>Mr. Varma also holds 404,166 RSUs.</u>                                                                                                     |
| <u>Neil Steenberg</u>                      | <u>Officer</u>                                                         | <u>Toronto / Ontario</u>                | <u>-</u>               | <u>Common</u>    | <u>0.0%</u>                               | <u>Mr. Steenberg holds 50,000 RSUs.</u>                                                                                                       |
| <u>Richard Pinkerton</u>                   | <u>Officer</u>                                                         | <u>Toronto / Ontario</u>                | <u>-</u>               | <u>Common</u>    | <u>0.0%</u>                               | <u>Mr. Pinkerton holds 250,000 RSUs.</u>                                                                                                      |
| <u>Anglesey Mining plc</u>                 | <u>Owner of more than 5%</u>                                           | <u>London / United Kingdom</u>          | <u>19,289,100</u>      | <u>Common</u>    | <u>11.9%</u>                              | <u>Contact information of representative:</u>                                                                                                 |

|                                |                              |                                |                   |               |              |                                                                                   |
|--------------------------------|------------------------------|--------------------------------|-------------------|---------------|--------------|-----------------------------------------------------------------------------------|
|                                |                              |                                |                   |               |              | John F. Kearney,<br>Kearney@AngleseyMining.co.uk                                  |
| <u>Mining Developments LLC</u> | <u>Owner of more than 5%</u> | <u>London / United Kingdom</u> | <u>32,456,648</u> | <u>Common</u> | <u>19.9%</u> | <u>Contact information of representative:</u><br>Brendan Lynch, blynch@gerald.com |

## 7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

LIM is party to one unresolved claim from 2016 in the amount of approximately Cdn\$3.0 million which has been rejected and remains in dispute. The Naskapi Nation of Kawawachikamach submitted a claim under its Economic Development Agreement against LIM as part of the 2015 CCAA process, and is being dealt with pursuant to dispute resolution provisions of the Plan of Arrangement approved by the Ontario Superior Court of Justice. The issuer has not recognized the unresolved claim as a liability as the outcome of the claim is not determinable at this time and the full amount of the unresolved claim is treated as a contingent liability.

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: \_\_\_\_\_

Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

#### Accountant or Auditor

Name: Glen McFarland, CPA  
Firm: McGovern Hurley LLP  
Address 1: 251 Consumers Road, Suite 800  
Address 2: Toronto, Ontario, M2J 4R3, Canada  
Phone: 416-496-1234  
Email: info@mcgovernhurley.com

#### Investor Relations

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

#### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Firm: SLR Consulting (Canada) Ltd  
Nature of Services: Geological and engineering consulting  
Address 1: 55 University Ave., Suite 501  
Address 2: Toronto, Ontario, M5J 2H7, Canada  
Website: [www.slrconsulting.com](http://www.slrconsulting.com)

### **9) Financial Statements**

A. The following financial statements (appended hereto) were prepared in accordance with:

- IFRS  
 U.S. GAAP

B. The following financial statements (appended hereto) were prepared by (name of individual)<sup>2</sup>:

Name: Richard Pinkerton  
Title: Chief Financial Officer  
Relationship to Issuer: Chief Financial Officer

Describe the qualifications of the person or persons who prepared the financial statements: CPA, Ontario

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

I, John F. Kearney certify that:

1. I have reviewed this Disclosure Statement for Labrador Iron Mines Holdings Limited;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

June 27, 2023

/s/ John F. Kearney

Chief Executive Officer

*Principal Financial Officer:*

I, Richard Pinkerton certify that:

1. I have reviewed this Disclosure Statement for Labrador Iron Mines Holdings Limited;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

June 27, 2023

/s/ Richard Pinkerton

Chief Financial Officer



# Labrador Iron Mines Holdings Limited

**LABRADOR IRON MINES HOLDINGS LIMITED**

**Consolidated Financial Statements**

**For the Years Ended March 31, 2023 and 2022**

**(Expressed in Canadian dollars)**

55 University Avenue, Suite 1805, Toronto, Ontario, Canada M5J 2H7

Tel: (647) 728-4104 Fax: (416) 368-5344

Email: [info@labradorironmines.ca](mailto:info@labradorironmines.ca)

Website: [www.labradorironmines.ca](http://www.labradorironmines.ca)

## **Independent Auditor's Report**

To the Shareholders of Labrador Iron Mines Holdings Limited

### **Opinion**

We have audited the consolidated financial statements of Labrador Iron Mines Holdings Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of operations and comprehensive (loss), consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

### **Other information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
June 27, 2023

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)

|                                                               | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|---------------------------------------------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                                 |                       |                       |
| <b>Current assets</b>                                         |                       |                       |
| Cash and cash equivalents                                     | \$ 6,149              | \$ 309,205            |
| Accounts receivable and prepaid expenses (Note 5)             | 12,851                | 23,882                |
| <b>Total current assets</b>                                   | <u>19,000</u>         | <u>333,087</u>        |
| <b>Non-current assets</b>                                     |                       |                       |
| Restricted cash (Note 6)                                      | 28,966                | 28,703                |
| Prepaid expenses                                              | 143,772               | 102,708               |
| Exploration and evaluation assets (Note 7)                    | 26,566,035            | 26,497,972            |
| Property, plant and equipment (Note 8)                        | 1                     | 1                     |
| Office lease (Note 11)                                        | 75,105                | -                     |
| <b>Total non-current assets</b>                               | <u>26,813,879</u>     | <u>26,629,384</u>     |
| <b>Total assets</b>                                           | <u>\$ 26,832,879</u>  | <u>\$ 26,962,471</u>  |
| <b>LIABILITIES</b>                                            |                       |                       |
| <b>Current liabilities</b>                                    |                       |                       |
| Accounts payable and accrued liabilities (Notes 9, 19 and 20) | \$ 994,455            | \$ 638,453            |
| Advance from director (Note 19)                               | 100,000               | -                     |
| Current portion of lease obligation (Note 11)                 | 41,338                | -                     |
| <b>Total current liabilities</b>                              | <u>1,135,793</u>      | <u>638,453</u>        |
| <b>Non-current liabilities</b>                                |                       |                       |
| Accrued liabilities (Note 20)                                 | 231,250               | 231,250               |
| CEBA loan (Note 12)                                           | 40,000                | 40,000                |
| Lease obligation (Note 11)                                    | 36,456                | -                     |
| <b>Total non-current liabilities</b>                          | <u>307,706</u>        | <u>271,250</u>        |
| <b>Total liabilities</b>                                      | <u>1,443,499</u>      | <u>909,703</u>        |
| <b>SHAREHOLDERS' EQUITY</b>                                   |                       |                       |
| Share capital (Notes 14 and 23)                               | 395,687,172           | 395,687,172           |
| Reserves (Note 15)                                            | 1,132,363             | 1,028,641             |
| Deficit                                                       | (383,557,397)         | (382,919,850)         |
| Non-controlling interest (Note 13)                            | 12,127,242            | 12,256,805            |
| <b>Total shareholders' equity</b>                             | <u>25,389,380</u>     | <u>26,052,768</u>     |
| <b>Total liabilities and shareholders' equity</b>             | <u>\$ 26,832,879</u>  | <u>\$ 26,962,471</u>  |

Going concern (Note 1)  
Commitments and contingencies (Note 18)  
Subsequent event (Note 24)

The financial statements were approved by the Board of Directors on June 27, 2023 and signed on its behalf by:

Signed "John F. Kearney"  
\_\_\_\_\_  
Director

Signed "Danesh Varma"  
\_\_\_\_\_  
Director

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Consolidated Statements of Operations and Comprehensive (Loss)**  
(Expressed in Canadian dollars)

|                                                         | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|---------------------------------------------------------|------------------------------|------------------------------|
| <b>Operating expenses</b>                               |                              |                              |
| Site costs                                              | \$ (99,659)                  | \$ (320,149)                 |
| <b>(Loss) before the undernoted</b>                     | (99,659)                     | (320,149)                    |
| Corporate and administrative costs                      | (510,204)                    | (482,738)                    |
| Share based compensation (Note 16)                      | (103,722)                    | (329,150)                    |
| Accretion (Note 10)                                     | -                            | (1,223)                      |
| Interest earned                                         | 1,664                        | 2,539                        |
| Rehabilitation provision recovery (Note 10)             | -                            | 1,032,567                    |
| Lease depreciation (Note 11)                            | (47,795)                     | -                            |
| Lease deemed interest (Note 11)                         | (7,394)                      | -                            |
|                                                         | <u>(667,451)</u>             | <u>221,995</u>               |
| <b>Net (loss) before income taxes</b>                   | (767,110)                    | (98,154)                     |
| Deferred income tax (Note 22 (a))                       | -                            | -                            |
| <b>Net (loss) and comprehensive (loss) for the year</b> | <u>\$ (767,110)</u>          | <u>\$ (98,154)</u>           |
| <b>Net comprehensive (loss) attributable to:</b>        |                              |                              |
| Shareholders of Labrador Iron Mines Holdings Limited    | (637,547)                    | (310,850)                    |
| Non-controlling interest (Note 13)                      | (129,563)                    | 212,696                      |
|                                                         | <u>\$ (767,110)</u>          | <u>\$ (98,154)</u>           |
| <b>Net (loss) per share</b>                             |                              |                              |
| Basic and diluted                                       | \$ (0.00)                    | \$ (0.00)                    |
| <b>Weighted average number of shares outstanding</b>    |                              |                              |
| Basic and diluted                                       | 162,364,427                  | 162,364,427                  |

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

|                                                          | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|----------------------------------------------------------|------------------------------|------------------------------|
| <b>Cash (used in) operating activities</b>               |                              |                              |
| Net (loss) for the year                                  | \$ (767,110)                 | \$ (98,154)                  |
| Items not involving cash                                 |                              |                              |
| Accretion (Note 10)                                      | -                            | 1,223                        |
| Accrued interest                                         | (263)                        | (1,519)                      |
| Rehabilitation provision recovery (Note 10)              | -                            | (1,032,567)                  |
| Share based compensation (Note 16)                       | 103,722                      | 329,150                      |
| Lease depreciation (Note 11)                             | 47,795                       | -                            |
| Lease deemed interest expense (Note 11)                  | 7,394                        | -                            |
| Changes in working capital                               | 325,969                      | (257,855)                    |
| <b>Cash (used in) operating activities</b>               | <u>(282,493)</u>             | <u>(1,059,722)</u>           |
| <b>Cash (used in) provided by investing activities</b>   |                              |                              |
| Proceeds from the assignment of rights                   | -                            | 250,000                      |
| Investment in exploration and evaluation assets (Note 7) | (68,063)                     | (97,655)                     |
| Performance of site rehabilitation (Note 10)             | -                            | (113,723)                    |
| Release of restricted cash (Notes 6 and 10)              | -                            | 1,002,249                    |
| <b>Cash (used in) provided by investing activities</b>   | <u>(68,063)</u>              | <u>1,040,871</u>             |
| <b>Cash provided by financing activities</b>             |                              |                              |
| Advance from director (Note 19)                          | 100,000                      | -                            |
| Lease payments (Note 11)                                 | (52,500)                     | -                            |
| <b>Cash provided by financing activities</b>             | <u>47,500</u>                | <u>-</u>                     |
| <b>Change in cash and cash equivalents</b>               | (303,056)                    | (18,851)                     |
| Cash and cash equivalents, beginning of year             | 309,205                      | 328,056                      |
| Cash and cash equivalents, end of year                   | <u>\$ 6,149</u>              | <u>\$ 309,205</u>            |
| Cash and cash equivalents consist of:                    |                              |                              |
| Cash                                                     | \$ 5,972                     | \$ 309,003                   |
| Cash equivalents                                         | 177                          | 202                          |
|                                                          | <u>\$ 6,149</u>              | <u>\$ 309,205</u>            |
| <b>Supplemental cash flow information:</b>               |                              |                              |
| Acquisition of right-of-use asset (Note 11)              | \$ 122,900                   | \$ -                         |

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian dollars)

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|                           | Share Capital |                | Reserves     | Deficit          | Non-Controlling Interest | Shareholders' Equity |
|---------------------------|---------------|----------------|--------------|------------------|--------------------------|----------------------|
|                           | Number        | Amount         | Amount       | Amount           | Amount                   | Total Amount         |
| Balance, March 31, 2021   | 162,364,427   | \$ 395,687,172 | \$ 699,491   | \$ (382,609,000) | \$ 12,044,109            | \$ 25,821,772        |
| Vesting of RSUs (Note 16) | -             | -              | 329,150      | -                | -                        | 329,150              |
| Loss for the year         | -             | -              | -            | (310,850)        | 212,696                  | (98,154)             |
| Balance, March 31, 2022   | 162,364,427   | 395,687,172    | 1,028,641    | (382,919,850)    | 12,256,805               | 26,052,768           |
| Vesting of RSUs (Note 16) | -             | -              | 103,722      | -                | -                        | 103,722              |
| Loss for the year         | -             | -              | -            | (637,547)        | (129,563)                | (767,110)            |
| Balance, March 31, 2023   | 162,364,427   | \$ 395,687,172 | \$ 1,132,363 | \$ (383,557,397) | \$ 12,127,242            | \$ 25,389,380        |

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**1. Nature of Operations and Going Concern**

***Principles of Consolidation***

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

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

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

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

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

***Nature of Operations***

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

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

The Company did not conduct mining operations during the years ended March 31, 2022 and 2023. The Company is currently focused on development of its Houston Project and maintaining its other mineral claims and mining concessions. Subject to securing construction financing, the Company plans to commence construction of its Houston Project. There can be no assurance that construction will be commenced or completed.

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

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

***Going Concern***

At March 31, 2023, the Company had a working capital deficit of \$1,116,793, compared to a working capital deficit of \$305,366 at March 31, 2022. Notwithstanding its working capital deficit, the Company believes it will have sufficient resources to continue its operations over the next 12 months, subject to generating sufficient proceeds from an equity offering or alternative financing, although there can be no assurance the Company will be able to complete a financing on acceptable terms or at all. Accordingly, the consolidated financial statements for the year ended March 31, 2023 have been prepared on a going concern basis, using the historical cost convention.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**1. Nature of Operations and Going Concern (continued)**

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

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

**2. Basis of Preparation**

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

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

**3. Significant Accounting Judgements, Estimates and Assumptions**

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

*Assets' carrying values and impairment charges*

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

*Mineral resource estimates*

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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

*Impairment of exploration and evaluation assets and property, plant and equipment*

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. External sources of information include technical reports and arm's length mineral property transaction values. External sources of information also include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future pre-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation assets.

While assessing whether any indications of impairment exist for property, plant and equipment, management looks at the higher of recoverable amount or fair value less costs of disposal.

Where an impairment is subsequently reversed, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment been previously recognized.

These determinations and their individual assumptions require that management make decisions based on the best available information at each reporting period.

*Cash generating units*

Cash generating units ("CGUs") represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis. The Company generally considers its Schefferville Projects to represent one CGU, as the Schefferville Projects are in close geographical proximity to each other and all share common management, rail, port, processing and mine support infrastructure.

*Estimation of rehabilitation provision*

The rehabilitation cost estimates are updated annually to reflect known developments (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Rehabilitation costs, including decommissioning, restoration and similar liabilities, are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Refer to Note 10.

*Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgement is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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

Share-based payments

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

The share-based payments recognized in the years ended March 31, 2022 and 2023 relate to the vesting of restricted share units. Refer to Notes 15 and 16. There were no options or warrants granted, vested or outstanding in the years ended March 31, 2022 and 2023.

Asset lives and depletion and depreciation rates for property, plant and equipment and exploration and evaluation assets

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

Going concern

Refer to Note 1.

Contingencies

Refer to Note 18.

**4. Significant Accounting Policies**

Basis of consolidation

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

Subsidiaries

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

Presentation and functional currency

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

Foreign currency translation

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**4. Significant Accounting Policies (continued)**

Interest earned

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

Deferred share units

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

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

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

Restricted share units

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

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

Exploration and evaluation assets

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

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

At March 31, 2022 and 2023, all of the Company's properties are categorized as exploration and evaluation assets.

Impairment of non-financial assets

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**4. Significant Accounting Policies (continued)**

*Impairment of non-financial assets (continued)*

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

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

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

*Financial assets and financial liabilities*

*Financial assets*

*Initial recognition and measurement*

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

*Subsequent measurement – financial assets at amortized cost*

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion in the consolidated statements of operations. The Company measures cash, accounts receivable and restricted cash at amortized cost.

*Subsequent measurement – financial assets at FVPL*

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company measures cash equivalents at FVPL.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**4. Significant Accounting Policies (continued)**

*Financial assets (continued)*

*Subsequent measurement – financial assets at FVOCI*

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

*Derecognition*

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

*Impairment of financial assets*

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, an advance from director and the CEBA loan, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

*Subsequent measurement – financial liabilities at amortized cost*

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in accretion in the consolidated statements of operations.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**4. Significant Accounting Policies (continued)**

Cash and cash equivalents

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

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

Provisions

*General*

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations and comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

*Rehabilitation provisions*

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and waste sites, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining asset to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations and comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations.

*Onerous contracts*

Onerous contracts are present obligations arising under onerous contracts that are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Revenue Recognition

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**4. Significant Accounting Policies (continued)**

(Loss) per share

(Loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options, warrants, DSUs and RSUs in the weighted average number of common shares outstanding during the period, if dilutive. The diluted (loss) per share calculation excludes the conversion of common share equivalents that would decrease (loss) per share. There were no stock options or warrants outstanding during the years ended March 31, 2022 and 2023.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations and comprehensive loss except to the extent they relate to items recognized directly in equity or in other comprehensive income, in which case the related taxes are recognized in equity or other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, which may differ from earnings reported in the statement of operations and comprehensive loss due to items of income or expenses that are not currently taxable or deductible for tax purposes, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Government assistance

Upon qualification for government mineral exploration assistance programs, recoverable amounts are offset against costs incurred when the Company has complied with the terms and conditions of the program and the recovery is reasonably assured.

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a reduction of the non-current assets in the consolidated balance sheet, and transferred to the consolidated statement of operations on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognized as a reduction of the related expenses over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the consolidated statement of operations in the period in which they become receivable.

Leases

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**4. Significant Accounting Policies (continued)**

Leases (continued)

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

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

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 16 – The IASB has extended the rent concessions amendment issued May 2020 by one year. This amendment provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The practical expedient was originally available only for payments due on or before June 30, 2021, however, since the effects of COVID-19 are ongoing and significant, the IASB decided to extend the time period over which the practical expedient is available for use. The amendment is effective for year ends beginning on or after April 1, 2022.

IAS 12 – In May 2021, the IASB issued ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**5. Accounts Receivable and Prepaid Expenses**

|                  | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|------------------|-----------------------|-----------------------|
| Refundable taxes | \$ 12,851             | \$ 16,382             |
| Prepaid expenses | -                     | 7,500                 |
|                  | <u>\$ 12,851</u>      | <u>\$ 23,882</u>      |

**6. Restricted Cash**

At March 31, 2023 and 2022, restricted cash consisted of interest-bearing term deposits assigned by the Company to its bank as security for its credit card accounts.

|                               | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|-------------------------------|-----------------------|-----------------------|
| Restricted cash – Non-current | \$ 28,966             | \$ 28,703             |

During the year ended March 31, 2022, \$1,002,249 of restricted cash assigned by the Company as security for performance of rehabilitation and closure relating to its previous mining operations was released following completion of such rehabilitation and closure.

**7. Exploration and Evaluation Assets**

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

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

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

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

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

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**7. Exploration and Evaluation Assets (continued)**

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

|                                  | Exploration<br>and Evaluation<br>Assets |
|----------------------------------|-----------------------------------------|
| <b>Cost at:</b>                  |                                         |
| March 31, 2021                   | \$ 26,400,317                           |
| Additions                        | <u>97,655</u>                           |
| March 31, 2022                   | 26,497,972                              |
| Additions                        | <u>68,063</u>                           |
| March 31, 2023                   | <u>\$ 26,566,035</u>                    |
| <b>Accumulated depletion at:</b> |                                         |
| March 31, 2021, 2022 and 2023    | <u>\$ -</u>                             |
| <b>Net book value at:</b>        |                                         |
| March 31, 2021                   | <u>\$ 26,400,317</u>                    |
| March 31, 2022                   | <u>\$ 26,497,972</u>                    |
| March 31, 2023                   | <u>\$ 26,566,035</u>                    |

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

**8. Property, Plant and Equipment**

|                                     | Total<br>\$ |
|-------------------------------------|-------------|
| <b>Cost at:</b>                     |             |
| March 31, 2021, 2022 and 2023       | <u>1</u>    |
| <b>Accumulated depreciation at:</b> |             |
| March 31, 2021, 2022 and 2023       | <u>-</u>    |
| <b>Net book value at:</b>           |             |
| March 31, 2021, 2022 and 2023       | <u>1</u>    |

All of the Company's previous property, plant and equipment was disposed of prior to March 31, 2020.

**9. Accounts Payable and Accrued Liabilities**

|                                       | March 31, 2023    | March 31, 2022    |
|---------------------------------------|-------------------|-------------------|
| Trade payables and accruals           | \$ 946,326        | \$ 623,705        |
| Sales taxes and statutory liabilities | <u>48,129</u>     | <u>14,748</u>     |
|                                       | <u>\$ 994,455</u> | <u>\$ 638,453</u> |

Refer to Note 19.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

**10. Rehabilitation Provision**

Rehabilitation provision represents the financial obligation associated with rehabilitation and closure of the Company's previous mining operations. Such obligation consisted of costs associated with reclamation and the removal of tangible assets from the Company's previous mine site.

The Company satisfied or transferred to a third party all remaining rehabilitation and closure obligations during the year ended March 31, 2022, which fully extinguished the related rehabilitation provision during that year.

A summary of the Company's rehabilitation provision is presented below:

|                            | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|----------------------------|------------------------------|------------------------------|
| Balance, beginning of year | \$ -                         | \$ 1,145,067                 |
| Accretion                  | -                            | 1,223                        |
| Recovery                   | -                            | (1,032,567)                  |
| Reduction                  | -                            | (113,723)                    |
| Balance, end of year       | <u>\$ -</u>                  | <u>\$ -</u>                  |

**11. Office Lease**

On February 1, 2022, the Company entered into an office services agreement granting the right to use the Company's head office premises, which right expires on January 30, 2025.

During the year ended March 31, 2023, in accordance with IFRS 16, the Company recorded a right-of-use lease asset, recognizing the Company's use for the term of the agreement in the amount of \$122,900 and a corresponding lease liability in the amount of \$122,900. The Company also recognized non-cash depreciation expense of \$47,794 and deemed non-cash interest expense of \$7,394 during the year.

**Right-of-use asset**

|                          | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--------------------------|------------------------------|------------------------------|
| Lease asset recognized   | \$ 122,900                   | \$ -                         |
| Accumulated depreciation | (47,795)                     | -                            |
| Net book value – ending  | <u>\$ 75,105</u>             | <u>\$ -</u>                  |

**Lease obligation**

|                               | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|-------------------------------|------------------------------|------------------------------|
| Lease obligation recognized   | \$ 122,900                   | \$ -                         |
| Lease payments                | (52,500)                     | -                            |
| Deemed interest expense       | 7,394                        | -                            |
| Net lease obligation – ending | <u>\$ 77,794</u>             | <u>\$ -</u>                  |

|                                                         | March 31, 2023   | March 31, 2022 |
|---------------------------------------------------------|------------------|----------------|
| Current lease obligation                                | \$ 41,338        | \$ -           |
| Non-current lease obligation – within one and two years | 36,456           | -              |
| Net lease obligation – ending                           | <u>\$ 77,794</u> | <u>\$ -</u>    |

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**12. Government Assistance**

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

|           | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|-----------|-----------------------|-----------------------|
| CEBA loan | <u>\$ 40,000</u>      | <u>\$ 40,000</u>      |

During the year ended March 31, 2023, the Company received \$Nil (2022 - \$79,408) in wage subsidy from the Government of Canada under the Canada Emergency Wage Subsidy program, which was credited against corporate and administrative costs.

**13. Non-Controlling Interest**

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

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

Refer to Note 1.

|                                                                   | <u>Year ended<br/>March 31, 2023</u> | <u>Year ended<br/>March 31, 2022</u> |
|-------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Beginning balance                                                 | \$ 12,256,805                        | \$ 12,044,109                        |
| Net (loss) income of LIM attributable to non-controlling interest | <u>(129,563)</u>                     | <u>212,696</u>                       |
| Ending balance                                                    | <u>\$ 12,127,242</u>                 | <u>\$ 12,256,805</u>                 |

**14. Share Capital**

**Authorized**

Unlimited common shares, no par value

**Issued**

Balance, March 31, 2021, 2022 and 2023

|  | <u>Shares<br/>#</u> | <u>Amount<br/>\$</u> |
|--|---------------------|----------------------|
|  | <u>162,364,427</u>  | <u>395,687,172</u>   |

Refer to Note 23.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

**15. Reserves**

**(a) Deferred Share Units**

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

During the years ended March 31, 2022 and 2023, DSUs are presented as Reserves within equity.

A summary of DSUs in Reserves is presented below:

|                                        | DSUs in Reserves |            |
|----------------------------------------|------------------|------------|
|                                        | Number           | Reserves   |
| Balance, March 31, 2021, 2022 and 2023 | 1,077,362        | \$ 383,541 |

Effective March 31, 2014, granting of additional DSUs was suspended. All outstanding DSUs are fully vested.

**(c) Reserves**

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

|                                                    | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|----------------------------------------------------|------------------------------|------------------------------|
| Balance, beginning of year                         | \$ 1,028,641                 | \$ 699,491                   |
| Vesting of 587,500 RSUs granted March 31, 2021     | -                            | 209,150                      |
| Vesting of 100,674 RSUs granted June 30, 2021      | -                            | 30,000                       |
| Vesting of 202,704 RSUs granted September 30, 2021 | -                            | 30,000                       |
| Vesting of 256,410 RSUs granted December 31, 2021  | -                            | 30,000                       |
| Vesting of 209,790 RSUs granted March 31, 2022     | -                            | 30,000                       |
| Vesting of 35,791 RSUs granted June 30, 2022       | 3,722                        | -                            |
| Vesting of 240,385 RSUs granted June 30, 2022      | 25,000                       | -                            |
| Vesting of 198,415 RSUs granted September 30, 2022 | 25,000                       | -                            |
| Vesting of 233,645 RSUs granted December 31, 2022  | 25,000                       | -                            |
| Vesting of 225,225 RSUs granted March 31, 2023     | 25,000                       | -                            |
| Balance, end of year                               | \$ 1,132,363                 | \$ 1,028,641                 |

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

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

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

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

**15. Reserves (continued)**

**(c) Reserves (continued)**

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

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

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

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

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

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

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

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

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

**16. Share Based Compensation**

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

|                                                    | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|----------------------------------------------------|------------------------------|------------------------------|
| Vesting of 587,500 RSUs granted March 31, 2021     | \$ -                         | \$ 209,150                   |
| Vesting of 100,674 RSUs granted June 30, 2021      | -                            | 30,000                       |
| Vesting of 202,704 RSUs granted September 30, 2021 | -                            | 30,000                       |
| Vesting of 256,410 RSUs granted December 31, 2021  | -                            | 30,000                       |
| Vesting of 209,790 RSUs granted March 31, 2022     | -                            | 30,000                       |
| Vesting of 35,791 RSUs granted June 30, 2022       | 3,722                        | -                            |
| Vesting of 240,385 RSUs granted June 30, 2022      | 25,000                       | -                            |
| Vesting of 198,415 RSUs granted September 30, 2022 | 25,000                       | -                            |
| Vesting of 233,645 RSUs granted December 31, 2022  | 25,000                       | -                            |
| Vesting of 225,225 RSUs granted March 31, 2023     | 25,000                       | -                            |
|                                                    | <u>\$ 103,722</u>            | <u>\$ 329,150</u>            |

Refer to Note 15(c).

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**16. Share Based Compensation (continued)**

There were no stock options granted, issued or outstanding during the years ended March 31, 2022 and 2023.

**17. Capital Management**

The capital of the Company consists of share capital and reserves. There were no significant changes to the Company's approach to capital management during the years ended March 31, 2022 and 2023. The Company is not subject to externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its mineral properties. The issuance of common shares requires approval from the Board of Directors. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the Company's management to sustain future development of the business. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore, develop and produce from its Schefferville Projects for the benefit of its stakeholders. The Company uses stock options, DSUs and RSUs to retain and provide incentives to directors, employees and consultants. The granting of stock options, DSUs and RSUs is primarily determined by the Board of Directors. No stock options were granted, issued or outstanding during the years ended March 31, 2022 or 2023.

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

**18. Commitments and Contingencies**

- (a) The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- (b) The Company is party to one unresolved claim from 2016 in the amount of approximately \$3.0 million which has been rejected and remains in dispute. The Company has not recognized the unresolved claim as a liability as the outcome of the claim is not determinable at this time and the full amount of the unresolved claim is treated as a contingent liability.

**19. Related Party Transactions**

During the year ended March 31, 2023, the Company incurred office rent of \$45,000 (2022 - \$27,000) payable to a corporation with common directors and/or officers. As at March 31, 2023, \$30,000 (2022 - \$NIL) was payable to this related party with respect to office rent. Refer to Note 11.

During the year ended March 31, 2023, the Company incurred administrative services costs payable to a company controlled by an officer in the amount of \$30,000 (2022 - \$30,000). As at March 31, 2023, \$125,000 (2022 - \$95,000) remained payable to this related party with respect to administrative services.

During the year ended March 31, 2023, a director advanced \$100,000 to the Company on a non-interest bearing basis for working capital purposes, the full balance of which remained outstanding at March 31, 2023. Refer to Note 24.

All related party balances payable as at March 31, 2022 are included in accounts payable and accrued liabilities. The balances are unsecured, non-interest bearing and have no fixed terms of repayment.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**20. Compensation of Key Management Personnel**

The remuneration of directors and other key management personnel (i) during the years ended March 31, 2023 and 2022 was as follows:

|                                | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|--------------------------------|------------------------------|------------------------------|
| Short-term compensation (ii)   | \$ 306,792                   | \$ 313,986                   |
| Share based compensation (iii) | 103,722                      | 262,400                      |
|                                | <u>\$ 410,514</u>            | <u>\$ 576,386</u>            |

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

As at March 31, 2023, \$460,512 (2022 - \$276,214) of short-term compensation remained payable to key management personnel. Of the balance of short-term compensation outstanding at March 31, 2023, \$231,250 (2022 - \$231,250) is deferred executive compensation from the years ended March 31, 2016 and 2017, which is unsecured, non-interest bearing and due on or after April 1, 2024. The remaining balance is unsecured, non-interest bearing and due on demand. All such accrued compensation is included in accrued liabilities.

**21. Financial Instruments**

Fair Value Hierarchy

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

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

At March 31, 2022 and 2023, the Company's financial instruments that are carried at fair value, consisting of cash equivalents, have been classified as Level 2 within the fair value hierarchy.

Fair value

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

Financial risk management

This section provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk and how the Company manages those risks. The Company's objectives and management of risks have not changed significantly during the years ended March 31, 2022 and 2023.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**21. Financial Instruments (continued)**

*Financial risk management (continued)*

i) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and cash equivalents, restricted cash and accounts receivable. The Company does not currently hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company has never held any asset backed paper instruments. The Company seeks to place its cash and cash equivalents with reputable financial institutions. At March 31, 2022 and 2023, the Company's cash and cash equivalents and restricted cash were held in deposits and in an investment grade short term money market fund at a major Canadian bank. The carrying amount of financial assets represents the Company's maximum credit exposure.

ii) *Liquidity risk*

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they come due. As at March 31, 2023, the Company had a working capital deficit of \$1,116,793 (2022 - working capital deficit of \$305,366). The Company believes it will be able to settle its current obligations from the proceeds of sale of an equity financing or alternative financing. Refer to Note 1.

iii) *Foreign currency risk*

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

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

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

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

iv) *Interest rate risk*

Included in net loss for the year ended March 31, 2023 is interest earned on the Company's cash and cash equivalents. If interest rates throughout the year ended March 31, 2023 had been 100 basis points higher (lower) then net loss would have been approximately \$1,000 lower (higher). The Company does not have any variable rate debt obligations that expose it to interest rate risk.

v) *Commodity price risk*

The future profitability of the Company is directly related to the market price of iron ore. Fluctuations in the iron ore price could create volatility in the Company's future cash flows and the future reported amounts for sales in its consolidated statement of operations and comprehensive loss, both on a period-to-period basis and compared with operating budgets and forecasts. In addition, a drop in actual iron ore prices or expected long-term iron ore prices could impact the Company's ability to raise additional financing, if required, to complete the development of its properties, and development could also be halted if iron ore prices fall below expected operating costs. The Company had no sales of iron ore during the years ended March 31, 2022 and 2023.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**22. Income Taxes**

Major items causing the Company's effective income tax rates to differ from the approximate combined Canadian federal and provincial statutory rate of 27% (2022 - 27%) were as follows:

**a) Provision for Income Taxes**

|                                                      | Year ended<br>March 31, 2023 | Year ended<br>March 31, 2022 |
|------------------------------------------------------|------------------------------|------------------------------|
|                                                      | \$                           | \$                           |
| (Loss) income before income taxes                    | <u>(767,110)</u>             | <u>(98,154)</u>              |
| Expected income tax recovery based on statutory rate | (209,000)                    | (27,000)                     |
| Adjustment to expected income tax benefit due to:    |                              |                              |
| Share based compensation                             | (28,000)                     | (90,000)                     |
| Change in benefit of tax assets not recognized       | <u>237,000</u>               | <u>117,000</u>               |
| Deferred income tax provision                        | <u>-</u>                     | <u>-</u>                     |

**b) Deferred Income Tax Balances**

Unrecognized Deferred Tax Assets

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

|                                   | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
|                                   | \$             | \$             |
| Non-capital loss carry-forwards   | 282,286,000    | 278,742,000    |
| Capital losses                    | 659,000        | 659,000        |
| Exploration and evaluation assets | 9,792,000      | 9,792,000      |
| Property, plant and equipment     | 9,206,000      | 9,171,000      |

The non-capital loss-carry-forwards of approximately \$282,286,000 expire from 2028 to 2043. The other temporary differences do not expire under current legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

**LABRADOR IRON MINES HOLDINGS LIMITED**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2023 and 2022**  
(Expressed in Canadian dollars)

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**23. Acquisition of Minority Interest in Subsidiary**

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

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

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

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

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

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

**24. Subsequent Event**

In June 2023, a director advanced an additional \$50,000 to the Company on a non-interest bearing basis for working capital purposes.