LABRADOR IRON MINES HOLDINGS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2021

Dated: August 12, 2021

GENERAL

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto of Labrador Iron Mines Holdings Limited (collectively, with its subsidiaries, the "Company") for the three months ended June 30, 2021.

All currency amounts in this discussion are expressed in Canadian dollars, unless otherwise indicated. All references to tonnes are dry metric tonnes ("dmt"), unless otherwise indicated. All numerical references to years are "calendar" years, unless otherwise indicated.

This MD&A contains forward-looking statements.

OVERVIEW

Labrador Iron Mines Holdings Limited ("LIMH"), 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 price of iron ore (62% Fe Fines CFR China) surged 80% in 2020 to a nine-year high of US$170 per tonne, driven largely by sustained demand in China and supply constraints in Brazil. In the first half of 2021, the price of iron ore surged another 40%, to an all-time record US$235 per tonne in May, before settling in at US$215 per tonne in June. In China, iron ore demand has proven to be extremely strong, as infrastructure stimulus programs have been driving a robust recovery in the economy and continued strength in Chinese steel production.

The Company's current focus is planning activities related to advancing the Houston Project, LIM's flagship property. The Company also continues to conduct the expenditures required to maintain its various mineral claims in good standing. LIM's former James Mine and the Silver Yards processing facility have been in progressive reclamation since the termination of mining at the James Mine at the end of 2013. A final rehabilitation program, primarily involving some repeat seeding and re-vegetation and removal of discharge piping, has been completed during the summer of 2021, following inspection of which LIM expects it will have completed all its environmental regulatory requirements relating to rehabilitation of the former James Mine, Redmond Mine and the Silver Yards processing site and related infrastructure.

The Houston Project is an open pit direct shipping iron ore project located near the town of Schefferville, on which an updated, independent Preliminary Economic Assessment ("PEA") was completed in February 2021 and demonstrated production of 2 million dmt of 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.

Based on the assumptions used, the PEA estimates the Houston Project will generate an undiscounted net cash flow of $234 million and an after-tax net present value at an 8% discount rate ("$NPV_{8\%}$") of $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 PEA notes that using a more recent spot price of US$160/dmt would increase the after-tax $NPV_{8\%}$ to $778 million and the after-tax IRR to 514%, before any assumed price participation by an offtake partner. The PEA also notes that using a spot price of US$160/dmt, adjusted for an assumed 50% price participation above US$90/dmt for an offtake partner would increase the after-tax $NPV_{8\%}$ to $459 million and the after-tax IRR to 209%.

The independent PEA prepared by Roscoe Postle Associates Inc ("RPA"), now part of SLR Consulting Ltd., supports LIM's plan to resume iron ore production from its next phase Houston Project with low re-start capital and robust economics at a time when the global iron ore markets are very strong. The PEA estimates initial direct capital costs of $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 $86.8 million. The initial capital intensity at only US$33 per annual tonne of production is considered low by industry standards.

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.

Planned Follow-up Initiatives

Subject to funding, LIM plans to further advance development of the Houston Project through a number of near term initiatives, as follows.

(i) Complete metallurgical test work of drill core collected from the Houston Project in a 2013 bulk sample, which is currently in storage. Results of the test work will be used to refine the product specifications and process flowsheet assumed in the PEA. Among other things, this analysis will yield important product characterization information which could be helpful in marketing the product.

(ii) Complete a trade-off study on use of LIM's Redmond property rail right-of-way for the Houston Project's rail loading operations. Although a longer truck haul is required (approximately 1.5 km greater), the Redmond property rail right-of-way was formerly used for loading iron ore trains (by IOC) and includes an existing rail bed with a rail loop at the end to turnaround, versus the current proposed Houston rail siding operation, which requires the train to be split multiple times.

(iii) Update the surface water management plan for the mine site based on the proposed localized handling and treatment of surface contact water.

(iv) Reactivate all necessary regulatory permits and approvals for construction.

(v) Continue engagement with adjacent First Nations communities.

(vi) Advance commercial negotiations with construction contractors, equipment vendors, rail, port and logistics counterparties.

(vii) Further refine the environmental and health and safety plans.

(viii) Further develop the human resources and recruitment plans.

(ix) Complete an off-take contract, including construction financing and product sale components.

The Company believes that successful completion of these initiatives will favourably impact the terms of construction financing, which will be required in early 2022.

LIM's HOUSTON DSO PROJECT

The Houston Project consists of the Houston 1, 2 and 3 deposits located in Newfoundland and Labrador and the adjacent Malcolm deposit located just over the provincial border in Quebec, collectively about 15 kilometres from Schefferville and about 10 kilometres south of LIM's former James Mine.

The Houston 1 and 2 deposits have been permitted and are considered ready for construction. The Houston 3 and Malcolm deposits are planned to come on stream in the second half of the mine life, following permitting.

In 2012, following the submission of a project registration to the Government of Newfoundland and Labrador for the development of the Houston 1 and 2 deposits, including a haul road and a new railway siding, the Minister of Environment and Conservation informed the Company that, in accordance with the Environmental Protection Act, the Houston 1 and 2 Deposits Mining Project was released from further environmental assessment, subject to a number of conditions.

The Closure and Rehabilitation Plan for the Houston 1 and Houston 2 deposits has been approved to allow for initial development. In order to fully develop the Houston Project, the Closure and Rehabilitation Plan for the Houston 3 deposit must be approved by the Newfoundland Department of Natural Resources. The Malcolm deposit, included in the Houston project, has not been permitted by the Province of Quebec and is proposed to be developed in the second half of the project mine life.

The Company's Schefferville Projects are connected by a direct rail line to the Port of Sept-Iles on the Atlantic Ocean and benefit from established infrastructure, including, the town, airport, roads, hydro power and rail service.

LIM has existing life-of-mine rail agreements with Tshiuetin ("TSH") railway and Quebec North Shore and Labrador Railway ("QNS&L") for the transport of iron ore across the 235 km TSH railway and the 350 km QNS&L railway to the Port of Sept-Iles. These agreements are currently suspended until LIM's mining operations resume. LIM will be seeking additional amendments to be effective when the suspended contracts are reactivated. There are no assurances that LIM will be successful in negotiating such additional amendments to the commercial terms of its major contracts on reasonable or acceptable terms, or at all.

The port handling arrangements for the future shipment of LIM's iron ore production remain subject to ongoing evaluation and finalization. LIM continues to evaluate different options for the unloading, stockpiling and ship loading of its iron ore products at the Port of Sept-Iles. These potential options include renewal of a port access agreement with IOC, use of the Société Ferrovaire et Portuaire de Pointe Noire ("SFPPN", a public private partnership) port assets (which include the Wabush yard, dumper and loader, the Bloom Lake dumper and loader and the Arnaud Railway which connects that part of the Port to the QNS&L railroad) and/or use of the Port's new multi-user deep water dock and/or other facilities in the Port of Sept-Iles. Use of such facilities would require negotiation of a new agreement(s) with IOC, SFPPN and/or the Port.

The Company's objective upon completion of the planned follow-up initiatives is to be in a position to commence construction of the Houston Project in the spring of 2022.

Construction of the Houston Project is subject to the availability of construction financing. There are no assurances that the Company will be successful in obtaining the required financing and if it is unable to obtain such financing, the development of Houston will be delayed.

PRELIMINARY ECONOMIC ASSESSMENT - HOUSTON PROJECT

As an important step in advancing the Houston Project, 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 Company's website and under the Company's profile on www.sedar.com.

Updated Mineral Resource Estimate

As part of the PEA, RPA/SLR completed an updated 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 expanded scope of 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 for the Houston Project, effective December 31, 2020, is as follows.

Houston Project: Mineral Resource Estimate						
Category	**Tonnes (Mdmt)**	**Fe %**	**SiO_2 %**	**Mn %**	**P %**	**Al_2O_3 %**
Measured	11.4	62.7	6.8	0.52	0.07	0.68
Indicated	9.1	62.7	7.3	0.41	0.06	0.54
M + I	**20.5**	**62.7**	**7.0**	**0.47**	**0.06**	**0.62**
Inferred	14.3	59.4	13.7	1.02	0.07	0.83

Updated Production Schedule

The strategy set out in the PEA aims to maximize the quantity of higher-grade mineralization and minimize the waste mined in the plan, thus lowering the strip ratio, with the objective of reducing overall costs. The revised mine plan is now scheduling distinct phases of mining in multiple smaller pits within the already permitted project footprint and is likely to result in a smaller overall disturbance area.

The PEA establishes an updated Houston mining schedule of 2 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 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 following table summarizes planned mine production from the four deposits which comprise the Houston Project, as set out in the PEA.

Houston Project: Production Summary								
Pit	High Grade Iron Domain (Mdmt)	Fe (%)	SiO_2 (%)	P (%)	Mn (%)	Al_2O_3 (%)	Strip Ratio	Total Mined (Mdmt)
Houston 1	6.1	62.3	7.1	0.08	0.60	0.64	1.4:1	14.6
Houston 2	4.5	62.7	7.2	0.05	0.44	0.72	2.2:1	14.3
Houston 3	8.1	61.8	8.5	0.06	0.50	0.61	2.9:1	31.3
Malcolm	4.7	62.2	6.3	0.06	0.53	0.51	2.4:1	15.8
Total	**23.4**	**62.2**	**7.4**	**0.06**	**0.52**	**0.62**	**2.2:1**	**76.7**

Mining dilution of 5% at model grade is assumed, together with 99% mining recovery. Mass yield with dry crushing and screening is assumed at 100%.

Nearly 100% of production for the first five years of operations and nearly 100% of Houston 1 and Houston 2 production is derived from Measured and Indicated Resources. Overall, Measured and Indicated Mineral Resources represent approximately 80% of the planned production total.

Capital Costs

The PEA estimates initial direct capital costs of $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 $86.8 million. Sustaining capital is estimated at $67.7 million.

Initial capital costs and sustaining capital costs include an 18% contingency on direct and indirect costs. Major mining equipment is included in the financial analysis under a capital lease arrangement.

Cost escalation, exploration costs, corporate costs, project financing (except major mine equipment leasing) and working capital are excluded from the estimates. Restricted cash accounts are assumed to cover the closure and reclamation obligations.

A table summarizing the various components of Houston Project capital costs according to the PEA is as follows.

Houston Project: Capital Costs			
Area	Initial Capital ($ millions)	Sustaining Capital ($ millions)	LOM Capital ($ millions)
Direct Costs:			
Equipment	15.5	36.7	52.2
Infrastructure:			
Dry Sizing Plant	6.4	0.6	7.0
Power and Site Distribution	1.7	3.0	4.7
Product Haul Road	14.9	2.5	17.4
Rail Siding	5.8	-	5.8
Site Buildings and Other Facilities	3.3	1.8	5.1
Site General	1.3	-	1.3
Development	2.3	11.6	13.9
Subtotal - Directs	**51.3**	**56.3**	**107.6**

Indirect Costs:			
EPCM Costs	11.3	2.4	13.7
Owner's Costs:			-
Personnel	2.3	-	2.3
Personnel (non-payroll)	3.5	-	3.5
Site Services	2.2	2.9	5.1
Equipment, Supplies, Other	2.9	0.9	3.8
Subtotal – Indirect Costs	**22.2**	**6.2**	**28.4**
Contingency	13.3	5.2	18.6
Capital Costs	**86.8**	**67.7**	**154.5**
Closure and Reclamation	3.5	4.9	8.4

Economic Assumptions

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 $2.00/dmt, in both cases payable to the former owners of the properties. Furthermore, 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 Company (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). Furthermore, the PEA estimates LIM's total cash cost of iron ore product delivered FOB Houston rail siding will be US$24.63/dmt ($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 Company 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.

PEA Financial Results

Based on the assumptions used, the PEA estimates the Houston Project will generate an undiscounted net cash flow of $234 million, an after-tax $NPV_{8\%}$ of $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 PEA also notes that using a more recent spot price of US$160/dmt, adjusted for an assumed 50% price participation above US$90/dmt, would increase the after-tax $NPV_{8\%}$ to $459 million and the after-tax IRR to 209%. Furthermore, the PEA notes that using a recent spot price of US$160/dmt, not adjusted for an assumed price participation by the buyer, would increase the after-tax $NPV_{8\%}$ to $778 million and the after-tax IRR to 514%.

SCHEFFERVILLE PROJECTS

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

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 Company's strategy for its 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 the Houston Project.

ONGOING OPERATIONAL ACTIVITIES

The Company continues to conduct the expenditures required to maintain its various mineral claims in good standing.

LIM's former James Mine and the Silver Yards processing facility have been in progressive reclamation since the termination of mining at the James Mine at the end of 2013. A rehabilitation program of top-soil spreading with seeding and re-vegetation was completed during the summer of 2020.

A final rehabilitation program, primarily involving some repeat seeding and re-vegetation and removal of discharge piping at Ruth Pit, was completed during the summer of 2021, following inspection of which LIM expects it will have completed all its environmental regulatory requirements relating to rehabilitation of the former James Mine, Redmond Mine and the Silver Yards processing site and related infrastructure.

ELIZABETH TACONITE PROPERTY

The Elizabeth taconite deposit ("Elizabeth"), is located approximately four km west of LIM's former James Mine. During the 2011 and 2012 field seasons, LIM's exploration efforts and drill programs identified a large iron orebody, leading to its first independent Inferred mineral resource estimate (as at June 15, 2013) comprising two adjacent deposit areas. Approximately 620 million inferred tonnes at an average grade of 31.8% Fe have been estimated in Elizabeth No. 1 and a potential 350 million to 600 million tonnes at an average grade 31.9% Fe have been estimated in Elizabeth No. 2. [Refer to "Qualified Persons" section below.]

The initial Elizabeth target measures approximately four km long and is made of magnetite and hematite dominant zones. There is significant potential for resource expansion as the deposit remains open along strike to the northwest and southeast.

Elizabeth represents an opportunity to develop a major new taconite operation in the Schefferville region of the Labrador Trough. The Elizabeth property location is advantageous, and has direct access to existing roads, rail bed and power line corridor.

Taconites require upgrading through a concentrator involving a major capital investment which would produce a high-grade saleable iron ore product higher than 68% Fe, which would attract premium prices in the current iron ore market.

Production of steel using high grade 68% iron ore reduces green house gas (GHG) emissions as compared to more typically consumed 62% iron hematite fines. Climate change is a prominent focus with major corporations including steel producers targeting carbon neutrality. In the context of total energy consumed through the full value chain to produce steel, the net GHG emissions using high grade iron ore, as would be produced at Elizabeth, are significantly reduced.

Development of the Elizabeth Project would be subject to the availability of development and construction financing. There are no assurances that LIM would be successful in obtaining the required financing for the further development and potential construction of the Elizabeth Project.

STRONG IRON ORE MARKET

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 two-thirds 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.

The price of iron ore (62% Fe Fines CFR China) surged 80% in 2020 to a nine-year high of US$170 per tonne, driven largely by sustained demand in China and supply constraints in Brazil. In the first half of 2021, the price of iron ore surged another 40%, to an all-time record US$235 per tonne in May, before settling in at US$215 per tonne in June.

In China, iron ore demand has proven to be extremely strong, as infrastructure stimulus programs have been driving a robust recovery in the economy and continued strength in Chinese steel production. Annual steel output in China surpassed 1 billion tonnes in 2020 for the first time, requiring the import of 1.17 billion tonnes of iron ore, representing an almost 10% increase over the previous record in 2017.

Projected iron ore supply is routinely overestimated, with Australian exports yet to hit levels that were expected to have been achieved 2-4 years ago. Any material increase in supply depends largely on Vale's ramp up in Brazil, and commissioning of new replacement mines in Australia's Pilbara region and development of one or two of the larger known deposits elsewhere in the world.

Rio Tinto reported a 12% fall in June quarterly iron ore shipments after storms affected its West Australian operations. Rio shipped 76.3 million tonnes (mt) of iron ore for the three months ended June 30, down from 86.7 mt a year ago and stated it now expects to ship near the lower end of its range of 325 mt and 340 mt in calendar 2021. Australian miners have been facing labour shortages as Australia has shut international borders and closed state borders. Brazilian Vale has indicated it is on track to meet the upper end of its 2021 guidance of 315-335 mt.

In the longer-term analysts generally expect iron ore prices to retreat from recent highs with Brazilian supply recovering, however government Covid relief programs and infrastructure investment worldwide are expected to create continued medium term demand for steel and thus for iron ore.

QUALIFIED PERSONS AND TECHNICAL REPORTS

Scientific and technical information disclosed herein has been prepared under the supervision of Rod Cooper, P.Eng., Chief Operating Officer of the Company who is a Qualified Person within the meaning of NI 43-101.

Technical Report entitled *"Technical Report on the Preliminary Economic Assessment of the Houston Project, Provinces of Newfoundland and Labrador and Québec, Canada*" dated effective December 31, 2020 by Glen Ehasoo, P.Eng., Dorota El Rassi, M.Sc., P.Eng., Marc Lavigne, M.Sc., ing. Luke Evans, M.Sc., ing. and Stephan Theben, Dipl.-Ing., SME (R.M.) of Roscoe Postle Associates Inc. (now part of SLR Consulting Ltd.), Qualified Persons and independent of the Company within the meaning of NI 43-101, which may be viewed under the Company's profile at www.sedar.com.

Technical Report entitled *"Technical Report: Schefferville Area Phase 1 DSO Iron Projects Resource Update, Western Labrador – NE Quebec, Canada*" dated effective June 27, 2014 by Maxime Dupéré, P.Geo. of SGS Canada Inc., who is a Qualified Person and independent person of the Company within the meaning of NI 43-101, which may be viewed under the Company's profile at www.sedar.com.

Technical Report entitled *"Mineral Resource Technical Report Elizabeth Taconite Project Labrador"* dated effective June 15, 2013 by George H. Wahl, P.Geo., GH Wahl & Associates Consulting who is a Qualified Person and independent of the Company and within the meaning of NI 43-101, which may be viewed under the Company's profile at www.sedar.com.

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 terms "iron ore" and "ore" in this document are used in a descriptive sense and should not be construed as representing current economic viability.

RESULTS OF OPERATIONS

The former James Mine and the Silver Yards processing facility have been in a progressive reclamation stage since 2014. The Company did not conduct any mining activities during the three months ended June 30, 2021. Rather, the Company's focus was on planning activities related to advancing its Stage 2 Houston Project and activities required to maintain its mineral properties in good standing. These activities continue to be funded by the sale of surplus assets and the release of restricted cash.

Three months ended June 30, 2021

On a consolidated basis, the Company reported a net loss of $0.26 million, or $0.00 per share during the three months ended June 30, 2021, compared to a net loss of $0.12 million, or $0.00 per share, during the same period of the previous year.

The net loss of $0.26 million in the current three month period was mainly attributable to site costs of $0.06 million, corporate and administrative costs of $0.14 million and share based compensation of $0.052 million. The net loss of $0.12 million in the same period in the previous year was mainly attributable to site costs of $0.02 million and corporate and administrative costs of $0.097 million.

Site costs included the expenditures required to maintain the Company's mineral properties in good standing. Such expenditures were minimal during the previous year's three month period as a result of Covid-related relief measures in Newfoundland and Labrador and Quebec, which have not been available in the current year.

Share based compensation in the current three month period related to restricted share units granted, expensed over the period until vesting using the graded vesting method of expense recognition

The increase in corporate and administrative costs reported in the current three month period is a result of a timing difference in the accrual of audit fees compared to the same period of the previous year.

At June 30, 2021 the Company had current assets of $0.46 million, consisting of $0.36 million in unrestricted cash, $0.08 in restricted cash and $0.02 million in accounts receivable and prepaid expenses. The Company also held $0.95 million in non-current restricted cash. The Company had no long term debt, other than a $0.04 million loan under the Covid-related Canada Emergency Business Account program.

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended							
($000s, except per share data)	Sept 30, 2019	Dec 31, 2019	March 31, 2020	June 30, 2020	Sept 30, 2020	Dec 31, 2020	March 31, 2021	June 30, 2021
Net income (loss)	(364)	(220)	408	(117)	250	(6)	25,540	(256)
Earnings (loss) per share	(0.00)	(0.00)	0.00	(0.00)	0.00	(0.00)	0.16	(0.00)
Total assets	2,533	2,107	1,897	1,738	1,687	1,723	28,081	27,834

Net income in the quarter ended March 31, 2020 included a gain of $0.70 million on the sale of property. Net income in the quarter ended September 30, 2020 included a rehabilitation provision recovery of $0.17 million and assignment income of $0.25 million. Net income in the quarter ended March 31, 2021 included an impairment reversal of $25.96 million.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2021, the Company had current assets of $0.46 million, consisting of $0.36 million in unrestricted cash, $0.08 million in restricted cash and $0.02 million in accounts receivable. At June 30, 2021, the Company also held $0.95 million in non-current restricted cash. The Company's cash and cash equivalents are invested in an investment grade short-term money market fund and deposits with a major Canadian bank.

Current liabilities, consisting of accounts payable and accrued liabilities, were $0.80 million at June 30, 2021.

The Company had a working capital deficit of $0.34 million at June 30, 2021. The Company had no current or long-term debt at June 30, 2021, other than a $0.04 million interest-free loan under the Canada Emergency Business Account program (a Covid-related relief program of the Government of Canada).

The Company continues to fund its ongoing site standby and general corporate and administrative activities from the proceeds of sale of surplus non-core assets and the release of restricted cash. The Company needs to generate sufficient proceeds from such activities or secure alternative financing to continue as a going concern. If the Company is unable

to generate sufficient proceeds from the sale of surplus non-core assets or the release of restricted cash, or otherwise obtain adequate financing, the Company may be required to curtail all its operations and activities.

While the ability to continue corporate and site standby activities over the next 12 months is not dependent on securing additional development financing, the Company will need to secure additional financing to continue as a going concern due to its working capital deficit at June 30, 2021. In order to fund its planned near-term initiatives, the Company plans to complete a working capital financing of approximately $2.5-$5 million. The Company is exploring various working capital financing alternatives including a potential private placement of equity.

Even if the Company is successful in funding its general working capital needs, the Company will need to secure development financing to fund the construction of the Houston Project. If the Company is unable to obtain additional construction financing on a timely basis or on reasonable or acceptable terms, then the Company will be unable to pursue its Houston Project.

Various future construction financing alternatives being considered for 2022 include, an advance payment component of an off-take contract, equipment leasing arrangement(s), potential project partners, potential government funding and potential equity financing.

There are no assurances that the Company will be successful in generating sufficient proceeds from the sale of surplus non-core assets, the release of restricted cash or the completion of an alternative financing to continue as a going concern.

If the Company is unable to obtain adequate additional financing or liquidity in the immediate term, the Company will be required to curtail all its operations and activities. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which may differ from the going concern basis.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

OBLIGATIONS AND CONTRACTUAL COMMITMENTS

The Company has suspended its principal rail transportation contracts and any ongoing financial commitments under such transportation contracts until LIM's mining operations resume.

The Company has suspended its impact benefit agreements with various First Nations communities, including a suspension of the ongoing commitments in accordance with the terms of such agreements, until LIM's mining operations resume.

Notwithstanding that LIM has suspended or terminated its major commercial contracts, the Company is also seeking additional amendments to be effective when the suspended contracts are reactivated. There are no assurances that LIM will be successful in negotiating such additional amendments to the commercial terms of its major contracts on reasonable or acceptable terms, or at all.

In 2016, the Naskapi Nation of Kawawachikamach submitted a claim in the amount of $3.0 million against LIM as part of the Company's CCAA process, which claim was rejected and remains contested, and is being dealt with pursuant to dispute resolution provisions of the Plan of Arrangement approved by the Court in December 2016. 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.

FINANCIAL INSTRUMENTS

The Company's treasury policy is to invest its cash and cash equivalents in investment grade short-term money market funds and deposits with a major Canadian bank. The Company monitors these investments and is satisfied with the credit rating and liquidity of its bank. The Company has never held any asset backed financial instruments.

The Company has designated its cash and cash equivalents as "held for trading", which are measured at fair value. Fair value estimates of financial assets are made at the statement of financial position date based on relevant market information and information about the financial instruments.

At June 30, 2021, the carrying amounts and fair value of the Company's financial instruments were considered to be the same, primarily because of the short term nature and liquidity of these instruments. At June 30, 2021, the Company did not hold any balances in foreign currencies, other than United States dollars.

The Company has included disclosure concerning some of the risk factors relating to its financial instruments in Note 25 to its consolidated financial statements for the year ended March 31, 2021.

OUTSTANDING SHARE CAPITAL

The Company's authorized share capital is an unlimited number of common shares.

The following is the outstanding share capital of the Company at June 30, 2021 and the date of this MD&A.

Security	Number
Common shares	162,364,427
Deferred share units	1,077,362
Restricted share units	1,574,674

The deferred share units (each, a "DSU") represent stock-based compensation previously granted to independent directors under the Company's DSU Plan. The performance period of each DSU commences on the grant date and expires on the termination date of the grantee. The termination date is when the grantee ceases to be a director of the Company. On redemption, each DSU entitles the grantee to receive, at the Company's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant. The grant of new DSUs was waived by directors and suspended effective March 31, 2014.

The restricted share units (each, an "RSU") represent stock-based compensation granted to directors, executives, employees and service providers under the Company's RSU Plan, implemented effective March 31, 2021. The RSU Plan was adopted to provide remuneration and long-term incentives, while preserving the Company's cash, and to align the interests of grantees with the long term interests of shareholders. Upon vesting, each RSU entitles the grantee the right to receive, on or after the payout election date and until the expiry date, after deduction of any applicable taxes and other required source deductions, at the Company's option: (i) a common share issued from treasury; (ii) a cash payment equal to the market value of a common share; or (iii) a cash payment used to purchase a common share on the open market on behalf of the participant.

The Company did not have any share purchase options or share purchase warrants outstanding at June 30, 2021 and the date of this MD&A.

The common shares of the Company trade under the symbol LBRMF on the "Current Information" tier of the OTC Pink Open Market. The Company continues in good standing as a Reporting Issuer in all the Provinces of Canada,

and in compliance with all of the requirements of the Securities Acts and Securities Regulations in Canada. All public filings of the Company may be inspected under the Company's profile on SEDAR at www.sedar.com.

Additionally, the Company intends to seek a new stock exchange listing on either the TSX or an alternative stock exchange at an appropriate time.

TRANSACTIONS WITH RELATED PARTIES

The related parties with which the Company transacted during the three months ended June 30, 2021 were Energold Minerals Inc. ("Energold"), a corporation controlled by John F. Kearney, and Buchans Resources Limited ("Buchans"), a company in which John F. Kearney, Danesh Varma and Neil Steenberg, directors and/or officers of the Company, serve as directors and/or officers.

During the three months ended June 30, 2021, the Company incurred costs payable to Energold in the amount of $7,500 (2020 - $7,500) for administrative services. At June 30, 2021, $72,500 (March 31, 2021 - $65,000) remained payable to Energold for such services.

During the three months ended June 30, 2021, the Company had an office sharing arrangement with Buchans pursuant to which the Company incurred office rent costs of $6,000 (2020 - $3,000). At June 30, 2021, $30,000 (March 31, 2021 - $24,000) of office rent remained payable to Buchans.

The amounts payable by the Company to related parties are unsecured and non-interest bearing.

These related party transactions were in the normal course of operations and are measured at fair value, which is the amount of consideration established and agreed to by the related parties. It is management's estimation that these transactions were undertaken at market rates under the same or similar terms and conditions as transactions with non-related parties.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates. During the periods presented, management has made a number of significant estimates and valuation assumptions, including the recoverability of investments in mineral property interests, property, plant and equipment, the fair value of stock options and the valuation of capital lease obligations and asset retirement obligations. These estimates and valuation assumptions are based on historical experience, present conditions and management's planned course of action, as well as assumptions about future business and economic conditions. The use of different assumptions could result in different estimates. Should future business and economic conditions deteriorate, or the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

Mineral property interests

The Company evaluates the carrying amount of its mineral properties when events or changes in circumstances warrant and tests for recoverability of the long life asset value. A test for recoverability is performed to determine if the estimated fair value exceeds the carrying amount of the asset. Measurement of any impairment loss is determined by the estimated fair value of the assets based on the best information available at the time, including a discounted cash flow methodology and estimates of comparable asset values in the market. 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.

Estimated cash flows based on expected future production, operating costs and capital costs estimates, and forecasts of commodity prices and exchange rate assumptions are included in the determination of fair value. In assessing the future estimated cash flows, management uses various estimates including, but not limited to, future operating and capital costs as well as future iron ore prices and estimates based upon measured, indicated and historical resources. By their very nature, there can be no assurance that these estimates will actually be reflected in the future operation of the Schefferville Projects.

Significant judgments and assumptions are required in making estimates of fair value. It should be noted that the valuations are subject to variability in key assumptions including, but not limited to, forecasts of iron ore prices, currency exchange rates, discount rates, production, operating and capital costs. A change in one or more of the assumptions used to estimate fair value could result in a change in fair value.

Any estimate of future cash flows is subject to risks and uncertainties and it is reasonably possible that changes in estimates could occur which may affect the expected recoverability of investments in mining properties. The ultimate recoverability of amounts deferred for mineral property interests is dependent upon, among other things, obtaining the necessary development financing.

Rehabilitation Provision

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 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.

The Company has established a rehabilitation provision relating to its Stage 1 mining operations. The present value of this rehabilitation provision has been estimated under IFRS as approximately $1.15 million at June 30, 2021.

In determining the present value of the rehabilitation provision at June 30, 2021, the Company has assumed an inflation rate of 2% and a discount rate of 1.46%. Elements of uncertainty in estimating this amount include changes in the projected life of mining operations, reclamation expenditures incurred during ongoing operations and reclamation and remediation requirements and alternatives.

NEW ACCOUNTING STANDARDS

The Company is not aware of any new accounting standards that have a material impact on the Company’s consolidated financial statements for the three months ended June 30, 2021.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties. A summary of some of the principal risks and uncertainties which the Company faces is set out below.

Financing and Going Concern

As at June 30, 2021, the Company had a working capital deficit of $0.34 million.

The continued operation and successful development of the Company's properties depends upon the Company's ability to obtain financing through the sale of assets, private placement financing, public financing, advance from shareholders, the joint venturing of projects, bank financing or other means. There is no assurance that the Company will be successful in obtaining such required financing.

Several conditions discussed below create a material uncertainty about the Company's ability to continue as a going concern. The Company will need to generate additional financial resources or liquidity to address its ongoing working capital requirements. The Company's planned development programs, including development of the Houston Project, will require additional initial mine development financing and additional working capital.

There is a significant risk that additional financing will not be available to the Company on a timely basis or on acceptable terms.

There are no assurances that the Company will continue to be able to obtain additional financial resources and/or achieve positive cash flows or profitability. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. If the Company is unable to obtain adequate additional financing the Company will be required to curtail standby activities and all exploration and development activities and may be required to liquidate its assets. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which may differ significantly from the going concern basis.

The ongoing development of the Company's properties, including its Houston Project, will require substantial additional capital investment. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of these properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favourable to the Company.

Covid-19 Pandemic

The Company's operations could be adversely affected by Covid-19 which was declared a pandemic by the World Health Organization on March 11, 2020. The Covid-19 pandemic is presenting unprecedented challenges to individual health, communities, jobs, businesses and economies. The Company cannot predict the impact the Covid-19 pandemic will have on its operations, including uncertainties relating to the duration of the outbreak, the duration of travel and quarantine restrictions imposed by governmental authorities and the impact on schedules and timelines for planned operations or exploration programs. In addition, this widespread health crisis has adversely affected the economies and financial markets of many countries, resulting in an economic and financial downturn that could affect the Company's ability to finance its operations.

No Assurance of Profitable Production

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but

also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital. Many of the Company's mineral claims are in the exploration stage only and are without a known body of commercial mineralization.

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

Mining operations, such as those experienced at the James Mine and anticipated at Houston or other deposits, generally involve a high degree of risk. Such operations are subject to all of the hazards and risks normally encountered in the exploration for, and the development and production of, iron ore, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Processing operations are subject to hazards such as equipment failure, changes in ore characteristics, such as rock hardness, and mineralogy which may impact production rates and iron ore recovery, or failure of retaining dams which may result in environmental pollution and consequent liability.

A feasibility study has not been conducted on any of the Schefferville Projects and the Company's plan to undertake commercial production from the Houston deposits has not been based upon a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, there is an increased risk of economic or technical failure as the volume and grade of iron ore mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral resources, or of the Company's ability to extract iron ore, could have a material adverse effect on the Company's results of operations and financial condition.

The successful commercial development of the Company's properties will depend upon the Company's ability to obtain financing through private placement financing, public financing, joint venturing of projects, bank financing, commodity financing or other means. The Company has not achieved profitable operations, has an accumulated deficit since inception and expects to incur further losses in the development of its business. There can be no assurance that the Company will be successful in obtaining any required financing or in obtaining financing on reasonable or acceptable terms.

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

Fluctuating Iron Ore Prices and Ocean Freight Rates

The viability of the Company's Schefferville Projects is dependent on the sale price of iron ore in the seaborne market. Factors beyond the control of the Company may affect the marketability of iron ore or other metals.

Metal prices, including iron ore prices, are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. The principal risk factors include: diminished demand which may arise if rates of economic growth in China and India decline or are not sustained; increases in supply resulting from the development of new sources of iron ore or expansion of existing operations by the world's largest iron ore producers, or supply interruptions due to changes in government policies in iron ore consuming nations, war, or international trade embargoes. The effect of these factors on the Company's operations cannot be predicted.

The main destination for the seaborne iron ore market is currently China and bulk carrier ocean freight rates to China are a significant cost that affects the net prices received from the sale of iron ore. Factors beyond the control of the Company affect ocean freight rates. Supply and demand for ocean going vessels, fuel costs and foreign currency exchange rates, among other factors, can contribute to significant ocean freight rate volatility.

Uncertainty in the Estimation of Mineral Resources

There is a degree of uncertainty to the calculation of mineral resources and corresponding grades being mined or dedicated to future production. Until mineral resources are actually mined and processed, the quantity of mineral resources and corresponding grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material changes in quantity of mineral resources, grade or stripping ratio may affect the economic viability of the Schefferville Projects. In addition, there can be no assurance that iron ore recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Fluctuation in iron ore prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revisions of such estimates. The volume and grade of iron ore mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral resources, or of the Company's ability to extract iron ore, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources, unlike mineral reserves, do not have demonstrated economic viability.

Uncertainty Relating to Inferred Mineral Resources

Due to the uncertainty which may be attached to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured and indicated resources as a result of continued exploration, or that measured and indicated resources will be converted into proven and probable mineral reserves.

Need for Additional Mineral Reserves and Mineral Resources

Because mines have limited lives, the Company will be required to continually replace and expand its mineral resources as its mines produce iron ore. The life-of-mine estimates may not be correct. The Company's ability to maintain or increase production of iron ore in the future will be dependent in significant part on its ability to bring new mines into production and to expand mineral resources. The Company does not report any mineral reserves.

Transportation and Port Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's operations require rail transportation from the Schefferville region to a seaport and ship berthing, storage and loading facilities at such port.

The Company's iron ore product is transported via a 560 km railway line between Schefferville and the Port of Sept-Iles. This railway line is comprised of two sections, the Menihek Division railway line owned by TSH, which runs approximately 200 km between Schefferville and Emeril Junction, and the QNS&L railway line, which continues the

remaining approximately 360 km to Sept-Iles. At Sept-Iles (Arnaud Junction), the QNS&L railway line connects to the Arnaud Railroad (Chemin de fer Arnaud), which runs approximately 34 km around the bay to the port terminal at Pointe-Noire.

LIM has existing life-of-mine rail agreements with Quebec North Shore and Labrador Railway and Tshiuetin Rail Transportation Inc. for the transport of iron ore to the Port of Sept-Iles. These agreements are currently suspended until LIM's mining operations resume. LIM is also seeking additional amendments to be effective when the suspended contracts are reactivated. There are no assurances that LIM will be successful in negotiating such additional amendments to the commercial terms of its major contracts on reasonable or acceptable terms, or at all.

The port assets at the Pointe Noire area of the Port of Sept-Iles were acquired by Investissement Quebec, the investment arm of the Government of Quebec, in 2016 and subsequently transferred to Société Ferrovaire et Portuaire de Pointe Noire (a public private partnership). The SFPPN port assets include the Wabush yard, dumper and loader, the Bloom Lake dumper and loader, with conveyor access to the Port's new multi-user deep water dock, and the Arnaud Railway which connects that part of the Port to the QNSL railroad of IOC, which in turn connects the Port to Labrador City and, via the TSH railway, to Schefferville and to LIM's Silver Yards site.

The port handling arrangements for the future shipment of LIM's iron ore production remain subject to ongoing evaluation and finalization. The Company continues to evaluate different options for the unloading, stockpiling and ship loading of the Company's iron ore products at the Port of Sept-Iles. These include the potential use of the SFPPN port assets and/or the Port's new multi-user deep water dock and/or other facilities in the port of Sept-Iles. Use of such facilities would require negotiation of a new agreement(s) with SFPPN and/or the Port and /or other parties.

Although the Company has previously negotiated agreements covering rail transportation to the Port of Sept-Iles and berthing, storage and loading facilities at Sept-Iles, the Company needs to renegotiate these agreements and re-set these arrangements. There can be no assurance that such renegotiations will be successful. There can be no assurance that reductions in capital requirements under these contracts can be achieved. Failure of such arrangements or the inability to renegotiate them on economically feasible terms could render the Schefferville Projects unviable.

Ability to Attract and Retain Qualified Personnel

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

The Company is dependent on the services of key executives, including the Chairman and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and the Senior Vice President Operations, some of whom are currently engaged on a part-time or consulting basis only. Due to the relatively small size of the Company, the loss of any of these persons or the Company's inability to retain these personnel or attract and retain additional highly skilled or experienced employees would adversely affect its business and future operations.

In common with all other mining operations in Canada and worldwide, the Company is competing for limited available skilled manpower, including professional, technical and trades personnel. The demand for skilled personnel in the Labrador Trough region may increase the Company's costs of operating which could have a material adverse effect on the Company's results of operations and financial condition.

Recruiting and retaining qualified personnel is critical to the Company's business. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is often intense. Upon resumption of mining operations, additional key financial, administrative and mining personnel as well

as additional operations staff will be required. Although the Company believes it will be successful in attracting, training and retaining qualified personnel for future operations, there can be no assurance of such success. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

Government Regulation and Permitting

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

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies.

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

The Closure and Rehabilitation Plan for the Houston 1 and Houston 2 deposits has been approved to allow for initial development. In order to fully develop the Company's Houston Project, the Closure and Rehabilitation Plan for the Houston 3 deposit must be approved by the Newfoundland Department of Natural Resources. The Malcolm deposit, included in the Houston project, has not been permitted by the Province of Quebec and is proposed to be developed in the second half of the project timeline.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. There can be no assurance that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake. The Company is not able to determine the impact of any future changes in environmental laws and regulations.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new rules and regulations will not be enacted or made, or that existing rules and regulations will not be applied, in a manner which could limit or curtail production or development.

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

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

Political and Aboriginal / First Nations

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

There are a number of Innu groups based in Quebec (including Schefferville and Sept-Iles) who assert aboriginal rights in Quebec and Labrador. The Innu of Quebec, located at Matimekush-Lac Jean near Schefferville, and at the communities of Uashat Takuaikan mak Mani-Utenam, near Sept-Iles, assert aboriginal rights to traditional lands which include parts of Quebec and Labrador. Members of the Innu Uashat Takuaikan mak Mani-Utenam, near Sept-Iles, Quebec, claim ownership of some registered trap lines in the Schefferville area.

The Innu of Matimekush-Lac John and Uashat Takuaikan mak Mani Utenam are two of five Innu communities living in northeastern Quebec who in 2009 formed the "Innu Strategic Alliance" seeking to have their ancestral rights on their traditional lands which extend on both sides of Quebec-Labrador border recognized by Governments. At various times, the Innu Strategic Alliance has stated that, in order to have their ancestral rights, including the caribou hunt recognized, the Quebec Innu would if necessary seek to block natural resource development projects in Labrador and Quebec, such as the Churchill hydroelectric project in Labrador, the La Romaine hydro-electric project in Quebec and mining projects near Schefferville. In June 2010, the Innu Strategic Alliance set up a barricade on the road leading from the town of Schefferville to the mining projects of two companies, including the Company, "to ensure protection of their rights". This barricade was removed by the Innu in early September 2010.

The Company entered into Impact Benefit Agreements or Economic Development Agreements (collectively, "IBAs") with the Innu Nation of Labrador (July, 2008), the Naskapi Nation of Kawawachikamach (September, 2010), the Innu of Matimekush-Lac John (Schefferville) (June, 2011), and the Innu Takuaikan Uashat Mak Mani-Utenam (Sept-Iles) (February, 2012) with respect to the development and operation of the Schefferville Projects. The Company also entered into an Economic Partnership Agreement (December 2012) with the NunatuKavut Community Council, representing the Southern Inuit of Labrador.

Under the IBAs and the Economic Partnership Agreement, the Company agreed to use its best efforts to provide employment and training opportunities for members of these communities and business opportunities for local aboriginal-owned and operated businesses. The Company also agreed to provide these aboriginal groups with a financial participation in the Schefferville Projects based, in part, on iron ore production. The Company further agreed to take certain social and environmental protection measures to mitigate the impact of the Schefferville Projects on local communities. Through the IBAs and Economic Partnership Agreement, the First Nations groups have consented to the Company's projects and have agreed to provide the Company continuing and unobstructed access to, and equitable enjoyment of, the iron ore projects and its properties.

The Naskapi Nation of Kawawachikamach submitted a claim under its Economic Development Agreement against LIM as part of the 2015 CCAA process, which claim was rejected and remains contested, and is being dealt with pursuant to dispute resolution provisions of the Plan of Arrangement approved by the Court.

The Company has suspended its impact benefit agreements, and the ongoing financial commitments under such agreements, with various First Nations communities in accordance with the terms of such agreements until the Company's mining operations resume. In connection with the development of its Houston Project, the Company plans to reactivate the IBA and Economic Partnership agreements and continue engagement and consultations with these First Nations communities. There can be no assurance that the Company will be successful in maintaining these agreements and its relationships with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company's properties or may be impacted by the Schefferville Projects.

Given concerns with respect to the Covid-19 pandemic, many indigenous communities have taken measures to protect community health and safety, including restricting or limiting access that may disrupt normal site operations, maintenance, exploration and/or aboriginal consultation or engagement activities.

Environmental Risks and Hazards

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

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

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. Any changes in such laws, or in the environmental conditions at the Schefferville Projects, could have a material adverse effect on the Company's financial condition, liquidity or results of

operations. The Company is not able to predict the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take.

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

Failure to comply with applicable environmental and health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that the Company has been or will be at all times in complete compliance with all such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially adversely affect the Company's business, results of operations or financial condition. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, or require abandonment or delays in development of mining properties.

Legal Title and Ownership Risks

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 either "ground staked" or "map staked claims". 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 Natural Resources and described in accordance with the Mineral Act (Newfoundland and Labrador) ("NFMA").

Subject to the terms under which the Mineral Rights License is issued, the licensee has the exclusive right to explore for minerals, in, on or under the area of land described in the license. In order for a Mineral Rights License to remain in good standing with the Government of Newfoundland and Labrador, the license has to be renewed every fifth year on the anniversary date. A Mineral Right License confers no right to remove minerals except for sampling, assaying and testing purposes. The holder of a License is required to expend assessment work: (a) for each year of the first extended term, years 6-10, by multiplying the number of claims or units held under the license by $600; (b) for each year of the second extended term, years 11-15, by multiplying the number of claims or units held under the license by $900; and (c) for each year of the third extended term, years 16-20, by multiplying the number of claims or units held under the license by $1,200.

The holder of a Mineral Rights License 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. A mining lease issued under the NFMA provides for an annual rental fee as set out in the NFMA.

In Quebec, the ownership and granting of mining titles for mineral substances is primarily governed by the *Mining Act* (the Act) and related regulations. A claim gives its holder the exclusive right to explore for mineral substances on the land subject to the claim but does not entitle its holder to extract mineral substances, except for sampling and in limited quantities. In order to mine mineral substances, the holder of a claim must obtain a mining lease.

In Quebec, a claim has a term of two years, which is renewable for additional periods of two years, subject to performance of minimum exploration work on the claim and compliance with other requirements set forth by the Act. In certain circumstances, if insufficient or if no work has been carried out at all, it is possible for the claimholder to comply with the minimum work obligations by using work credits for exploration work conducted on adjacent parcels or by making a payment in lieu of the required work. In Quebec, a mining lease is granted to the holder of one or several claims upon proof of the existence of indicators of the presence of a workable deposit on the area covered by such claims and compliance with other requirements prescribed by the Act. A mining lease has an initial term of 20 years but may be renewed for three additional periods of 10 years each.

To maintain the Company's mineral licenses, claims and leases in good standing, the Company is required to incur prescribed minimum annual exploration expenditures and pay fees. Failure to make either the annual payments and incur the minimum annual exploration expenditures, or comply with the conditions of the leases, may result in either the cancellation or forfeiture of the mineral licenses, claims or leases.

Title to mineral properties and mining rights involves certain inherent risks including difficulties in identification of the actual location of specific properties. The Company sometimes 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/or Quebec and the federal laws of Canada applicable therein. Although the Company has investigated title to all of its mineral properties for which it holds interests, the Company cannot give assurance that title to such properties will not be challenged or impugned or become the subject of title claims by First Nation groups or other parties.

Although the Company has exercised the usual due diligence with respect to determining title to and interests in the properties which comprise its 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.

Factors Beyond Company's Control

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

Insurance and Uninsured Risks

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

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

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

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's equity financing activities and operating costs have been denominated in Canadian dollars, while the Company's advance payment off-take financing activities and iron ore sales have been denominated in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, may have a significant impact on the Company's financial position and results of operations in the future.

Conflicts of Interest

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

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

From time to time several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under the laws of the Province of Ontario, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining if the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

ADDITIONAL INFORMATION

Additional information regarding the Company is available under the Company's profile on SEDAR at www.sedar.com, including the audited consolidated financial statements for the year ended March 31, 2021 and the unaudited condensed interim consolidated financial statements for the three months ended June 30, 2021.

FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production,

unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in iron ore prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. There can be no assurance that the Company will be successful in maintaining any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company's properties or may be impacted by the Schefferville Projects. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.