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Seventh Report of KSV Kofman Inc. as CCAA Monitor of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc.

September 26, 2016

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COURT FILE NO: CV-15-10926-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C.C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LABRADOR IRON MINES HOLDINGS LIMITED, LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.

SEVENTH REPORT OF KSV KOFMAN INC. AS CCAA MONITOR

SEPTEMBER 26, 2016

1.0 Introduction

1. Pursuant to an order ("Initial Order") of the Ontario Superior Court of Justice (Commercial List) ("Court") made on April 2, 2015, Labrador Iron Mines Holdings Limited ("LIMH"), Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI") (together, the "Company") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and Duff & Phelps Canada Restructuring Inc. ("D&P") was appointed the monitor ("Monitor").

2. On June 30, 2015, D&P was acquired by KSV Kofman Inc. ("KSV"). Pursuant to an Order of the Court made on July 10, 2015, the name of the firm handling D&P's mandates was changed from D&P to KSV, including acting as Monitor in these proceedings. The licensed trustees/restructuring professionals overseeing this mandate prior to June 30, 2015 remain unchanged.

3. On April 18, 2016, the Court made an Order approving a claims process with a claims bar date of May 31, 2016 ("Claims Procedure Order").

4. On June 30, 2016, the Court made an Order extending the Stay Period (as defined in the Initial Order) to September 30, 2016.

5. The Affidavit of John Kearney, the Company's Chairman and Chief Executive Officer, sworn March 31, 2015 (the "Initial Affidavit") and filed in support of the Company's application for CCAA protection, describes, *inter alia*, the Company's background, including the reasons for the commencement of these proceedings. The Initial Affidavit together with all other materials filed in these proceedings can be found on the Monitor's website at www.ksvadvisory.com.

6. The principal purpose of these restructuring proceedings is to create a stabilized environment in order to allow the Company the opportunity to restructure its key contracts and refinance its business such that it will be in a position to resume its mining activities when iron ore prices recover from their current multi-year low.

7. The Company was hopeful that by now the price of iron ore would have started to recover. However, the price of iron ore has continued at historic lows and only improved slightly from the levels traded when these proceedings commenced such that it remains highly uncertain when the Company will be able to resume operations.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:

   a) Provide background information about the Company and these proceedings;

   b) Report on the Company's weekly cash flow projection for the period September 17, 2016 to January 27, 2017 (the "Cash Flow Projection");

   c) Summarize the terms of an offer (the "Offer") by SLM Recycling (the "Purchaser") to purchase 99 railcars (the "Railcars") owned by the Company (the "Transaction");

   d) Provide an overview of the Company's and the Monitor's activities from June 23, 2016, the date of the Monitor's Sixth Report to Court ("Sixth Report"), to the date of this Report, including the development of a Plan of Compromise and Arrangement ("Plan");

   e) Discuss the Company's request for an extension of the stay of proceedings from September 30, 2016 to January 27, 2017; and

   f) Recommend that this Court make an order:

      - approving the Transaction;

      - vesting in the Purchaser, as of closing, title to the Railcars free and clear of all claims, liens and encumbrances;

      - directing that the net proceeds from the Transaction be paid to the Monitor, in trust, and distributed to Sept-Îles Port Authority ("SIPA") in accordance with the terms of an agreement between LIMH, LIM and SIPA or, if an agreement among the parties is not completed prior to the date of this motion, subject to further order of the Court;

- sealing the unredacted Pinkerton Affidavit (defined below) pending further order of the Court;
- granting the Company's request for an extension of its stay of proceedings from September 30, 2016 to January 27, 2017; and
- approving this Report and the Monitor's conduct and activities, as described in this Report.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's representatives, the Company's books and records, discussions with management and discussions with the Company's legal counsel. The Monitor has not performed an audit or other verification of such information. An examination of the Company's cash flows and/or financial forecasts as outlined in the CPA Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based on the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

2. Any party that wishes to use or rely on the Cash Flow Projection and/or the financial forecasts is encouraged to perform its own diligence review. The Monitor shall have no responsibility for any reliance placed by any individual or entity on any financial information in this Report.

2.0 Background

1. The Company develops and mines iron ore projects in the central part of the Labrador Trough iron ore region, between the Province of Newfoundland and Labrador and the Province of Quebec. The Labrador Trough is one of the major iron producing regions in the world and has a history of mining dating to the early 1950s.

2. The Company's mine sites are located in Labrador near Schefferville, Quebec, located approximately 600 kilometres north of the Port of Sept-Îles, from which the Company's iron ore is sold and shipped to China.

3. The Company historically operated from approximately the beginning of April to the end of November. As a result of market conditions since 2013, including the price of iron ore, and the Company's cost to transport and ship iron ore under its contracts, the Company did not commence production in April, 2014, 2015 and 2016. The Company's mining operations have been maintained on a standby basis since the end of 2013.

4. The shares of LIMH were listed on the Toronto Stock Exchange ("TSX") under the symbol "LIM" until February 23, 2015. Due to LIMH's low market capitalization, and in contemplation of its potential CCAA proceedings, LIMH submitted a voluntary delisting application to the TSX, which became effective at the close of markets on February 23, 2015.

5. As at the date of the Initial Order, the price of iron ore was approximately US$48/tonne. A chart reflecting the iron ore price in US dollars since that time is provided below[1]. The Company cannot operate profitably at the prices reflected in the chart below.

6. As shown above, the price of iron ore remains volatile and has not made a recovery sufficient to allow the Company to resume operations. An article published on September 15, 2016 in *The Globe and Mail* titled "Iron ore price plunges as miners, banks wrangle over supply" is provided in Appendix "A".

7. The Company believes that, in time, it will be able to generate profits and refinance its operations if its major operating contracts are renegotiated on terms more favourable to the Company and the price of iron ore recovers.

[1] Data obtained from S&P Capital IQ.

3.0 Cash Flow

3.1 Actual Results for the Period June 18, 2016 to September 16, 2016

1. The Company's actual results for the period June 18, 2016 to September 16, 2016 compared to the projection included with the Sixth Report are provided in the table below. Overall, the Company reported a positive cash flow variance of approximately $601,000[2].

	(Unaudited; $000s)			
	Actual	Projected	Variance	Variance P or T *
Receipts				
Net GST/HST rebates/remittances	53	89	(36)	T
Sale of assets	67	-	67	P
Release of restricted cash	211	-	211	P
Interest income	8	-	8	P/T
Total Receipts	339	89	250	
Disbursements				
Payroll and payroll-related remittances	390	453	63	P/T
Camp lease	-	-	-	
GST/HST/Sales taxes	107	136	29	T
Legal and professional fees	228	255	27	P/T
Audit fees	36	36	-	
Other (site operations)	332	564	232	P/T
Other (corporate)	194	194	-	
Total Disbursements	1,287	1,638	351	
Net Cash Flow	(948)	(1,549)	601	
Opening Cash Position	2,833	2,833	-	
Net Cash Flow	(948)	(1,549)	601	
Closing Cash Position	1,885	1,284	601	

* P = permanent; T = temporary; P/T = permanent and temporary

3.2 Projected Cash Flow for the Period Ending January 27, 2017

1. The Cash Flow Projection is provided in Appendix "B".

2. The Company prepared the Cash Flow Projection using assumptions similar to the projections filed with the Court since these proceedings commenced. Specifically:

    a) the Company is not projected to generate any revenue from operations; however, it is projected to collect proceeds of $385,000 from sales of surplus assets (excluding the Railcars) and to have the use of $428,000 upon the release of letters of credit that the Company provided to the Government of Newfoundland and Labrador in respect of rehabilitation costs associated with the James mine;

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[2] This table has been prepared on a cash basis. Accruals are not reflected.

b) the Company's most significant costs include:

i. care and maintenance activities;

ii. rehabilitation costs of approximately $178,000 resulting from the closure of the James mine;

iii. general and administrative expenses;

iv. management and overhead expenses; and

v. professional fees related to these proceedings including, among other things, all aspects of the Plan.

3. In addition to the above, the Company is considering the amount of cash it intends to offer in the Plan to creditors with *de minimis* claims. An estimate has not been included in the Cash Flow Projection as the Plan has not been finalized.

4. The Company is projected to have sufficient liquidity to fund its business activities and these proceedings through the projection period. Cash used during the projection period is expected to total $826,000. The Company is projected to have a cash balance of approximately $1.1 million at the end of the projection period.

5. The Monitor is of the view that the material assumptions in the Cash Flow Projections seem reasonable. The Company's and Monitor's reports on the cash flow are provided in Appendix "C".

4.0 Sale of Railcars

1. The Company acquired the Railcars in 2012. The Railcars are aged – each was manufactured between 36 and 42 years ago. The Railcars were manufactured to transport phosphate and coal. They require upgrades to make them suitable for the Company's needs. The modifications have only been partially completed[3]. Shortly after the Railcars were acquired, the Company leased other railcars that were configured to transport iron ore. The Railcars have remained idle since their acquisition.

2. In addition to the Railcars, the Company also owns 401 railcars at two different locations in Quebec; these railcars are also not being used.

[3] Iron ore is a denser material than phosphate or coal; each railcar required a significant structural reinforcement modification program to enable it to safely carry a higher weight than originally designed.

3. The Railcars are located in a storage yard near Welland, Ontario which is operated by Trillium Railway Co. Ltd. ("Trillium"). The Company has been renting space from Trillium on a month-to-month basis since February, 2014. The monthly rent to store the Railcars at Trillium's yard is approximately $4,600. In June, 2016, Trillium advised the Company that it intended to increase the rent to approximately $10,700 per month or would require that the Company relocate the Railcars. The Company has been in discussions with Trillium but has not accepted the terms that Trillium proposed.

4. The Railcars are surplus to the Company's current and future operational requirements. Accordingly, the Company considered whether the Railcars could be sold. Due to low market demand, the probability of selling the Railcars in their current condition to a rail operator or end user is remote. In the event that the Company could complete a sale of the Railcars to a rail operator or end user, the selling costs, including transportation, inspection, repairs and refurbishment, would likely make the transaction uneconomic. For these reasons, the Company concluded that recoveries would be maximized by selling the Railcars for scrap value.

5. During the summer of 2016, the Company requested proposals from two scrap metal dealers to purchase the Railcars. The two dealers were selected based on their proximity to the Railcars, largely to avoid the costs (such as inspection, repairs and/or upgrades) associated with delivering the Railcars to dealers located off the Trillium railway, which would require the Company to meet certain certifications if they were moved.

6. The Company received two offers for the Railcars.

7. The Purchaser's offer provides greater value than the other offer.

8. Copies of the offers are appended to an unredacted Affidavit of Richard Pinkerton, the Company's Chief Financial Officer, sworn September 23, 2016 ("Pinkerton Affidavit"), to be provided to the Court under seal. The Company is seeking a sealing order pending further order of the Court to prevent any prejudice that may result from any sale process in respect of the Company's remaining railcars.

9. As the sale price exceeds the $250,000 threshold in the Initial Order for sales out of the ordinary course in any one transaction, the Offer is subject to Court approval. The Offer is also conditional upon the Court granting an order vesting clean title in and to the Railcars in the Purchaser on closing.

4.1 SIPA

1. Pursuant to a contract between LIMH SIPA dated July 13, 2012 ("SIPA Agreement"), the Company reserved an annual ship loading capacity of 5 million tonnes per year from SIPA. Under the SIPA Agreement, the Company made a first advance payment of $6.4 million to SIPA and agreed to make a second, final advance payment of $6.4 million ("Second Installment"). As discussed in the Initial Affidavit, LIMH deferred payment of the Second Installment pending resolution by SIPA of land access to the new facility.

2. Pursuant to the SIPA Agreement and related documents, SIPA has a security interest in the Railcars for unpaid amounts under the SIPA Agreement. The interests of SIPA rank subordinate to the charges created by the Initial Order, being the Administration Charge and the Directors' Charge (as defined therein).

3. The Company and SIPA have been attempting to resolve all disputes and claims resulting from the SIPA Agreement, including with respect to the Railcars, and appear to be in the final stages of completing a settlement agreement.

4. The Monitor recommends that, if the Transaction is approved by the Court, the proceeds of the Transaction be paid to the Monitor for distribution in accordance with a settlement agreement between the Company and SIPA if such an agreement is entered into prior to the hearing of the motion or failing which, further order of the Court.

4.2 Recommendation

1. The Monitor considered the factors set out in Section 36 of the CCAA related to the disposition of assets outside of the ordinary course. Based on those factors, the Monitor recommends that the Court issue an order approving the Transaction for the following reasons:

   a) the Company marketed the Railcars for sale to steel dealers - the Purchaser's offer was the highest received;

   b) the Railcars are surplus to the Company's needs – they have not been used for over three years, are subject to storage fees, are not located near any of the Company's mine sites and will likely decline in value over time;

   c) it would take a significant investment to make the Railcars usable by the Company;

   d) the Monitor corresponded with an appraiser with expertise in the North American railcar industry. The appraiser's views are similar to those of the Company, being that they only have scrap value. The appraiser also noted a recent sale where railcars in better condition than those owned by the Company were sold for scrap value; and

   e) the Port consents to the Transaction.

5.0 The Plan

1. The Company is in the final stages of completing a Plan and intends to seek Court approval to file it shortly after the date of this motion. In that regard, the Company has presented the key elements of the Plan to its primary stakeholders, considered their feedback and continues to work with these stakeholders. The Company is also working with certain of its largest creditors to enter into support agreements, as appropriate.

2. The principal effect of the Plan is to convert the Company's debt into equity whereby all creditors but those with *de minimis* claims would own an interest in the Company. The Company believes that implementation of the Plan will allow the Company to preserve its core assets pending a market recovery and position it favourably to raise the required financing when market conditions permit.

3. The Monitor will detail the Plan in a subsequent report to Court.

6.0 Company's Activities

1. Details of the Company's activities since the Sixth Report are set out in the Pinkerton Affidavit.

2. A summary of the Company's activities includes:

   a) Maintaining the Company's business and assets on a care and maintenance basis, which includes carrying out statutorily required environmental monitoring, conducting water quality sampling and dealing with reporting and other regulatory requirements;

   b) Continuing to engage with a machinery and equipment sales broker to sell the Company's surplus assets;

   c) Undertaking, in consultation with the Monitor, the claims procedure pursuant to the Claims Procedure Order ("Claims Procedure");

   d) Continuing to refine a business plan to both maximize the revenue from an orderly sale of non-core assets and to preserve the value of the business after it emerges from CCAA protection;

   e) Completing a suspension agreement with one of its railway operators pending the resumption of its operations;

   f) Continuing to develop the Plan;

   g) Keeping employees, key vendors, significant creditors (including RBRG Trading (UK) Limited, SIPA and Grey Rock Services Inc.), local community leaders, government agencies, First Nations groups and other stakeholders apprised of developments in these proceedings;

   h) Providing rail car repair and maintenance services at the facility of the Company's subsidiary in Sept-Îles;

   i) Preparing a projection for the Company's Houston-Malcolm property ("Projection");

j) Completing and filing its unaudited financial statements for the quarter ended June 30, 3016;

k) Convening its annual shareholders' meeting, held on September 20, 2016;

l) Relocating its head office premises; and

m) Making payments for goods and services received following the date of the Initial Order.

7.0 Overview of Monitor's Activities

1. Since the Sixth Report, the Monitor's activities have included:

a) Meeting and corresponding with the Company, the Company's legal representatives and Goodmans LLP, the Monitor's counsel, regarding the Plan and this stay extension motion;

b) Reviewing the Projection;

c) Considering matters concerning SIPA and its agreements with the Company;

d) Issuing the Company's Notices of Revision or Disallowance pursuant to the Claims Procedure;

e) Meeting and corresponding with the Company's machinery and equipment sales broker in connection with proposed sales of surplus assets;

f) Corresponding with the Company's auditors regarding the Company's audited annual financial statements;

g) Reviewing a 3-year cash flow projection prepared by the Company;

h) Reviewing the proposed offers, an internal memorandum and other supporting materials in connection with the Transaction;

i) Corresponding with a North American railcar appraiser regarding the value of the Railcars;

j) Reviewing available market data in connection with certain surplus assets sales;

k) Keeping apprised of the Company's discussions with its creditors;

l) Monitoring the Company's receipts and disbursements;

m) Reviewing the Company's variance analyses;

n) Keeping apprised of industry developments;

o) Posting Court materials filed in these proceedings on the Monitor's website; and

p) Preparing this Report.

8.0 Company's Request for an Extension

1. The Company is seeking an extension of the stay of proceedings from September 30, 2016 to January 27, 2017. The Monitor supports the Company's request for an extension of the stay of proceedings for the following reasons:

   a) The Company is acting in good faith and with due diligence;

   b) The proposed stay extension will provide the Company the time to file a Plan and provide the Company's creditors with an opportunity to consider and vote on it. Should the Plan be accepted by the creditors and sanctioned by the Court, it will provide the Company an opportunity to exit from these CCAA proceedings on the basis contemplated in the Plan;

   c) The Company is projected to have sufficient funds to pay post-filing services and supplies as contemplated in the Cash Flow Projection;

   d) Continuing these proceedings will provide the opportunity for the Plan to be voted on by creditors, which is expected to generate a better result than a liquidation of the Company's business; and

   e) The Company has been engaging with stakeholders since it commenced these proceedings. Based on the Monitor's discussions with the Company's representatives, the Monitor understands that creditors are generally supportive of the Company's restructuring efforts and recognize that its success will ultimately be determined by the market's recovery.

9.0 Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that this Court make an Order granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,

KSV Kofman Inc

KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
LABRADOR IRON MINES HOLDINGS LIMITED,
LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.
AND NOT IN ITS PERSONAL CAPACITY

Appendix “A”

THE GLOBE AND MAIL

COMMODITIES

Iron ore price plunges as miners, banks wrangle over supply

JASMINE NG
SINGAPORE — Bloomberg News
Published Thursday, Sep. 15, 2016 4:21PM EDT
Last updated Thursday, Sep. 15, 2016 6:51PM EDT

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After a stellar run in 2016, iron ore has hit a rough patch. The prospect of a slump below $50 (U.S.) a tonne is now back in view after the longest losing streak in more than five months as investors, analysts and miners spar over the impact of additional low-cost supply.

The raw material with 62 per cent content delivered to Qingdao lost 5.8 per cent in the seven sessions through Wednesday, according to Metal Bulletin Ltd. That was the longest run of daily declines since March, and pegged back this year's gain to 28 per cent from as much as 62 per cent in April. On Thursday, the price was unchanged at $55.97.

Iron ore has retreated in September, rekindling speculation that rising supply from increased mine production may soon drag prices lower. While miners Vale SA and Cliffs Natural Resources Inc. contend that the impact of the new output won't be severe as expected and see the $50 level holding, Citigroup Inc. and Westpac Banking Corp. have said that additional production will probably contribute to weaker prices.

"Prices appear to be responding to the potential for increased supply as we move into the fourth quarter," said Ric Spooner, chief market analyst at CMC Markets in Sydney. "The risk looks to be to the downside now. It's certainly possible we could see prices below $50 from here."

SGX AsiaClear futures in Singapore have dropped for the past five weeks in the longest run since 2014, and the forward curve shows prices back below $50 in December. Financial markets in China, including iron ore futures in Dalian, are shut for the rest of this week for the Mid-Autumn Festival holiday.

New supplies are coming from Australian billionaire Gina Rinehart's Roy Hill mine in the Pilbara, as well as Vale's giant S11D project, which is expected to ship its inaugural cargoes in January. Roy Hill Holdings chief executive officer Barry Fitzgerald said on Wednesday that it'll reach full annual capacity of 55 million tonnes only in early 2017 instead of late this year.

Vale said Tuesday that while S11D has capacity to produce 90 million tonnes a year, constraints mean the net gain will be 75 million tonnes. It will take four years to reach full output, according to Peter Poppinga, head of ferrous minerals, who expects the market to be balanced into 2017. Cliffs CEO Lourenco Goncalves has said S11D is a "replacement mine, not addition of more tonnes."

Others are more bearish. BHP Billiton Ltd. says prices will probably drop as the underperformance of supply this year is reversed over the next 12 to 18 months. Westpac said last month rising supply will drive prices below last year's nadir of $38.30, while Citigroup expects an average of $45 next year.

Exports from the top two shippers will expand faster next year than China's imports, according to the Australian government's latest outlook. Australia and Brazil will probably ship a combined 1.3 billion tonnes, 6.5 per cent more than this year, while China's imports will climb 0.7 per cent to 981 million tonnes.

"Iron ore is susceptible to price weakness because the fundamentals of the sector are not compelling," said Gavin Wendt, founding director & senior resource analyst at MineLife Pty in Sydney. "Supply remains abundant and the strength of Chinese demand remains questionable."

Report Typo/Error

Appendix “B”

Labrador Iron Mines Holdings Limited and its Subsidiaries

Projected Statement of Cash Flow

For the period September 17, 2016 to January 27, 2017

($C, unaudited)

	Note	Weekly Projection																			
	1	17-Sep-16 23-Sep-16	24-Sep-16 30-Sep-16	01-Oct-16 07-Oct-16	08-Oct-16 14-Oct-16	15-Oct-16 21-Oct-16	22-Oct-16 28-Oct-16	29-Oct-16 04-Nov-16	05-Nov-16 11-Nov-16	12-Nov-16 18-Nov-16	19-Nov-16 25-Nov-16	26-Nov-16 02-Dec-16	03-Dec-16 09-Dec-16	10-Dec-16 16-Dec-16	17-Dec-16 23-Dec-16	24-Dec-16 30-Dec-16	31-Dec-16 06-Jan-17	07-Jan-17 13-Jan-17	14-Jan-17 20-Jan-17	21-Jan-17 27-Jan-17	Total - $ Sept 17, 2016 - Jan 27, 2017
Receipts																					
GST/HST Rebates/Remittances				21,832				59,385				21,261				23,672				(1,962)	124,189
Sale of Assets			130,000				-				255,184					-				-	385,184
Release of Restricted Cash	2															427,500					427,500
Interest Income										688											688
		-	130,000	21,832	-	-	-	59,385	-	688	255,184	21,261	-	-	-	451,172	-	-	-	(1,962)	937,561
Disbursements																					
Payroll and Payroll Related Remittances		(59,556)	(143,629)				(143,167)				(142,616)					(142,437)				(150,929)	(782,335)
GST / HST / Sales Taxes		(11,302)	9,254	(20,044)	(2,108)	(8,364)	(19,658)	(1,988)	(1,013)	(1,013)	19,161	(2,049)	(1,074)	(14,074)	(1,074)	(1,074)	(2,038)	(1,063)	(7,563)	(1,465)	(68,551)
Legal and Professional Fees		(40,023)					(100,000)				(100,000)			(100,000)					(50,000)		(390,023)
Audit and Tax fees		(10,000)																			(10,000)
Other (Site Operations)	3	(26,732)	(54,088)	(143,028)	(12,557)	(60,682)	(12,557)	(4,138)	(4,138)	(4,138)	(4,138)	(5,340)	(5,340)	(5,340)	(5,340)	(5,340)	(5,145)	(5,145)	(5,145)	(8,239)	(376,570)
Other (Corporate)	4	(10,182)	(4,725)	(11,156)	(3,656)	(3,656)	(38,656)	(11,156)	(3,656)	(3,656)	(3,656)	(10,425)	(2,925)	(2,925)	(2,925)	(2,925)	(10,531)	(3,031)	(3,031)	(3,031)	(135,907)
		(157,796)	(193,187)	(174,228)	(18,321)	(72,702)	(314,038)	(17,282)	(8,807)	(8,807)	(231,250)	(17,815)	(9,340)	(122,340)	(9,340)	(151,777)	(17,714)	(9,239)	(65,739)	(163,665)	(1,763,386)
Net cash inflow / (outflow) in period		(157,796)	(63,187)	(152,396)	(18,321)	(72,702)	(314,038)	42,103	(8,807)	(8,120)	23,935	3,446	(9,340)	(122,340)	(9,340)	299,395	(17,714)	(9,239)	(65,739)	(165,627)	(825,825)
Opening cash balance		1,886,160	1,728,365	1,665,178	1,512,782	1,494,461	1,421,760	1,107,722	1,149,825	1,141,017	1,132,897	1,156,832	1,160,278	1,150,938	1,028,598	1,019,259	1,318,654	1,300,940	1,291,701	1,225,962	1,886,160
Net cash flow		(157,796)	(63,187)	(152,396)	(18,321)	(72,702)	(314,038)	42,103	(8,807)	(8,120)	23,935	3,446	(9,340)	(122,340)	(9,340)	299,395	(17,714)	(9,239)	(65,739)	(165,627)	(825,825)
Ending cash balance		1,728,365	1,665,178	1,512,782	1,494,461	1,421,760	1,107,722	1,149,825	1,141,017	1,132,897	1,156,832	1,160,278	1,150,938	1,028,598	1,019,259	1,318,654	1,300,940	1,291,701	1,225,962	1,060,335	1,060,335

1. The purpose of the projection is to present a forecast of the cash flow of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (together, the "Company") for the period ending January 27, 2017 ("Projection") in respect of the Company's proceedings under the Companies' Creditors Arrangement Act. The Projection has been prepared based on hypothetical and most probable assumptions developed and prepared by the Company's management.

2. Represents the release to LIM of restricted cash held in favour of the Newfoundland and Labrador government ("Government") following the Government's acceptance of LIM's application supporting the release of funds.

3. Includes operational expenses, environmental permits, environmental monitoring, mining leases, permits and site reclamation costs.

4. Includes general corporate and overhead costs including insurance, travel, software licences, office supplies and photocopies usage.

Appendix “C”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LABRADOR IRON MINES HOLDINGS LIMITED, LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT

The management of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively the "Company") has developed the assumptions and prepared the attached statement of projected cash flow as of the 21st day of September, 2016 for the period September 17, 2016 to January 27, 2017 ("Cash Flow Statement").

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow Statement as described in Note 1 to the Cash Flow Statement, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Cash Flow Statement. All such assumptions are disclosed in Notes 2 to 4.

Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow Statement has been prepared solely for the purpose outlined in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 4. Consequently, readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

Dated at Toronto, Ontario this 23rd day of September, 2016.

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Richard Pinkerton

Chief Financial Officer of Labrador Iron Mines Holdings Limited

ksv advisory inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
T +1 416 932 6262
F +1 416 932 6266

ksvadvisory.com

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LABRADOR IRON MINES HOLDINGS LIMITED, LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.

MONITOR'S REPORT ON CASH FLOW STATEMENT

The attached statement of projected cash-flow of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively the "Company"), as of the 21st day September, 2016, consisting of a weekly projected cash flow statement for the period September 17, 2016 to January 27, 2017 ("Cash Flow Statement") has been prepared by the management of the Company for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 4.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied by the management and employees of the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow Statement.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;

b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or

c) the Cash Flow Statement does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow Statement has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 26th day of September, 2016.

KSV Kofman Inc

KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
LABRADOR IRON MINES HOLDINGS LIMITED, LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY