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

December 9, 2016

Contents

Appendices

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.

NINTH REPORT OF KSV KOFMAN INC. AS CCAA MONITOR

DECEMBER 9, 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 ("Claims Procedure Order") with a claims bar date of May 31, 2016.

4. On September 30, 2016, the Court made an Order extending the Stay Period (as defined in the Initial Order) to January 27, 2017.

5. On November 10, 2016, the Court made an order:

   a) authorizing the Company to file with the Court its plan of compromise and arrangement dated November 3, 2016 under the CCAA ("Plan"); and

   b) authorizing and directing the Company, with the assistance of the Monitor, to call meetings of creditors to consider and vote on the Plan ("Meeting Order").

6. 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.

7. 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 to 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 lows.

8. The price of iron ore has continued at historic lows and only improved slightly from the levels traded when these proceedings commenced. It remains uncertain when the Company will resume operations. Notwithstanding the continued low price of iron ore, the Company has worked diligently and in good faith with all of its stakeholders to advance a plan of arrangement which focuses on restructuring its balance sheet. The Company is optimistic that these efforts, together with reducing its operating costs, will allow it to be viable in the long-term.

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) Provide the voting results of the meetings convened on December 6, 2016 pursuant to the Meeting Order ("Meetings");

   c) Set out the basis for the Monitor's recommendation that the Plan, as amended on December 6, 2016 (discussed further below), be sanctioned by the Court; and

   d) Recommend that the Court make an Order:

      - sanctioning the Plan; and
      - approving the Monitor's conduct and activities as described in this Report and in its Eighth Report to Court dated November 4, 2016 ("Eighth Report").

1.2 Currency

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

1.3 Defined Terms

1. Unless otherwise defined in this Report, all defined terms shall have the meanings ascribed to them in the Plan and Meeting Order.

1.4 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial and other information prepared by the Company, 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 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. The Monitor has no responsibility for any reliance placed by any individual or entity on any financial information discussed in, or relied upon in preparing, this Report.

2.0 Background

1. The Eighth Report summarized, among other things, the Company's background, the results of the claims procedure pursuant to the Claims Procedure Order and key terms and conditions of the Plan, including the proposed recapitalization, classification and treatment of creditors, releases and conditions precedent. The Eighth Report also included the bases for the Monitor's recommendation to the Company's creditors to vote in favour of the Plan. In order to avoid duplication, the contents of the Eighth Report have not been repeated herein. A copy of the Eighth Report is attached as Appendix "A" (without appendices).

2. The Plan is also summarized in the affidavit of Mr. Kearney, sworn November 3, 2016 ("Plan Affidavit"). A copy of the Plan Affidavit is included in the Company's materials in support of its motion for sanctioning the Plan.

3.0 Notice to Creditors of the Meetings

1. Pursuant to the Meeting Order, on November 14 and 15, 2016, the Monitor sent to all known creditors the following documents:

    a) Notice of Meeting;

    b) form of Proxy for Affected Unsecured Creditors;

    c) Convenience Claim Election Form;

    d) Meeting Order;

    e) Plan Affidavit, including the Plan; and

    f) Eighth Report.

2. The above noted materials were also posted on the Monitor's website.

3. Pursuant to the Meeting Order, the Monitor arranged for the notice included as Schedule "E" of the Meeting Order to be published, on November 16, 2016, in each of *The Globe and Mail* (National Edition), *The Telegram* (St. John's, NL; English) and *Le Journal Nord-Côtie*r (Sept-Îles, Québec; French), with the latter two publications being in the region close to the majority of the Company's vendors. A copy of the Meeting Order is provided in Appendix "B".

4.0 Meetings

1. The Plan provides for two classes of creditors to consider and vote on the Plan: a) Affected Unsecured Creditors of LIMH; and b) Affected Unsecured Creditors of LIM and SMI, combined. The Meeting Order authorized and approved these two classes of creditors for voting on the Plan. The rationale for combining the creditors of LIM and SMI was set out in Section 5.3 of the Eighth Report.

2. The Plan also addresses the claims of Convenience Creditors, who are deemed to vote in favour of the Plan. Convenience Creditors are those creditors with Affected Unsecured Claims that, in the aggregate: i) are less than or equal to $5,000; or ii) exceed $5,000, but elect to value their claims at $5,000 for both voting and distribution purposes under the Plan. Affected Unsecured Creditors with Convenience Claims are to receive a cash distribution of the lesser of their claim amount or $5,000.

3. The meetings of Affected Unsecured Creditors of LIMH and of LIM/SMI were convened in accordance with the Meeting Order and the Plan on December 6, 2016 at 10:00 a.m. EDT ("LIMH Meeting") and 11:00 a.m. EDT ("LIM/SMI Meeting"), respectively, at the offices of the Company's counsel, Paliare Roland Rosenberg Rothstein LLP.

4. In accordance with the Meeting Order, Mitch Vininsky, a Managing Director of KSV, acted as chair of the Meetings. Representatives of the Monitor's counsel acted as secretary and of the Monitor acted as scrutineer at the Meetings.

5. Minutes of the LIMH Meeting and the LIM/SMI Meeting (the "Minutes"), which include copies of the Scrutineer's reports on attendance and voting, are provided in Appendices "C" and "D", respectively.

6. A copy of the Plan, as amended, was distributed to participants at the meetings. As reflected in the Minutes, the Chair advised that the Plan was amended to revise the constitution of the boards of directors as set out in Section 7.6 c) v. and vi. and to correct typographical errors. A copy of the Plan is provided in Appendix "E".

7. The Chair also advised the participants at the Meetings, among other things, that: a) the Company had completed the RBRG Support Agreement[1] on terms substantially similar to those summarized in Section 5.9 of the Eighth Report; and b) the sole remaining Disputed Claim (as against LIM) is being referred to the Court for resolution pursuant to the provisions of the Claims Procedure Order (see page two of the LIM/SMI Meeting Minutes for an overview of the Disputed Claim).

4.1 Voting Results

1. Pursuant to the Meeting Order, the Monitor separately tabulated the votes of the Voting Claims and the Disputed Voting Claims at the Meetings.

2. The voting results of the LIMH Meeting are as follows (there were no Disputed Voting Claims):

	Number	%	Value ($000s)	%
Voting Claims				
For the Plan	8[2]	100%	42,708	100%
Against the Plan	-	0%	0	0%
Total	8	100%	42,708	100%

3. The voting results of the LIM/SMI Meeting are as follows:

	Number	%	Value ($000s)	%
Voting Claims				
For the Plan	66[3]	99%	63,511	99.98%
Against the Plan	1	1%	13	.02%
Subtotal	67	100%	63,524	100%
Disputed Voting Claims				
For the Plan	-	0%	-	0%
Against the Plan	1	100%	2,989	100%
Subtotal	1	100%	2,989	0%
Overall Tally (includes Disputed Voting Claims)				
For the Plan	66	97%	63,511	95%
Against the Plan	2	3%	3,003	5%
Total	68	100%	66,514	100%

[1] Pursuant to agreements dated November 22, 2016, RBRG assigned its claims against the Company to Mining Development LLC, a party related to RBRG.

[2] This includes five creditors with Convenience Claims. The value of these claims for purposes of voting on the Plan totaled approximately $21,000.

[3] This includes 51 creditors with Convenience Claims. The value of these claims for purposes of voting on the Plan totaled approximately $114,000.

4. Accordingly, the required majorities (majority in number representing two-thirds in value) of each class of Affected Unsecured Creditors voted for the Plan. As reflected in the tables, the vote cast in respect of the Disputed Voting Claim would not, if accepted, have affected the outcome of the vote at the LIM/SMI Meeting.

5. The Company has advised the Monitor that, if the Plan is sanctioned, it intends to implement the Plan as expeditiously as possible, ideally before calendar year end.

5.0 Monitor's Recommendation on Sanctioning the Plan

1. The Monitor is recommending that the Court sanction the Plan for the following reasons:

    a) Both classes of voting creditors under the Plan and as approved by the Court in the Meeting Order, being Affected Unsecured Creditors of LIMH and Affected Unsecured Creditors of LIM and SMI, voted overwhelmingly in favour of the Plan;

    b) The votes cast in respect of the Disputed Voting Claim would not affect the outcome of the vote;

    c) The Plan complies with the CCAA, including that there are no claims being compromised under the Plan which are prohibited from being compromised under the CCAA;

    d) The Plan provides for the prospect of continued operation of the business and a deleveraging of the Company's balance sheet, thereby allowing stakeholders to have the opportunity to generate recoveries when the iron ore market improves;

    e) The Plan is the product of extensive negotiations between the Company and its stakeholders. Based on the Monitor's discussions with the Company's representatives, the Monitor understands that, as evidenced by the voting results, creditors are supportive of the Company's restructuring efforts and recognize that the Company's success will ultimately be a function of the market's recovery;

    f) The Plan is a balance of the Company's interests and those of its stakeholders. Certain compromises and concessions, including the treatment of Intercompany Claims and settlements with respect to the claims of certain of the Company's largest creditors (as discussed in the Eighth Report), would not be effective if the Plan is not implemented and would give rise to significant claims against each of LIMH, LIM and SMI; and

g) The Plan provides for a greater recovery to creditors than in a liquidation or bankruptcy scenario. Given the depressed state of the iron ore industry and the Company's tenuous position, the Plan represents the best opportunity for creditors to recover a portion of the indebtedness due to them. If the Plan is not implemented, there is a significant probability that no distributions would be available to the general body of creditors or that any distributions would be insignificant.

2. For the reasons noted above, the Monitor believes the Plan is fair and reasonable. Accordingly, the Monitor supports the Company's motion for the sanctioning of the Plan.

6.0 Conclusion

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

* * *

All of which is respectfully submitted,

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”

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

November 4, 2016

Contents

Appendices

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.

EIGHTH REPORT OF KSV KOFMAN INC. AS CCAA MONITOR

NOVEMBER 4, 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 ("Claims Procedure Order") with a claims bar date of May 31, 2016.

4. On September 30, 2016, the Court made an Order extending the Stay Period (as defined in the Initial Order) to January 27, 2017.

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 to 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 lows.

7. The price of iron ore has continued at historic lows and only improved slightly from the levels traded when these proceedings commenced. It remains uncertain when the Company will resume operations. Notwithstanding the continued low price of iron ore, the Company has worked diligently and in good faith with all of its stakeholders to advance a plan of arrangement which focuses on restructuring its balance sheet. The Company is optimistic that these efforts, together with reducing its operating costs, will allow it to be viable in the long-term.

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) Summarize the claims filed pursuant to the Claims Procedure Order;

   c) Provide an overview of the key terms and conditions of the Company's Plan of Compromise and Arrangement ("Plan");

   d) Provide information regarding the meetings of creditors to consider and vote on the Plan ("Meetings");

   e) Recommend that creditors vote in favour of acceptance of the Plan;

   f) Recommend that this Court make an order:

      - accepting the filing of the Plan;
      - authorizing the Company, with the assistance of the Monitor, to call, hold and conduct the Meetings; 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 and other information prepared by the Company, 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 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 any of the Company's financial forecasts is encouraged to perform its own due diligence. The Monitor has no responsibility for any reliance placed by any individual or entity on any financial information discussed in, or relied upon in preparing, this Report.

2.0 Executive Summary

1. For the purposes of this Report, the Company includes LIMH, LIM and SMI. LIMH also owns Centre Ferro Ltd. ("Centre Ferro"), which is not an applicant in these proceedings.

2. LIMH is the parent company of the group and is the sole shareholder of LIM and SMI. LIM owns mineral interests in Newfoundland and Labrador and SMI owns mineral interests in Quebec. The Company's most significant deposits are known as Houston (owned by LIM) and Malcolm (which is adjacent to Houston and is owned by SMI) (together, Houston and Malcolm are defined as the "Houston Project").

3. The shares of LIMH were listed on the Toronto Stock Exchange ("TSX") under the symbol "LIM" until February 23, 2015.

4. On April 2, 2015, the Company instituted proceedings in the Court to commence restructuring of its balance sheet and key contracts by means of implementing a plan of compromise or arrangement under the CCAA. The filing was necessitated largely by the decline in the price of iron ore, which caused many of the Company's key projects to become uneconomic. The price of iron ore remains at or near historic lows.

5. There have been five extensions of the stay of proceedings. The present stay extension expires on January 27, 2017.

6. Since the commencement of these proceedings, the Company has been working diligently and in good faith to reduce costs and advance a Plan.

7. LIMH has funded LIM's and SMI's operations from funds raised in the capital markets. Total net advances as at the CCAA commencement date were approximately $290 million. LIMH has continued to fund its subsidiaries since that time.

8. In addition to LIMH's intercompany claims against its subsidiaries, key stakeholders in these proceedings include: a) RBRG Trading (UK) Limited ("RBRG"), which made an advance payment to LIM in May, 2013 for future delivery of iron ore and also has claims against LIMH and SMI pursuant to guarantees; b) Sept-Îles Port Authority ("SIPA"), which reserved annual ship loading capacity for LIMH pursuant to a long term contract, and has a claim against LIMH and a claim against LIM, each as further described below; and c) Quebec North Shore and Labrador Railway Company, Inc. ("QNS&L") and Tshiuetin Rail Transportation Inc. and Tshiuetin Limited Partnership (together, "TSH"), both railways, each of which has key contracts with LIM for the transport of iron ore and has agreed to suspend these contracts, and not to assert claims against LIM for its ongoing obligations thereunder, pending resumption of LIM's mining operations.

9. These key stakeholders (including LIMH in respect of its intercompany claims) have each agreed, or the Company has advised that it expects will agree (in the case of RBRG), to compromise their debt or suspend their contracts and support the Plan in order to facilitate completion of these proceedings. Absent the support of these stakeholders, there would be substantially less value available to the Company's other creditors.

10. The Company also has impact and benefit or economic development agreements with five First Nations groups. The Company has suspended those contracts pending its resumption of operations. The existing claims of these parties are being addressed under the Plan.

11. The Company has filed a Plan which, if implemented, would: a) convert the debts of each of LIMH, LIM and SMI to equity in LIMH or LIM; and b) give creditors of LIM and SMI shares in Houston Iron Royalties Limited ("RoyaltyCo"), being a corporation which will hold the right to receive from LIM and SMI a royalty equal to two percent (2%) of the Gross Revenue (as defined in the Royalty Agreements) from the sale of iron ore ("Royalty") from the Houston Project. Convenience Creditors, being creditors with claims of less than or equal to $5,000 or those who elect to receive such treatment, will receive the lesser of $5,000 or the amount of their claim.

12. The Company has developed and provided the Monitor with a financial projection that reflects that it will be able to maintain all its mineral properties and continue to fund its operations until at least March, 2019.

13. The Plan divides creditors of the Company into two classes: Affected Unsecured Creditors (as defined in the Plan) of LIMH and Affected Unsecured Creditors of LIM and SMI, which have been combined for purposes of the Plan, as discussed further in Section 5.3 of this Report. Convenience Creditors are deemed to vote in favour of the Plan.

14. In order for the Plan to be approved pursuant to the CCAA, a majority in number and at least two thirds in value of the creditor claims, voting in person or by proxy at the meeting, must vote in favour of its acceptance. Based on discussions with its stakeholders, the Company believes that it will have the requisite support from Affected Unsecured Creditors, both in number and dollar value, to approve the Plan.

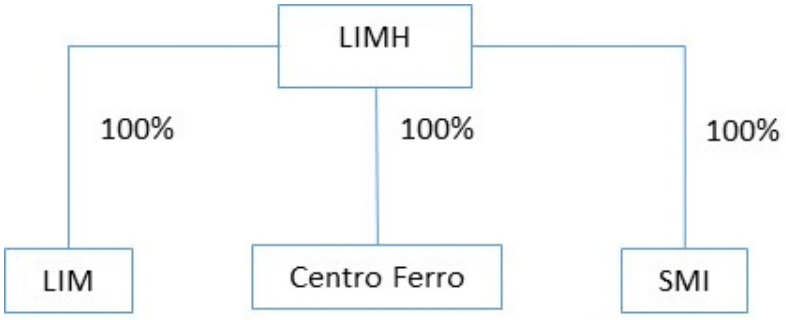
15. The Monitor recommends that creditors vote in favour of the Plan. Absent acceptance of the Plan, the Company is likely to fail, which will either result in almost all value accruing to a limited number of the key stakeholders noted in paragraph 8 above or potentially an abandonment of the mineral properties to government agencies, including the possible commencement of reclamation processes, and in such situation, no recoveries for any stakeholders.

3.0 Background

1. LIMH is the sole shareholder of LIM and SMI. The shares of LIMH were listed on the TSX. 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.

2. 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.

3. The Company's corporate chart is as follows:

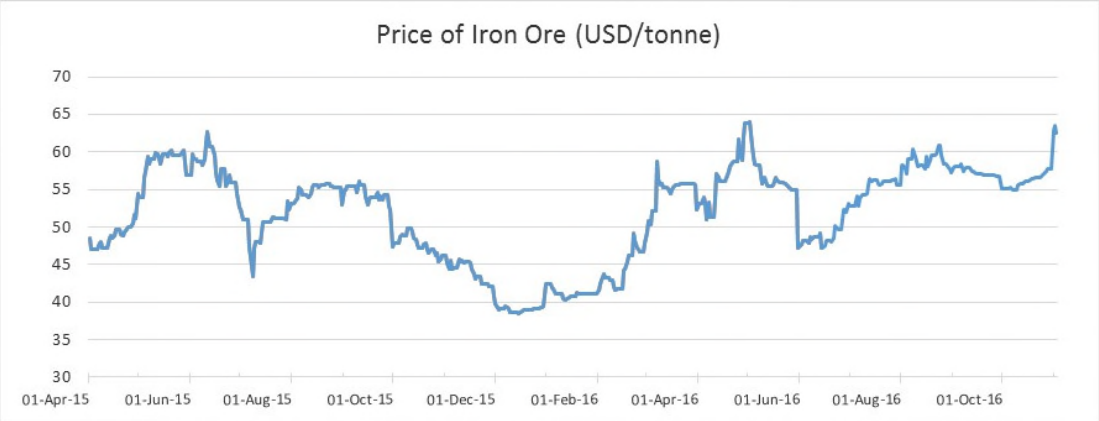


4. LIM and SMI own extensive iron ore resources, processing plants, equipment, rail infrastructure and facilities at their mine sites located near Schefferville, Quebec, approximately 600 kilometres north of the Port of Sept-Îles, from which iron ore is sold and shipped to China.

5. LIM owns mineral interests in Newfoundland and Labrador and SMI owns mineral interests in Quebec. Centre Ferro, a subsidiary of LIMH, owns a railcar maintenance facility in Quebec and is not an applicant in these proceedings.

6. LIM commenced mining operations in 2011. During 2011 to 2013, inclusive, LIM produced 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 Capesize shipments into the China spot market. LIM did not undertake any mining operations subsequent to 2013 primarily due to prevailing low iron ore prices and a continuing need for working capital and development financing for the Houston Project. The Company's mineral properties and mining interests have been maintained on a standby basis since the end of 2013.

7. 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.



8. The prevailing market conditions have also caused numerous other iron ore mining companies, and many of the Company's competitors, to suspend their mining activities and/or to file for creditor protection, including The Bloom Lake Iron Ore Mine Limited Partnership and Wabush Mines (Labrador Trough), and Magnetation LLC (Minnesota, USA).

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

4.0 Claims Procedure

1. The Company, with the assistance of the Monitor, carried out the claims procedure in accordance with the Claims Procedure Order. The claims bar date was May 31, 2016 ("Claims Bar Date"). Capitalized terms not otherwise defined in this section are as defined in the Claims Procedure Order.

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

2. A total of 106 Claims were received or scheduled. The chart below summarizes the Claims received prior to the Claims Bar Date.[2]

($000s)	LIMH	LIM	SMI	Total
Number of Claims/Creditors	8	87	11	106
Scheduled Creditor Claims				
Notices of Claim	676	62,504	45	63,225
Increase Claimed in Notices of Dispute	-	15,373	-	15,373
Total Potential Scheduled Creditor Claims	676	77,877	45	78,598
Unscheduled Creditor Claims[3]	6,843	7,727	198	14,768
Potential Claims before Intercompany Claims	7,519	85,604	243	93,366
Intercompany Claims	-	268,955[4]	23,721	292,676
Total potential Claims	7,519	354,559	23,964	386,042

3. All of the Company's obligations are unsecured, with the exception of security interests granted over certain iron ore stockpiles of LIM and SMI (in favour of RBRG), LIM's fleet of rail cars (in favour of SIPA) and in respect of certain capital leases, including a camp at one of the mine sites[5]. The iron ore stockpiles have limited value, if any, in today's iron ore environment. The secured claims of RBRG and SIPA, respectively, are addressed in a draft support agreement with RBRG (which has not yet been finalized) and the SIPA Settlement Agreement, each as further described below. LIM has also executed a lease amending agreement with Labrador Catering Limited Partnership ("Catering"), its mine camp lessor.

4. The Intercompany Claims are largely the result of LIMH funding LIM's and SMI's operations, as well as LIM funding SMI's operations.

5. No Claims were filed against the Company's directors and officers.

6. Of the total Claims, 44 Claims are $5,000 or less (representing $75,600), including 39 Claims against LIM (being 45% of the Claims filed against LIM).

7. The Company is in discussions with RBRG with respect to the amount of its Claim. Other than the Claim of RBRG, there are no Disputed Claims in respect of LIMH or SMI and only two Disputed Claims remaining against LIM.

[2] The amounts presented in the chart exclude claims filed against more than one entity. For example, RBRG has a claim against LIM which is guaranteed by SMI and LIMH – the amount of such claim is only shown as against LIM. Similarly, three other Creditors have Claims against each of LIMH, LIM and SMI – their claims are also only shown as against LIM.

[3] Includes Restructuring Period Claims of approximately $186,000. Also includes a claim of $2.8 million which is excluded under the Plan, as described in Section 5.7 b) below.

[4] Includes a Restructuring Period Claim of $2.4 million.

[5] An additional Claim was filed as secured. LIM issued a Notice of Revision or Disallowance with respect to that Claim, including the existence or validity of the alleged security. Discussions are ongoing between LIM and the creditor.

8. Subsequent to the Claims Bar Date, SIPA filed a Restructuring Period Proof of Claim (discussed in Section 5.10) and Catering's Claim increased as a result of the lease amending agreement.

9. As of the date of this Report, six Notices of Revision or Disallowance were issued in respect of Proofs of Claim filed against LIM. LIM was proposing to disallow Claims totalling $3.7 million. LIM is in discussions with two Creditors to resolve their Claims. These two claims account for $3.6 million of the $3.7 million in disputed claims.

5.0 The Plan

1. The following section provides an overview of the Plan. A copy of the Plan is attached to the Affidavit of Mr. Kearney, sworn November 3, 2016 ("Kearney Affidavit"), filed in connection with this motion. **Review of this section is not a substitute for reading the Plan. Creditors are strongly encouraged to read the Plan in its entirety prior to voting on it. Creditors are also encouraged to discuss the terms of the Plan with their legal counsel.**

2. Capitalized terms not otherwise defined in this section are as defined in the Plan.

5.1 Purposes of the Plan

1. The principal purposes of the Plan are to convert the debts of LIMH into equity in LIMH and the debts of LIM and SMI into equity in LIM and RoyaltyCo such that creditors (other than those with Convenience Claims) will have an equity interest in the respective debtor (either LIMH or LIM).

2. Implementation of the Plan will:

   a) significantly reduce the Company's indebtedness such that it will be in a position to raise financing when the iron ore market recovers;

   b) preserve LIM's and SMI's mineral claims, mining leases and surface leases in Newfoundland and Labrador and in Quebec;

   c) provide the Company the opportunity to resume its mining activities when iron ore prices stabilize;

   d) preserve a significant portion of the Company's tax losses;

   e) provide a settlement of, and consideration for, all Affected Claims;

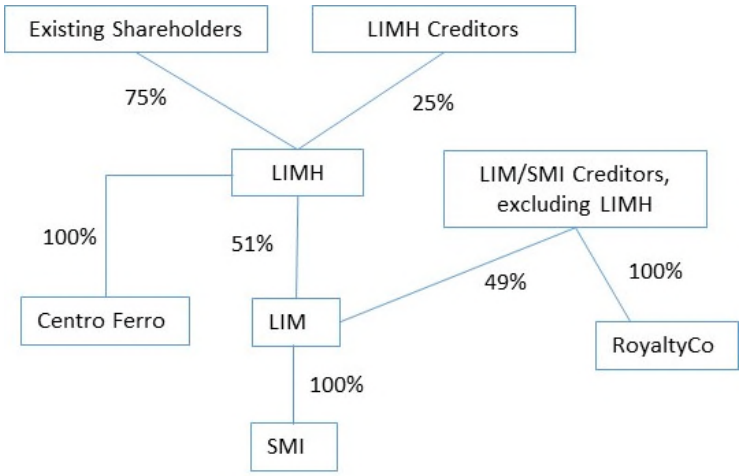
   f) effect a release and discharge of all Affected Claims; and

   g) avoid a liquidation or reclamation of the Company's assets, which could result in no return to stakeholders.

3. For the purposes of facilitating the restructuring, the largest creditors, being LIMH, RBRG and SIPA, have agreed, or in the case of RBRG, are expected by the Company to agree, to compromise their claims and support the Plan. LIMH is also allowing creditors of LIM and SMI to participate in distributions to which LIMH would otherwise be entitled as a result of the Intercompany Claims.

5.2 Summary of the Plan

1. The following diagram summarizes the Company's organizational structure after Plan implementation:



2. A summary of the material terms of the Plan follows:

   a) The Claims of each Affected Unsecured Creditor of LIM and SMI will be released and discharged and in exchange, all Affected Unsecured Creditors of LIM and SMI (other than LIMH and Convenience Creditors) will receive their Pro Rata Share of the following:

      - common shares of LIM representing approximately 49% of LIM's issued, post-Plan Implementation shares; and
      - 100% of the shares of RoyaltyCo;

   b) Through a series of steps set out in the Plan, LIMH's ownership of SMI will be transferred to LIM and LIM will become the 100% shareholder of SMI;

c) In consideration for its Intercompany Claims (which total approximately $293 million and any additional amounts secured by the Intercompany Charge[6]), LIMH will have its existing shares of LIM diluted and reduced to approximately 51% of LIM's issued, post-Plan Implementation shares[7] and the Intercompany Claims will be extinguished. Absent LIMH's agreement in this regard, LIMH would otherwise be entitled to recover significantly more than 51% of the Plan consideration. LIMH has also elected not to receive any shares of RoyaltyCo. The effect of these agreements is to materially increase recoveries for arms' length creditors;

d) Each Affected Unsecured Creditor of LIMH (of which there are eight), excluding Convenience Creditors (of which there are four, including SIPA), will release and discharge LIMH in exchange for a Pro Rata Share of 25% of the post-Plan Implementation issued shares of LIMH, with no creditor receiving more than 19.9% of the shares;

e) The two largest creditors of LIMH, being RBRG and SIPA, have Claims in excess of 95% in value of LIMH's creditors. SIPA, LIMH's largest creditor, has executed a settlement agreement with LIMH ("SIPA Settlement Agreement") pursuant to which, among other things, SIPA has compromised its debt and elected to participate as a Convenience Creditor in the Plan. Additionally, the Company has advised the Monitor that it is in advanced discussions with RBRG, LIMH's second largest creditor pursuant to a LIMH guarantee, to complete a settlement agreement which, among other things, would result in RBRG agreeing to compromise its debt and support the Plan for, among other things, an agreed equity interest in LIMH ("RBRG Support Agreement"); and

f) Convenience Creditors, being Creditors with Affected Unsecured Claims that, in the aggregate: i) are less than or equal to $5,000; or ii) exceed $5,000, but elect to value their claims at $5,000 for both voting and distribution purposes under the Plan, are to receive a cash distribution of the lesser of their claim amount or $5,000 ("Cash Elected Amount").

5.3 Classification of Creditors

1. The Plan contemplates that there will be two classes of Affected Unsecured Creditors for purposes of voting and distributions: a) LIMH creditors; and b) LIM and SMI creditors, combined.

[6] This represents funding provided by LIMH to LIM and SMI during these proceedings. As at September 30, 2016, LIMH funded $3.7 million to LIM and SMI.

[7] The Plan provides for LIMH to retain a 51% interest in LIM if any shares are subsequently issued to Creditors with Disputed Claims.

2. As referenced in Section 4, there are nine Claims against SMI which total $243,000 ("SMI Only Claims"), excluding Intercompany Claims ($23.7 million). SMI is also subject to Claims of three creditors arising from contracts where each of LIMH, LIM and SMI are counterparties ($2.8 million). The SMI Only Claims as a percentage of SMI's total claims represent 0.9%. Under the Plan, SMI will become a subsidiary of LIM and creditors of LIM and SMI will each receive, on a pro rata basis, shares of LIM and RoyaltyCo in consideration for their Distribution Claims. Given the low value of the SMI Only Claims and the provisions of the Plan described above, the Plan provides for a consolidated class of Creditors in respect of LIM and SMI as a fair balancing of interests.

3. With respect to Affected Secured Claims, the Plan provides that, absent a Court Order or an agreement in writing between the Company and the Affected Secured Creditor, the Affected Secured Creditor must take possession of the collateral by a certain deadline set out in the Plan (at a value agreed with the Company or as determined by the Court) and participate as an Affected Unsecured Creditor for the balance of the claim. If an Affected Secured Creditor fails to take possession, it shall be deemed to participate as an Affected Unsecured Creditor. As set out above, there is a very small number of Secured Creditors (principally RBRG, SIPA and Catering) and written agreements have been or are expected to be entered into with these parties that supersede this provision.

4. The Plan does not affect holders of Unaffected Claims (discussed further in Section 5.7 below), such as the parties who have the benefit of the charges in the Initial Order and post-filing claims of vendors that provided goods and services to the Company following the commencement date of these proceedings.

5.4 Releases Contemplated by the Plan

1. The Plan contemplates that, on the Plan Implementation Date, each Creditor will be deemed to forever release the Company, the Monitor and each of their present and former shareholders, officers, directors, employees, auditors, financial advisors, legal counsel and agents from any claims, obligations and the like that arose prior to the Plan Implementation Date.

2. The Monitor is not aware of any Claims against the parties referenced above other than those filed against the Company pursuant to the Claims Procedure Order.

5.5 Treatment of Affected Claims

1. Generally, the Plan provides for treatment of Claims for voting purposes as follows:

    a) Affected Unsecured Creditors with Convenience Claims (including those who have elected to receive such treatment by filing a Convenience Claim Election by 5:00 p.m. at least one Business Day prior to any Meeting or adjourned Meeting, or deposit such Convenience Claim Election with the Chair at the Meeting before the vote (the "Election/Proxy Deadline")) shall be deemed to vote in favour of the Plan. In accordance with Article 4 of the Plan, those creditors shall be entitled to receive only cash distributions equivalent to the lesser of: (i) the aggregate amount of their Voting Claims; and (ii) $5,000, being the Cash Elected Amount;

    b) Affected Unsecured Creditors who are not Convenience Creditors shall be entitled to vote their Voting Claims at the Meetings, within their respective class, and shall be entitled to receive distributions in respect of their Distribution Claims pursuant to the Plan;

    c) As a related party, LIMH shall not be entitled to vote in favour of the Plan, including in respect of its Intercompany Claims;

    d) Any votes cast in respect of Disputed Voting Claims will not be counted for any purpose, pending further Order of the Court. As referenced above, other than the Claim of RBRG (which the Company expects to be agreed as part of the Plan support arrangements with RBRG), the only Disputed Voting Claims relate to LIM, of which there are only two as at the date of this Report; and

    e) Of the $3.6 million in Disputed Claims (excluding RBRG), $565,000 represents an unresolved sales tax claim from TSH. TSH has agreed to support the Plan in respect of the balance of its accepted Claim. The amount of the only other remaining Disputed Claim is not material enough on its own to affect the outcome of the vote.

5.6 Disputed Claims

1. Pursuant to Section 4.8 of the Plan, once a Disputed Distribution Claim against LIM or SMI becomes a Distribution Claim, the applicable Affected Unsecured Creditor is to receive the consideration provided for under the Plan.

2. Other than the Claim of RBRG, there are no Disputed Claims against LIMH. Accordingly, the provisions in Section 4.4 of the Plan regarding the treatment of any Disputed Claims may not be applicable.

5.7 Unaffected Claims

1. Pursuant to the Plan, Excluded Claims are any Claim:

    a) secured by any of:

        - the Administration Charge; and
        - the Directors' Charge;

    b) in respect of the Company's site reclamation obligations to the Government of Newfoundland and Labrador;

    c) of the Toronto-Dominion Bank ("TD") in connection with letters of credit deposited with the environmental authorities of Newfoundland and Labrador as security for the Company's site reclamation obligations thereto, to the extent that TD holds cash collateral in respect of such letters of credit;

    d) of:

        - QNS&L in connection with Confidential Transportation Contract No. 001 between QNS&L and LIM executed on March 8, 2011, as amended; and
        - TSH in connection with an agreement entitled "The Transportation by Rail of DSO Project Iron Ore on TSH Railway", as amended, other than TSH's Pre-Filing Claims.

2. Unaffected Claims also include: a) the Claims as set out in Schedule "E" of the Plan, including, *inter alia*, post-filing claims for goods and services provided to the Company subsequent to the Initial Order and certain claims and post-filing claims of Her Majesty the Queen in Right of Canada or of any province or territory (e.g. for any source deductions); and b) the post-filing claims of Mr. Kearney for the portion of his salary that he deferred during these proceedings to assist the Company's liquidity (approximately $110,000 per year). Mr. Kearney's pre-filing Claims are being compromised under the Plan.

5.8 Amendments to the Plan

1. Pursuant to Section 7.4 of the Plan, the Company may, with the consent of the Monitor, both prior to and during the Meeting or after the Meeting, amend the Plan, provided: (i) if made prior to or at the Meeting, such amendments are communicated to Affected Unsecured Creditors in the manner required by the Meetings Order (i.e. notice by mail, email or posting on the Monitor's website); and (ii) if made following the Meeting, such amendments are be approved by the Court following notice to the Affected Unsecured Creditors.

2. A Plan modification may be made by the Company with the consent of the Monitor where it concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or to cure any errors, omissions or ambiguities, in either case which is not materially adverse to the financial or economic interests of the Affected Unsecured Creditors.

5.9 RBRG Support Agreement

1. RBRG made an advance payment of US$35 million to LIM in May, 2013 for future delivery of iron ore. LIMH and SMI are guarantors under the financing agreement.

2. The Company has advised the Monitor that it and RBRG are in advanced discussions to complete a settlement and Plan support agreement. Excluding the Intercompany Claims, RBRG is the largest creditor of LIM and SMI (representing in excess of 51% of the Claims against LIM/SMI, excluding Disputed Claims) and the second largest creditor of LIMH (representing in excess of 42% of the Claims against LIMH)[8]. Accordingly, RBRG is one of the Company's most significant arm's length stakeholders/creditors.

3. As discussed in the Kearney Affidavit, the proposed RBRG Support Agreement, if concluded, contemplates that the amount of RBRG's claim would be settled and RBRG would agree to support the Company's restructuring efforts and to vote in favour of the Plan in consideration for, among other things:

    a) its Pro Rata entitlement to the shares of LIM and RoyaltyCo in proportion to its claim against LIM;

    b) an agreed interest of 19.9% in the post-Plan implementation shares of LIMH in respect of the guarantee by LIMH;

    c) 50% of the net profit resulting from the processing of two iron ore stockpiles owned by LIM and SMI, respectively, against which RBRG currently holds security, subject to RBRG releasing its security over same;

    d) representation on the board of directors of LIMH, LIM and SMI; and

    e) a right of first refusal for off-take and purchase of iron ore in the event that LIM resumes its mining operations, at which time and subject to market conditions, RBRG is to consider providing working capital financing to support LIM's operations.

5.10 SIPA Settlement Agreement

1. SIPA operates one of the largest port facilities in Canada.

[8] This includes SIPA's claims as filed against LIMH.

2. Pursuant to a contract between LIMH and SIPA dated July 13, 2012 ("SIPA Agreement"), LIMH made a first advance payment of $6.4 million to SIPA and agreed to make a further advance payment of $6.4 million ("Second Installment") to be used towards the construction by SIPA of a new multi-user dedicated iron ore dock at the Port of Sept-Îles and reserved an annual ship loading capacity of 5 million tonnes per year. As discussed in the Initial Affidavit, LIMH deferred payment of the Second Installment pending resolution by SIPA of land access and terminal facilities at the new dock.

3. Pursuant to the SIPA Agreement and related documents, SIPA has a security interest in LIM's rolling stock, consisting of 501 railcars ("Railcars"), as security for the Second Installment 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).

4. On May 24, 2016, SIPA filed a $6.4 million claim against LIM and LIMH in respect of amounts owed by LIMH under the SIPA Agreement as at the date of the Initial Order ("SIPA POC").

5. On September 28, 2016, LIMH disclaimed the SIPA Agreement, resulting in SIPA filing a Restructuring Period Proof of Claim against LIMH ("Restructuring Period POC", and together with the SIPA POC the "SIPA Claims"). The SIPA Claims represent up to 54% in value of the Claims against LIMH. On the same date, the Company completed a settlement agreement with SIPA ("SIPA Settlement Agreement").

6. Pursuant to the SIPA Settlement Agreement, SIPA has agreed to support the Plan and participate in the Plan as a Convenience Creditor, rather than to receive shares of LIMH. As consideration for settling the SIPA Claims and releasing the Company from the security agreements held by SIPA over the Railcars, the Company has agreed to, among other things, pay to SIPA:

    a) the net proceeds resulting from sales of the Railcars, including the proceeds from the sale of 99 of the Railcars which was approved by the Court pursuant to an Order dated September 30, 2016[9];

    b) a lump sum of $60,000 in partial payment of SIPA's secured claim upon Plan Implementation; and

    c) $5,000 in consideration for SIPA electing to receive the Cash Elected Amount pursuant to the Plan.

[9] The security agreements will not be released until all of the railcars have been sold and the net proceeds remitted to SIPA.

5.11 Creditor Approval of Plan

1. In order for the Plan to be approved pursuant to the CCAA, the Plan must be approved by a majority in number of Affected Unsecured Creditors in each of the two classes, representing at least two thirds in value of the Voting Claims of Affected Unsecured Creditors, in each case present and voting in person or by proxy on the resolution approving the Plan at the Meeting. Based on discussions with its key stakeholders, the Company believes that it will have the requisite support from Affected Unsecured Creditors, both in number and dollar value, to approve the Plan.

5.12 Conditions Precedent to Plan Implementation

1. The conditions precedent to the Plan are set out in Section 7.6 of the Plan. The main conditions are:

    a) approval of the Plan by the requisite majorities of each class of Affected Unsecured Creditors;

    b) an Order of the Court sanctioning the Plan shall have been made and shall have become a Final Order;

    c) completion of a series of corporate transactions, including an assignment by LIMH of the Intercompany Claims to subsidiaries of LIM and SMI, followed by an amalgamation of those entities, in order to preserve the Company's tax losses to the extent possible;

    d) execution of management services agreements between LIMH and LIM and between LIM and RoyaltyCo to provide management services and personnel as the parties deem necessary or advisable at actual cost (including for management compensation), plus taxes. The Company has advised the Monitor that management compensation is to be largely consistent with their historical compensation;

    e) execution of a Royalty Agreement between RoyaltyCo and each of LIM and SMI pursuant to which LIM and SMI grant to RoyaltyCo the Royalty in respect of all Mineral Products (as defined therein) that may be produced from the Houston Project;

    f) constitution of the board of directors of LIM to be fixed at six directors, including three directors who are officers or directors of LIMH and three directors (initially nominated by LIMH) who are independent of LIMH and constitution of the board of directors of RoyaltyCo, to be fixed at four directors, including two directors who are officers or directors of LIMH and two directors (initially nominated by LIMH) who are independent of LIMH; and

    g) all amounts owing to the Monitor, the Monitor's counsel and counsel to the Company shall have been paid.

5.13 Implications of Plan Failure

1. In the event that the Plan is not implemented, recoveries to creditors are likely to be insignificant based on the liquidation value of the Company's mineral properties, or the potential commencement of reclamation processes by the relevant environmental regulatory authorities.

2. A possible, and perhaps likely outcome if the Plan is not implemented, includes the following:

    a) The Company's Board of Directors and management team would resign;

    b) The stay of proceedings would be terminated; however, there is no certainty that a bankruptcy or other form of liquidation proceeding would necessarily follow as a Trustee in Bankruptcy or other Court officer may not be prepared to assume the environmental and other risks associated with taking possession of the Company's assets;

    c) The amount of the claims against each of LIMH, LIM and SMI would increase substantially:

        i) LIMH's claims against LIM and SMI would exceed $293 million (all other claims presently total approximately $65 million, excluding Disputed Claims);

        ii) QNS&L and TSH, the two railways, may assert take-or-pay and other claims against LIM as their settlements as referenced above in Section 5.7 1. d) would not be completed (their settlements preserve their rights to do so if a Plan is not implemented). These claims, particularly those of QNS&L, could exceed $100 million based on the duration and other terms of its contract;

        iii) SIPA may assert claims against LIMH pursuant to the SIPA Agreement;

        iv) Regulatory authorities could make claims for closure and rehabilitation costs;

        v) RBRG could assert claims of $48 million or more (the amount of the Notice of Dispute it submitted) against each of LIMH, LIM and SMI;

    d) There is a significant possibility that LIM's and SMI's mining claims and leases would be forfeited to the provinces of Newfoundland and Labrador and of Quebec as the Company would be unable to meet its regulatory and statutory obligations. In the alternative, those interests would be monetized, if saleable, with the majority of the proceeds being distributed to the largest creditors (likely LIMH, QNS&L, SIPA and RBRG);

e) A further claims process would be necessary before proceeds, if any, could be distributed to creditors; and

f) Remaining cash on hand, if any, net of professional and administrative costs, would be distributed to creditors according to priorities. Any further recoveries are likely to be negligible.

6.0 Projection

1. The Company is of the view that the Houston Project is its most attractive development property. Accordingly, during these proceedings it has advanced the planning of the development and sought to obtain and/or secure operating permits, in order to be in a position to resume mining operations when the iron ore market recovers.

2. The Company has prepared a comprehensive financial model which reflects the development of the Houston Project and the Company's projected results over a 15-year period ("Model"), including a start-up phase, 10-year life of mine, and a closure and rehabilitation period.

3. The Model includes numerous assumptions and estimates for each variable that impacts the Company's operations, including the price of iron ore; quality and grade of iron ore; capital expenditures, including road development and other costs to access the Houston Project; equity and debt financing; annual production volumes; rail transportation costs; ocean freight costs; labour rates; currency; interest rates; discount rates; and corporate expenses.

4. Based on the Model and the assumptions used therein, the Company estimates that, over the 15-year period, RoyaltyCo would receive royalties of $30 million and the Company would generate $218 million of positive cash flow, before income taxes payable, if any.

5. If the results estimated above by the Company are realized, the benefits would accrue to the Affected Unsecured Creditors as a result of the Plan.

6. Based on the Company's pro forma balance sheet, Affected Unsecured Creditors would be receiving their share of the Houston Project mineral property interests, which LIM and SMI intend to record with a book value of $20 million, and a share of the 2% royalty interest to be held by RoyaltyCo, which will be recorded at a book value of $7 million. The Company advises that these valuations are supported by the market valuations of comparable public junior iron ore companies in the Labrador Trough. The Monitor has not performed a valuation of the Company and therefore provides no opinion on the Company's pro forma balance sheet, nor its prospects of achieving the results in the Model.

7. The Company does not plan to develop the Houston Project until market conditions improve. The Company is cognizant that its operations will need to be funded on a care and maintenance basis until that time. In that regard, the Company prepared a cash flow projection detailing its estimated costs to March 31, 2019 and identified assets to be sold on an orderly basis in order to cover its stand-by and operating costs during that period.

8. The following table summarizes the Company's projected cash flow for the fiscal years ending March 31, 2017, 2018 and 2019 ("3-year Cash Flow).

($000s)	For the 6 months ended March 31, 2017	For the 12 months ended March 31, 2018	For the 12 months ended March 31, 2019
Estimated opening cash balance, beginning of year	1,665	650	4,903
Asset sales	398	5,750	25
Release of restricted cash	428	2,040	280
Other cash inflows	93	-	-
Total cash inflows	919	7,790	305
Payroll costs	879	1,616	1,497
Professional fees	365	75	75
Plan payment	300	-	-
Care and maintenance activities	216	450	280
Other operational expenses	144	306	231
Reclamation work	30	1,090	250
Total cash outflows	1,934	3,537	2,333
Estimated ending cash balance	650	4,903	2,875

9. The asset sales contemplated in the 3-year Cash Flow include:

   a) the maintenance facilities and other real property located in Schefferville and Sept-Îles;

   b) interests in various iron ore deposits; and

   c) miscellaneous production equipment, rail sidings and non-core capital assets located at the Company's mine sites.

10. The Company is of the view that, for the most part, any sales will require an extended period of time to complete. Many of the assets are currently being marketed. The Company is of the view that in a liquidation, the recoveries from these assets would be significantly less than the values estimated in the table.

7.0 Recommendation to Creditors

1. The Monitor recommends that the creditors vote in favour of the Plan for the following reasons:

    a) The Plan provides for the prospect of continued operation of the business and a deleveraging of the Company's balance sheet, thereby allowing stakeholders to have the opportunity to generate recoveries when the iron ore market improves;

    b) The Plan is the product of extensive negotiations between the Company and its stakeholders. Based on the Monitor's discussions with the Company's representatives, the Monitor understands that a significant number and value of creditors are supportive of the Company's restructuring efforts and recognize that the Company's success will ultimately be a function of the market's recovery;

    c) The Plan is expected to be supported by the Company's largest creditors (together representing at least 95% of the Claims against LIMH and 91% of the Claims against LIM/SMI), as a result of LIMH's treatment of the Intercompany Claims, the SIPA Agreement and the proposed agreement with RBRG;

    d) The Plan is a balance of the Company's interests and those of its stakeholders. Certain compromises and concessions, including the treatment of Intercompany Claims and settlements with respect to the claims of SIPA, QNS&L and TSH (and expected settlement with RBRG), would not be effective if the Plan is not implemented and would give rise to significant claims against each of LIMH, LIM and SMI;

    e) The Plan provides for a greater recovery to creditors than in a liquidation or bankruptcy scenario. Given the depressed state of the iron ore industry and the Company's tenuous position, the Plan represents the best opportunity for creditors to recover a portion of the indebtedness due to them. If the Plan is not approved, there is a significant probability that no distributions would be available to the general body of creditors or that any distributions would be insignificant; and

    f) In the Monitor's view, the Plan is fair and reasonable.

8.0 Creditors' Meetings

1. The Meetings shall be held in accordance with the Plan and the Meeting Order. Capitalized terms not defined in this section shall have the same meaning ascribed to them in the Meeting Order. A copy of the proposed Meeting Order, as submitted to the Court, is provided in Appendix "A". A summary is provided below.

    a) The meetings of Affected Unsecured Creditors of LIMH and of LIM/SMI are to be held at 10:00 a.m. EDT and 11:00 a.m. EDT, respectively, on December 6, 2016 at the offices of the Company's counsel, Paliare Roland Rosenberg Rothstein LLP, 155 Wellington Street West, 35th floor, Toronto Ontario;

    b) An officer of the Monitor or a person designated by the Monitor shall preside as the chairperson of the Meetings;

    c) The only Persons entitled to attend the Meetings are those persons, including the holders of proxies, entitled to vote at the Meetings and their legal counsel and financial advisors, as well as representatives of the Company, the Monitor and their legal counsel. Any other Person may be admitted to the Meetings on invitation of the chairperson or the Company;

    d) For purposes of voting at the Meetings, each Affected Unsecured Creditor of each class shall be entitled to one vote as a member of that class equal to the dollar value of its respective Voting Claim. Convenience Creditors shall be deemed to vote in favour of the Plan. LIMH shall not be entitled to vote in favour of the Plan in respect of the Intercompany Claims;

    e) To vote at the Meetings, one must be an Affected Unsecured Creditor with a Voting Claim or a Disputed Voting Claim, or such Affected Unsecured Creditor's representative. Any votes cast in respect of Disputed Voting Claims will not be counted for any purpose, pending further Order of the Court. The Monitor is to keep a separate record of votes cast by Affected Unsecured Creditors holding Disputed Voting Claims and shall report to the Court with respect thereto at the motion for the Sanction Order;

    f) Any creditor who wishes to appoint a proxy shall do so by the Election/Proxy Deadline; and

    g) The Meetings may be adjourned to such date, time and place as may be designated by the Monitor, if, among other things, prior to or during the Meetings, the Monitor, in consultation with the Company, decides to adjourn such Meeting.

2. The Monitor will send to all known creditors the materials provided in Schedules "A" to "C" of the Meeting Order, including the Notice of Meeting, form of Proxy for Affected Unsecured Creditors and Convenience Claim Election Form. The Monitor will also provide creditors with a copy of the Plan, the Meeting Order, the Plan Affidavit and this Report.

3. Within four business days following the date of the Meeting Order, if issued, the Monitor will arrange for the notice included as Schedule "E" of the Meeting Order to be published once in each of *The Globe and Mail* (National Edition), *The Telegram* (St. John's, NL; English) and *Le Journal Nord-Côtie*r (Sept-Îles, Québec; French), with the latter two publications being in the region close to the Company's vendors.

4. The Monitor is of the view that the Meetings should allow for the Company's creditors to fairly express their intention in terms of whether or not to accept the Plan.

9.0 Court Approval of the Plan

1. At the hearing of the motion for the Meeting Order, the Company intends to request a date for a motion for the issuance of a Sanction Order for the sanction and approval of the Plan.

2. The Monitor intends to file a report to Court shortly following the Meetings, which will include the voting results of the Meetings and the Monitor's recommendation to the Court on the sanctioning of the Plan.

3. If sanctioned by the Court, it is contemplated that the Plan will be implemented immediately thereafter.

10.0 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 “B”

Court File No. CV-15-10926-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE JUSTICE Wilton-Siegel

THURSDAY, THE 10TH DAY OF NOVEMBER, 2016

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. (the "Applicants")

MEETING ORDER

THIS MOTION made by the Applicants for an Order *inter alia*:

a) authorizing the Applicants to file with the Court a plan of compromise and arrangement of the Applicants under the *Companies' Creditors Arrangement Act* (the "**CCAA**"); and

b) authorizing and directing the Applicants to call a meeting of creditors to consider and vote upon the plan of compromise and arrangement filed by the Applicants,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of John F. Kearney sworn November 3, 2016 (the "**Plan Affidavit**"), the 8th Report of KSV Kofman Inc. in its capacity as Court-appointed monitor of the Applicants (the "**Monitor**") (the "**Plan**

Report") and on hearing from counsel for the Applicants, the Monitor, and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged, that the manner of service is hereby validated and service upon any interested party other than those parties served is hereby dispensed with, and that the motion is properly returnable today.

DEFINITIONS

2. **THIS COURT ORDERS** that, unless otherwise defined in this Order, capitalized terms shall have the meaning given in the Plan of Compromise and Arrangement in respect of the Applicants, appended to the Plan Affidavit (subject to the minor revisions reflected in **Schedule "F"** to this order, and as it may be further amended in accordance with its terms, the "**Plan**").

PLAN OF COMPROMISE AND ARRANGEMENT

3. **THIS COURT ORDERS** that the Plan be and is hereby accepted for filing with the Court, and that the Applicants are authorized to seek approval of the Plan by Affected Unsecured Creditors in the manner set forth herein.

4. **THIS COURT ORDERS** that the Applicants, with the consent of the Monitor, be and they are hereby authorized to make and to file a modification or restatement of, or amendment or supplement to, the Plan (each a "**Plan Modification**") prior to or at the Meetings, in which case any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the Plan. The Applicants shall give notice of any such Plan Modification at the Meetings prior to the vote being taken to approve the Plan. The Applicants may give notice of any such Plan Modification at or before the Meetings by notice which shall be sufficient if, in the case of notice at the Meetings, given to those Affected Creditors present at such meeting in person or by

Proxy and, in the case of notice before the Meetings, provided to those Persons listed on the service list posted on the Monitor's Website (as amended from time to time, the "**Service List**"). The Monitor shall forthwith post on the Monitor's Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

5. **THIS COURT ORDERS** that after the Meetings (and both prior to and subsequent to the obtaining of any Sanction Order), the Applicants may at any time and from time to time, with the consent of the Monitor, effect a Plan Modification (a) pursuant to an Order of the Court or (b) where such Plan Modification concerns a matter which, in the opinion of the Applicants and the Monitor, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or to cure any errors, omissions or ambiguities, and in either circumstance is not materially adverse to the financial or economic interests of the Affected Creditors. The Monitor shall forthwith post on the Monitor's Website any such Plan Modification, with notice of such posting forthwith provided to the Service List.

NOTICE OF MEETINGS

6. **THIS COURT ORDERS** that each of the following in substantially the forms attached to this Order as **Schedules "A", "B", "C", and "D",** respectively, are hereby approved:

a. the form of notice of the Meetings and Sanction Hearing (the "**Notice of Meeting**");

b. the form of proxy for Affected Unsecured Creditors (the "**Affected Unsecured Creditors Proxy**");

c. the form of Convenience Claim Election (the "**Convenience Claim Election**"); and,

d. the form of resolution to approve the Plan (the "**Resolution**")

(collectively, the "**Notice/Voting Materials**").

7. **THIS COURT ORDERS** that, notwithstanding paragraph 6 above, but subject to paragraphs 4 and 5, the Applicants may from time to time make such minor changes to the documents in the Notice/Voting Materials as the Applicants and the Monitor consider necessary or desirable or to conform the content thereof to the terms of the Plan, this Order or any further Orders of the Court.

8. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of the Notice/Voting Materials (and any amendments made thereto in accordance with paragraph 7 hereof), this Order, the Plan Affidavit and the Plan Report (collectively with the Notice/Voting Materials, the "**Meeting Materials**") to be posted on the Monitor's Website. The Monitor shall ensure that the Meeting Materials (and any amendments made thereto in accordance with paragraph 7 hereof) remain posted on the Monitor's Website until at least one (1) Business Day after the Plan Implementation Date.

9. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall send the Meeting Materials to all Affected Creditors known to the Monitor and the Applicants as of the date of this Order by regular mail (except in the event of a postal strike), facsimile, courier or e-mail at the last known address (including fax number or email address) for such Affected Creditors set out in the books and records of the Applicants.

10. **THIS COURT ORDERS** that, as soon as practicable following the receipt of a request therefor, the Monitor shall send a copy of the Meeting Materials by regular mail (except in the event of a postal strike), facsimile, courier or e-mail, to each Affected Creditor who, no later than three (3) Business Days prior to the applicable Meeting (or any adjournment thereof), makes a written request for it.

11. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order and in any event within four (4) Business Days following the date of this Order, the Monitor shall use reasonable efforts to cause an announcement substantially in the form attached hereto as **Schedule "E"** (the "**Public Announcement**"), to be published for a period of one (1) Business Day in the following newspapers: The Globe & Mail

(National Edition; English), The Telegram (St. John's, NL; English) and Le Journal Nord-Côtier (Sept-Îles, Québec: French).

12. **THIS COURT ORDERS** that the publication of the Public Announcement in accordance with paragraph 11 above, the sending of a copy of the Meeting Materials to Affected Creditors in accordance with paragraph 9 above, the posting of the Meeting Materials on the Monitor's Website, and the provision of notice to others in the manner set out in paragraph 10 above, shall constitute good and sufficient service of this Order, the Plan and the Notice of Meeting on all Persons who may be entitled to receive notice thereof, or who may wish to be present in person or by proxy at the Meetings or in these proceedings, and no other form of notice or service need be made on such Persons.

THE MEETING

13. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to call, hold and conduct a separate meeting for each of the two classes of Affected Unsecured Creditors contemplated by the Plan (each a "**Voting Class**") at the offices of Paliare Roland Rosenberg Rothstein LLP, Barristers, 155 Wellington Street West, 35th floor, Toronto Ontario M5V 3H1, on December 6, 2016,

a. at 10:00 a.m. EDT, for the Affected Unsecured Creditors of LIMH (the "**LIMH Unsecured Creditors Meeting**"); and,

b. at 11:00 a.m. EDT or, in the event that the LIMH Unsecured Creditors Meeting is still ongoing at that time, at such later time as the Chair (defined below) may designate, for the Affected Unsecured Creditors of LIM and SMI (the "**LIM/SMI Unsecured Creditors Meeting**" and, together with the LIMH Unsecured Creditors Meeting, the "**Meetings**" and each a "**Meeting**"),

and as adjourned to such places and times as the Chair may determine in accordance with paragraph 18 hereof, for the purposes of considering and voting on the Resolution and transacting such other business as may be properly brought before the applicable Meeting.

PROCEDURE AT THE MEETINGS

14. **THIS COURT ORDERS** that a representative of the Monitor designated by it shall preside as the chair of the Meetings (the "**Chair**") and, subject to this Meeting Order or any further Order of the Court, shall decide all matters relating to the conduct of the Meetings.

15. **THIS COURT ORDERS** that the Chair is authorized to accept and rely on Proxies or such other forms as may be acceptable to the Chair.

16. **THIS COURT ORDERS** that a person designated by the Monitor shall act as secretary at each Meeting (the "**Secretary**") and the Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at each Meeting (the "**Scrutineers**"). The Scrutineers shall tabulate the votes in respect of all Voting Claims and Disputed Voting Claims, if any, at each Meeting.

17. **THIS COURT ORDERS** that the quorum required at each Meeting shall be one Affected Unsecured Creditor with a Voting Claim present at such Meeting in person or by proxy. If the requisite quorum is not present at a Meeting, then such Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable.

18. **THIS COURT ORDERS** a Meeting shall be adjourned (and may be adjourned on one or more occasions) to such date, time and place as may be designated by the Chair or the Monitor, if:

a. the requisite quorum is not present at such Meeting;

b. such Meeting is postponed by a vote of the majority in value of the Affected Unsecured Creditors with Voting Claims present in person or by proxy at such Meeting; or

c. prior to or during the Meeting, the Chair or the Monitor, following consultation with the Applicants, otherwise decides to adjourn such Meeting,

and the announcement of the adjournment by the Chair at such Meeting (if the adjournment is during a Meeting), the posting of notice of such adjournment on the Monitor's Website, and written notice to the Service List with respect to such adjournment shall constitute sufficient notice of the adjournment and neither the Applicants nor the Monitor shall have any obligation to give any other or further notice to any Person of the adjourned Meeting.

19. **THIS COURT ORDERS** that the only Persons entitled to attend or to speak at the Meetings are the Affected Unsecured Creditors (or their respective duly appointed proxyholders), representatives of the Monitor and the Applicants, all such parties' legal counsel and advisors, the Chair, the Secretary and the Scrutineers (defined below), provided that an Affected Unsecured Creditor (or its respective duly appointed proxyholder) and its legal counsel and advisors shall only be entitled to attend or to speak at a Meeting if such Affected Unsecured Creditor is entitled to vote at the applicable Meeting in accordance with this Order. Any other person may be admitted to a Meeting only by invitation of the Chair.

20. **THIS COURT ORDERS** that, for greater certainty, and without limiting the generality of anything in this Order, Persons holding Unaffected Claims are not entitled to vote on the Plan at a Meeting in respect of such Unaffected Claim and, except as otherwise permitted herein, shall not be entitled to attend a Meeting.

21. **THIS COURT ORDERS** that, for greater certainty, Affected Unsecured Creditors shall have no right to, and shall not, vote at the Meeting (or receive any distribution under the Plan) in respect of any Equity Claims.

VOTING AT THE MEETINGS

22. **THIS COURT ORDERS** that the Chair be and is hereby authorized to direct a vote at each Meeting, by confidential written ballot or by such other means as the Chair may consider appropriate, with respect to: (i) the Resolution and any amendments thereto; and (ii) any other resolutions as the Chair may consider appropriate following consultation with the Applicants.

23. **THIS COURT ORDERS** that all proxies ("**Proxies**", each a "**Proxy**") submitted in respect of the Meetings (or any adjournment thereof) must be in substantially the form attached to this Order as Schedule "B" or in such other form acceptable to the Monitor or the Chair. All Proxies must be: (a) submitted to the Monitor by 5:00 pm at least one (1) Business Day prior to the Meetings or any adjourned Meeting; or (b) deposited with the Chair at a Meeting (or any adjournment, postponement or rescheduling thereof) immediately prior to the vote at the time specified by the Chair (the "**Election/Proxy Deadline**"). The Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any Proxy is completed and executed, and may waive strict compliance with the requirements in connection with the deadlines imposed in connection therewith.

24. **THIS COURT ORDERS** that, in the absence of any instruction to vote for or against the approval of the Resolution in a duly signed and returned Proxy, the Proxy shall be deemed to constitute a vote for the approval of the Resolution provided that the proxyholder does not otherwise exercise its right to vote at the Meeting.

25. **THIS COURT ORDERS** that, for the purposes of voting at the Meetings, each Affected Unsecured Creditor of each Voting Class shall be entitled to one vote as a member of the Voting Class to which such Affected Unsecured Creditor belongs.

26. **THIS COURT ORDERS** that, for the purposes of voting at the Meetings, the Voting Claim of any Affected Unsecured Creditor shall be deemed equal to the dollar amount of his, her or its Voting Claim.

27. **THIS COURT ORDERS** that each Convenience Creditor shall be deemed to have voted in favour of the Plan in respect of its Convenience Claim.

28. **THIS COURT ORDERS** that a holder of Intercompany Claims shall not be entitled to vote on the Plan.

TRANSFERS OR ASSIGNMENTS OF CLAIMS

29. **THIS COURT ORDERS** that an Affected Unsecured Creditor may transfer or assign the whole of its Affected Unsecured Claim prior to the Meetings. If an Affected Unsecured Creditor transfers or assigns the whole of an Affected Unsecured Claim to another Person, such transferee or assignee shall not be entitled to attend and vote the transferred or assigned Affected Unsecured Claim at the applicable Meeting unless (i) the assigned Affected Unsecured Claim is a Voting Claim or Disputed Claim, or a combination thereof, and (ii) satisfactory notice of and proof of transfer or assignment has been delivered to the Monitor in accordance with the Claims Procedure Order no later than seven (7) days prior to the date of the applicable Meeting. Where an Affected Unsecured Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the applicable Meeting in respect of the full amount of the Voting Claim, and the transferee or assignee shall have no voting rights at the applicable Meeting in respect of such Voting Claim.

DISPUTED VOTING CLAIMS

30. **THIS COURT ORDERS** that notwithstanding anything to the contrary herein, an Affected Unsecured Creditor holding a Disputed Voting Claim (or its duly appointed proxyholder) may attend the Meeting and vote its Disputed Voting Claim at such Meeting in the amount set out in its Proof of Claim or Notice of Dispute of Claim, as applicable, without prejudice to the rights of the Applicants, the Monitor or the holder of the Disputed Voting Claim with respect to the final determination of the Disputed Voting Claim for distribution purposes, provided that votes cast in respect of any Disputed Voting Claim shall not be counted for any purpose, pending further order of this Court.

31. **THIS COURT ORDERS** that the Monitor shall keep a separate record of votes cast by Affected Unsecured Creditors holding Disputed Voting Claims and shall report to the Court with respect thereto at the motion for the Sanction Order.

APPROVAL OF THE PLAN

32. **THIS COURT ORDERS** that in order to be approved, the Plan must receive an affirmative vote of each Voting Class by the majorities required by the CCAA (the "**Required Majorities**").

33. **THIS COURT ORDERS** that following the votes at the Meetings, the Scrutineers shall tabulate the votes in each Voting Class and the Monitor shall determine whether the Plan has been accepted by the Required Majorities.

34. **THIS COURT ORDERS** that the result of any vote conducted at a Meeting of a Voting Class shall be binding upon all Affected Unsecured Creditors of that Voting Class, whether or not any such Affected Unsecured Creditor was present or voted at the Meeting.

35. **THIS COURT ORDERS** that the Monitor shall file a report with this Court as soon as practicable after the Meetings or any adjournment thereof, as applicable, in respect of the results of the votes, including whether:

a. the Plan has been accepted by the Required Majorities in each Voting Class; and,

b. whether the votes cast in respect of Disputed Voting Claims, if applicable, would affect the result of the vote.

36. **THIS COURT ORDERS** that a copy of the Monitor's Report in respect of the Meetings shall be posted on the Monitor's Website prior to the Sanction Hearing.

CONVENIENCE CLAIM ELECTION

37. **THIS COURT ORDERS** that any Affected Unsecured Creditor with one or more Voting Claims in an aggregate amount in excess of $5,000 shall be entitled to elect to receive only the Cash Elected Amount and be deemed to vote in favour of the Plan in accordance with paragraph 27 hereof by returning an executed Convenience Claim Election to the Monitor prior to the Election/Proxy Deadline.

SANCTION HEARING AND ORDER

38. **THIS COURT ORDERS** that if the Plan has been accepted by the Required Majorities, the Applicants shall bring a motion seeking the Sanction Order on December 14, 2016, or as soon thereafter as the matter can be heard (the "**Sanction Hearing**").

39. **THIS COURT ORDERS** that service of the Notice of Meeting and the posting of this Order to the Monitor's Website pursuant to paragraphs 8 to 11 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service or notice need be made on such Persons and no other materials need be served on such Persons in respect of the Sanction Hearing.

40. **THIS COURT ORDERS** that any Person (other than the Applicants and the Monitor) wishing to receive materials and appear at the Sanction Hearing and who has not already served upon the lawyers for each of the Applicants and the Monitor and all other parties on the Service List and filed with this Court a Notice of Appearance conforming with the Ontario *Rules of Civil Procedure* shall do so by no later than 5:00 p.m. (Toronto time) on the date that is 7 days prior to the Sanction Hearing.

41. **THIS COURT ORDERS** that any Person who wishes to oppose the motion for the Sanction Order shall serve upon the lawyers for each of the Applicants and the Monitor and upon all other parties on the Service List, and file with this Court, a copy of the materials to be used to oppose the motion for the Sanction Order by no later than 5:00 p.m. (Toronto time) on the date that is 7 days prior to the Sanction Hearing.

42. **THIS COURT ORDERS** that if the Sanction Hearing is adjourned, only those Persons who are listed on the Service List (including those Persons who have complied with paragraph 40 of this Order) shall be served with notice of the adjourned date of the Sanction Hearing.

43. **THIS COURT ORDERS** that subject to any further Order of this Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

GENERAL

44. **THIS COURT ORDERS** that the Applicants and the Monitor may, in writing, in their discretion, generally or in individual circumstances, waive the time limits imposed on any Creditor under this Order if each of the Applicants and the Monitor deem it advisable to do so, without prejudice to the requirement that all other Creditors must comply with the terms of this Order.

45. **THIS COURT ORDERS** that any notice or other communication to be given pursuant to this Order by or on behalf of any Person to the Monitor shall be in writing and will be sufficiently given only if by mail, courier, e-mail, fax or hand-delivery addressed to:

KSV Kofman Inc., Court-appointed Monitor of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc.
Suite 2308, 150 King Street West
Toronto, Ontario
M5H 1J9

Attention: Adam Zeldin
Facsimile: 416-932-6266

Email: azeldin@ksvadvisory.com

46. **THIS COURT ORDERS** that if any deadline set out in this Order falls on a day other than a Business Day, the deadline shall be extended to the next Business Day.

47. **THIS COURT ORDERS** that, notwithstanding the terms of this Order, the Applicants or the Monitor may apply to this Court from time to time for such further

Order or Orders as they consider necessary or desirable to amend, modify, supplement or replace this Order.

48. **THIS COURT ORDERS** that the Applicants and the Monitor may, from time to time, apply to this Court for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

EFFECT, RECOGNITION AND ASSISTANCE

49. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

50. **THIS COURT REQUESTS** the aid and recognition of other Canadian and foreign courts, tribunals, regulatory and administrative bodies, including any court, tribunal, regulatory or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

NOV 10 2016

PER / PAR:

SCHEDULE "A"

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. (the "Applicants")

NOTICE OF MEETING OF AFFECTED UNSECURED CREDITORS

NOTICE IS HEREBY GIVEN that meetings (the "**Meetings**") of Affected Unsecured Creditors of Labrador Iron Mines Holdings Limited ("**LIMH**"), Labrador Iron Mines Limited ("**LIM**") and Schefferville Mines Inc. ("**SMI**" and collectively with LIMH and LIM, the "**Applicants**") entitled to vote on a plan of compromise and arrangement (the "**Plan**") proposed by the Applicants under the *Companies Creditors' Arrangement Act* (the "**CCAA**") will be held to:

(1) consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and

(2) transact such other business as may properly come before the Meetings or any adjournment thereof.

The Meetings are being held pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 10, 2016 (the "**Meeting Order**").

The Meeting Order established the procedures for the Applicants to call, hold and conduct Meetings of the Affected Unsecured Creditors. For the purpose of voting on and receiving distributions pursuant to the Plan, the holders of Affected Unsecured Claims against the Applicants will be grouped into two classes, being the Affected Unsecured Creditors of LIMH, and the Affected Unsecured Creditors of LIM and SMI .

The Meetings will be held at the following dates, times and location:

Date: December 6, 2016

Time: 10:00 a.m. (Eastern Time) - Affected Unsecured Creditors of LIMH

11:00 a.m. (Eastern Time) or as directed by the Chair of the Meeting—Affected Unsecured Creditors of LIM and SMI

Location: The offices of Paliare Roland Rosenberg Rothstein LLP, Barristers, 155 Wellington Street West, 35th floor, Toronto ON M5V 3H1

Affected Unsecured Creditors can attend the applicable Meetings and vote on a resolution to approve the Plan with respect to their Voting Claims. The votes of Affected Unsecured Creditors holding Disputed Voting Claims will be separately tabulated and Disputed Voting Claims will not be counted unless there is a further Order of the Court.

An Affected Unsecured Creditor may vote by proxy, subject to the terms of the Meeting Order.

In order for the Plan to become effective:

1. the Plan must be approved by the required majorities of Affected Unsecured Creditors voting on the Plan as required under the CCAA and in accordance with the terms of the Meeting Order;

2. the Plan must be sanctioned by the Court; and

3. the conditions to implementation and effectiveness of the Plan as set out in the Plan must be satisfied or waived.

Deemed Voting in Favour of the Plan

Convenience Creditors will be deemed to vote in favour of the Plan.

Forms and Proxies

Convenience Claim Election

Affected Unsecured Creditors with one or more Voting Claims in an amount in aggregate in excess of $5,000 may elect to be treated as a Convenience Creditor and receive $5,000 by completing a Convenience Claim Election and filing it by 5:00 p.m. at least one Business Day before any Meeting or adjourned Meeting, or depositing such Convenience Claim Election with the Chair at the Meeting (or any adjournment thereof) before the vote at the time specified by the Chair (the "**Election/Proxy Deadline**").

Proxy Form

An Affected Unsecured Creditor may attend at a Meeting in person or may appoint another person as its proxyholder by inserting the name of such person in the space provided in the form of Proxy or by completing another valid form of Proxy.

In order to be effective, proxies must be received by the Monitor, prior to the Election/Proxy Deadline, at:

KSV Kofman Inc., Court-appointed Monitor of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc.
Suite 2308, 150 King Street West
Toronto, Ontario
M5H 1J9

Attention: Adam Zeldin
Facsimile: 416-932-6266

Email: azeldin@ksvadvisory.com.

If an Affected Unsecured Creditor (other than those who are deemed to vote in favour of the Plan) specifies a choice with respect to voting on the resolution on a Proxy, the Proxy will be voted in accordance with the specification so made. **In the absence of such specification, a Proxy will be voted FOR the resolution provided that the proxyholder does not otherwise exercise its right to vote at the Meeting.**

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meetings by the required majorities of Creditors and other necessary conditions are met, the Applicants intend to make an application to the Court on ●, 2016 (the "**Sanction Hearing**") seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must have filed a Notice of Appearance in these proceedings in conformity with the Ontario *Rules of Civil Procedure*, and must serve a copy of its materials setting out the basis for its opposition upon the lawyers for the Applicants and the Monitor and those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 5:00pm (Toronto time) on the date that is 7 days before the Sanction Hearing.

Additional copies of the Meeting Materialsmay be obtained from the Monitor's Website at www.ksvadvisory.com/insolvency-cases-2/labrador-iron-mines-holdings-limited/ or by contacting the Monitor by telephone at (416) 932-6262 or by email at azeldin@ksvadvisory.com.

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meeting Order.

DATED at Toronto, Ontario, this ___ day of November, 2016.

SCHEDULE "B"

**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.
(the "Applicants")**

PROXY FOR
(mark all that apply)

☐ **AFFECTED UNSECURED CREDITOR OF LIMH**
☐ **AFFECTED UNSECURED CREDITOR OF LIM**
☐ **AFFECTED UNSECURED CREDITOR OF SMI**

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement of the Applicants (as may be amended, restated or supplemented from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

This proxy may only be filed by Affected Unsecured Creditors having a Voting Claim or a Disputed Voting Claim.

THE UNDERSIGNED AFFECTED UNSECURED CREDITOR hereby revokes all proxies previously given and nominates, constitutes, and appoints (*mark only one*):

☐ Robert Kofman of KSV Kofman Inc., in its capacity as Monitor, or such other Person as he, in his sole discretion, may designate;

-OR-

☐ _____ or such other Person as he/she, in his/her sole discretion, may designate

to attend on behalf of and act for the undersigned at the Meetings to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of such Meetings, and to vote the amount of the claim(s) of the undersigned as determined by and accepted for voting purposes in accordance with the Meeting Order, Claims Procedure Order and as set out in the Plan, as follows:

☐ **FOR** approval of the Plan;

☐ **AGAINST** approval of the Plan; or,

☐ at the nominee's discretion,

and the nominee may otherwise act for and on behalf of the undersigned with respect to any amendments, modifications, variations or supplements to the Plan and any other matters that may come before the Meetings.

Please note that if no specification is made above, the Affected Usecured Creditor will be deemed to have voted FOR approval of the Plan at the applicable Meetings provided the Affected Unsecured Creditor does not otherwise exercise its right to vote at the Meetings.

Dated this _____ day of _____, 2016.

_____	Per: _____
Print Name of Affected Unsecured Creditor	Name and Title of the authorized signing officer of the corporation, partnership or trust, if applicable,
_____	_____
Signature of Affected Unsecured Creditor or authorized signing officer	Telephone number of Affected Unsecured Creditor or authorized signing officer
_____	_____
Mailing Address of Affected Unsecured Creditor	E-mail address of Affected Unsecured Creditor or authorized signing officer
_____	_____
Print Name of Witness, if Affected Unsecured Creditor is an individual	Signature of Witness, if Affected Unsecured Creditor is an individual

SCHEDULE "C"

FORM OF CONVENIENCE CLAIM ELECTION

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. (the "Applicants")

CONVENIENCE CLAIM ELECTION FORM[1]

This form is only to be completed by an Affected Unsecured Creditor who holds Affected Unsecured Claims in an aggregate amount in excess of $5,000, and who wishes to reduce the aggregate amount of such Affected Unsecured Claims to $5,000 in order to receive cash consideration under the Plan. Any Affected Unsecured Creditor that does not execute and return this form by the Election/Proxy Deadline, as defined in the order of the Court made in these proceedings on November 10, 2016, will be deemed to NOT have made such an election.

TO: KSV Kofman Inc.

RE: The plan of compromise and arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively the "Applicants") pursuant to the *Companies' Creditors Arrangement Act* (the "Plan")

All capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

DATED this _____day of _____, 2016.

The undersigned (i) confirms that it holds Affected Unsecured Claims in an aggregate amount in excess of **$5,000** and irrevocably elects to reduce the aggregate amount of such Affected Unsecured Claims to **$5,000** for both voting and distribution under the Plan.

To be valid, this form must be delivered personally, by registered mail, by email or by facsimile to the following addresses on or before the Election/Proxy Deadline:

---

[1] Terms not otherwise defined herein shall have the meaning accorded to them in the Applicants' Plan of Compromise and Arrangement dated November 3, 2016, as amended

KSV Kofman Inc. Suite 2308, 150 King Street West Toronto, Ontario M5H 1J9 **Attention: Mitch Vininsky** Facsimile: 416-932-6266 Email: mvininsky@ksvadvisory.com	-and-	Labrador Iron Mines Holdings Limited Labrador Iron Mines Limited Schefferville Mines Inc. Suite 1805, 55 University Avenue Toronto, Ontario M5J 2H7 **Attention: John F. Kearney** Facsimile: 416-368-5344 Email: kearney.j@labradorironmines.ca

With a copy to each of:

GOODMANS LLP Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, Ontario M5H 2S7 Tel: 416.979.2211 Fax: 416.979.1234 **Melaney Wagner** Email: mwagner@goodmans.ca	-and-	PALIARE ROLAND ROSENBERG ROTHSTEIN LLP 155 Wellington St. W., 35th floor Toronto Ontario M5V 3H1 Tel: 416.646.4300 Fax: 416.646.4301 **Massimo Starnino** Email: max.starnino@paliareroland.com

Name of Affected Unsecured Creditor: _____

Per: _____
Name:
Title:

Address:

_____

_____

_____

Tel:
Fax:
Email:

Aggregate Amount of Affected Unsecured Claims: $_____

STRICTLY CONFIDENTIAL

SCHEDULE "D"

FORM OF RESOLUTION

BE IT RESOLVED THAT:

1. the Plan of Compromise and Arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated November 3, 2016 (the "**Plan**"), which Plan has been presented to this meeting and which is substantially in the form attached as an Exhibit to the Affidavit of John F. Kearney sworn November 3, 2016 (as such Plan may be amended, restated, supplemented and/or modified as provided for in the Plan) be and it is hereby accepted, approved, agreed to and authorized; and

2. any director or officer of each of the Applicants be and is hereby authorized and directed, for and on behalf of each of the Applicants, respectively (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

SCHEDULE "E"

NOTICE OF MEETINGS OF CREDITORS OF

LABRADOR IRON MINES HOLDINGS LIMITED

LABRADOR IRON MINES LIMITED

SCHEFFERVILLE MINES INC

NOTICE IS HEREBY GIVEN that meetings (the "**Meetings**") of Affected Unsecured Creditors of Labrador Iron Mines Holdings Limited ("**LIMH**"), Labrador Iron Mines Limited ("**LIM**") and Schefferville Mines Inc. ("**SMI**" and collectively with LIMH and LIM, the "**Applicants**") entitled to vote on a plan of compromise and arrangement (the "**Plan**") proposed by the Applicants under the *Companies Creditors' Arrangement Act* (the "**CCAA**") will be held to:

(1) consider and, if deemed advisable, to pass, with or without variation, a resolution to approve the Plan; and

(2) transact such other business as may properly come before the Meetings or any adjournment thereof.

The Meetings are being held pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 10, 2016 (the "**Meeting Order**").

The Meetings will be held at the following dates, times and location:

Date: December 6, 2016

Time: 10:00 a.m. (Eastern Time) - Affected Unsecured Creditors of LIMH

11:00 a.m. (Eastern Time) or as directed by the Chair of the Meeting—Affected Unsecured Creditors of LIM and SMI

Location: The offices of Paliare Roland Rosenberg Rothstein LLP, Barristers, 155 Wellington Street West, 35th floor, Toronto ON M5V 3H1

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meetings by the required majorities of Affected Unsecured Creditors and other necessary conditions are met, the Applicants intend to make an application to the Court on [INSERT DATE] (the "**Sanction Hearing**") seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the application for the Sanction Order must have filed a Notice of Appearance in these proceedings in conformity with the Ontario *Rules of Civil Procedure*, and must serve a copy of its materials setting out

the basis for its opposition upon the lawyers for the Applicants and the Monitor and those parties listed on the Service List posted on the Monitor's website. Such materials must be served by 5:00pm (Toronto time) on the date that is 7 days before the Sanction Hearing.

A copy of the Meeting Order and the Meeting Materials referenced therein, including details of the voting requirements and procedures, can be obtained from the Monitor's Website at

www.ksvadvisory.com/insolvency-cases-2/labrador-iron-mines-holdings-limited/

or by contacting the Monitor by telephone at (416) 416-932-6262 or by email at azeldin@ksvadvisory.com.

All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Meeting Order.

SCHEDULE "F"

REVISIONS TO PLAN OF COMPROMISE AND ARRANGEMENT

ATTACHED

"**Intercompany Charge**" has the meaning given to it in paragraph 6 of the Initial Order;

"**Intercompany Claims**" means the Claims of LIMH against LIM and SMI, whether arising before or after the Filing Date;

"**KSV**" means KSV Kofman Inc.;

"**Labrador Iron Mines Management Services Agreement**" means the agreement, substantially in the form attached as Schedule F, between whereby LIMH shall agree to provide, to both Amalgamated LIM and Amalgamated SMI, management services and personnel, operating personnel, office facilities and such other services and infrastructure as the parties deem necessary or advisable

"**LIM**" means the Applicant, Labrador Iron Mines Limited;

"**LIMH**" means the Applicant, Labrador Iron Mines Holdings Limited;

""""**LIM Royalty Agreement**" means the agreement between Amalgamated LIM and RoyaltyCo to be dated as of the Plan Implementation Date in the form attached as Schedule C;

"**LIM Subco No. 1**" means a wholly owned subsidiary of LIM, to be incorporated pursuant to the laws of Ontario;

"**Meetings**" and each a "**Meeting**", means a meeting of the Creditors of the Applicants called for the purpose of considering and voting in respect of this Plan;

"**Meeting Order**" means an Order of this Court pursuant to the CCAA that, among other things, sets the date for the Meetings, as same may be amended, restated or varied from time to time;

"**Monitor**" means KSV Kofman Inc., in its capacity as Court-appointed Monitor of the Applicants;

"**Monitor's Plan Implementation Date Certificate**" means the certificate substantially in the form to be attached to the Sanction Order to be filed by the Monitor with the Court, declaring that all of the conditions to implementation of the Plan as set forth in Section 7.6 have been satisfied or waived as provided in Section 7.7;

"**Notice of Claim**" means the notice substantially in the form attached as Schedule C to the Claims Procedure Order, advising each Scheduled Creditor of its Claim against the Applicants as determined by the Applicants based on the books and records of the Applicants;

"**Officers**" means all current and former officers (or their estates) of the Applicants in such capacity and "Officer" means any one of them;

claim against any of the Applicants for indemnification by any Director or Officer in respect of a Director/Officer Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as such term is defined in the Initial Order);

"**Proof of Claim**" means the Proof of Claim referred to in the Claims Procedure Order to be filed by Unscheduled Creditors, substantially in the form attached as Schedule "H" to the Claims Procedure Order;

"**Pro Rata Share**" means: (a) in respect of Distribution Claims against LIM, SMI and their respective Directors or Officers, the fraction that is equal to (i) the amount of such Distribution Claims held by an Affected Unsecured Creditor who is not a Convenience Creditor or LIMH, divided by (ii) the aggregate amount of all such Distribution Claims held by all Affected Unsecured Creditors who are not Convenience Creditors or LIMH; and, (b) in respect of Distribution Claims against LIMH and its respective Directors or Officers, the fraction that is equal to (i) the amount of such Distribution Claims held by an Affected Unsecured Creditor who is not a Convenience Creditor, divided by (ii) the aggregate amount of all such Distribution Claims held by all Affected Unsecured Creditors who are not Convenience Creditors.

"**Released Party**" means the Applicants, the Monitor, KSV and each of their respective present and former shareholders, officers, directors, employees, auditors, financial advisors, legal counsel and agents;

"**Restructuring Period Claim**" means any right or claim of any Person against any of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any such Applicant to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach by such Applicant on or after the Filing Date of any contract, lease or other agreement whether written or oral;

"**Restructuring Period Claims Bar Date**" has the meaning given to it in the Claims Procedure Order;

"**Required Majority**" means, in respect of each class of Creditors contemplated by the Plan, a majority in number of Creditors representing two-thirds in value of the Creditors' Claims (as determined for voting purposes) present and voting in person or by proxy at the Meeting;

"**Royalty Agreements**" means, collectively, the LIM Royalty Agreement and the SMI Royalty Agreement;

"**RoyaltyCo**" means Houston Iron Royalties Limited, a corporation constituted and organized under the laws of the Province of Ontario which, on the Plan Implementation Date, will hold the right to receive a royalty equal to two percent (2.0%) of the "Gross Revenue" (as defined in the Royalty Agreements received from the sale of iron ore from the Houston-Malcolm Property as provided in the Royalty Agreement;

vi. the constitution of the board of directors of RoyaltyCo, to be fixed at six directors, including three directors who are directors or officers of LIMH, and three directors (initially nominated by LIMH) who are independent of LIMH; and,

(d) all amounts owing to the Monitor, the Monitor's counsel, the Claims Officer, the Disbursing Agent and counsel to the Applicants shall have been paid.

Section 7.7 Waiver of Conditions

Each of the conditions set forth in Section 7.6(c) and (d), above, may be waived in whole or in part by the Applicants, with the consent of the Monitor, and, in the case of 7(6)(d), with the consent of the beneficiaries thereof, without any other notice to parties in interest or the Court and without a hearing. The failure of an Applicant to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

Section 7.8 Monitor's Certificate

Upon delivery of written notice from the Applicants of the fulfillment or waiver of the conditions precedent to implementation of the Plan as set out in Section 7.6 of the Plan, the Monitor shall deliver the Monitor's Plan Implementation Date Certificate to the Applicants. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court and shall post a copy of same on the Monitor's website.

Section 7.9 Binding Effect

On the Plan Implementation Date, or as otherwise provided in the Plan:

(a) the Plan will become effective at 12:01 a.m. and the transactions set out in Article 4 will be implemented;

(b) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Applicants, all Affected Creditors, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;

(c) all Affected Claims shall be and shall be deemed to be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;

(d) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety;

(e) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Applicants all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and

(f) each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Applicants all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.

Section 7.10 Claims Bar Date

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date or the Restructuring Period Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

Section 7.11 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.12 Responsibilities of the Monitor

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants and not in its personal or corporate capacity. The Monitor will not be responsible or liable whatsoever for any obligations of the Applicants. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Meeting Order, the Sanction Order and any other Order made in the CCAA Proceedings.

The Sanction Order shall declare that, in carrying out the terms of the Sanction Order and the Plan, (i) the Monitor shall benefit from all the protections given to it by the CCAA, the Initial Order and any other Order in the CCAA Proceedings, and as an officer of the Court, including the ~~Stay~~stay of ~~Proceedings~~proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction Order and/or the Plan; and (iii) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by any of the Applicants without independent investigation and shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

SCHEDULE A
FORM OF CONVENIENCE CLAIM ELECTION

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. (the "Applicants")

CONVENIENCE CLAIM ELECTION FORM[1]

This form is only to be completed by an Affected Unsecured Creditor who holds Affected Unsecured Claims in an aggregate amount in excess of $5,000, and who wishes to reduce the aggregate amount of such Affected Unsecured Claims to $5,000 in order to receive cash consideration under the Plan. Any Affected Unsecured Creditor that does not execute and return this form by the Election/Proxy Deadline will be deemed to NOT have made such an election.

TO: KSV Kofman Inc.

RE: The plan of compromise and arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively the "Applicants") pursuant to the *Companies' Creditors Arrangement Act* (the "Plan")

All capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

DATED this ____ day of_____, 2016.

The undersigned (i) confirms that it holds Affected Unsecured Claims in an aggregate amount in excess of **$5,000** and irrevocably elects to reduce the aggregate amount of such Affected Unsecured Claims to **$5,000** for both voting and distribution under the Plan.

To be valid, this form must be delivered personally, by registered mail, by email or by facsimile to the following addresses on or before the Election/Proxy Deadline:

[1] Terms not otherwise defined herein shall have the meaning accorded to them in the Applicants' Plan of Compromise and Arrangement dated November 3, 2016, as amended.

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

Court File No.: CV-15-10926-00CL

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.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

MEETING ORDER

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP
Barristers
155 Wellington St. W., 35th floor
Toronto ON M5V 3H1
Tel: 416.646.4300
Fax: 416.646.4301

Kenneth T. Rosenberg (LSUC #21102H)
Email: ken.rosenberg@paliareroland.com

Massimo Starnino (LSUC #41048G)
Email: max.starnino@paliareroland.com

Lawyers for the Applicants

Appendix “C”

Minutes of the Meeting
of the Affected Unsecured Creditors of
Labrador Iron Mines Holdings Limited ("LIMH")

Date	December 6, 2016
Location	Paliare Roland Rosenberg Rothstein LLP ("**PRRR**") 155 Wellington Street West, 35th Floor Toronto, ON
Time	10:00 a.m. EST
Persons in Attendance	See Attendance Register attached hereto as Schedule "A".
Chair	Mitch Vininsky of KSV Kofman Inc. ("**KSV**"), the Court-appointed Monitor of LIMH, Labrador Iron Mines Limited, and Schefferville Mines Inc. (collectively, the "**Applicants**").
Scrutineer	Adam Zeldin of KSV
Secretary	Bradley Wiffen of Goodmans LLP, counsel to the Monitor

In these minutes of the meeting of the Affected Unsecured Creditors of LIMH (the "**Meeting**"), capitalized terms used and not otherwise defined shall have the meanings given to them, as applicable, in the Applicants' Plan of Compromise and Arrangement dated December 6, 2016 (the "**Plan**") or the Meeting Order of the Ontario Superior Court of Justice (Commercial List) dated November 10, 2016 (the "**Meeting Order**").

The Chair called the Meeting to order at 10:00 a.m. EST and quorum pursuant to the Meeting Order was established. In accordance with the Meeting Order, the Chair moved a motion, in his capacity as proxyholder for CNW Group ("**CNW**"), to adjourn the meeting until such later time as may be designated by the Chair to provide the Applicants and certain of their stakeholders with a further opportunity to discuss and address various matters with respect to the Plan. The motion was seconded by Mr. John Salmas, in his capacity as proxyholder for Mining Development LLC ("**MDL**"), and the motion was passed unanimously. Accordingly, the Meeting was adjourned.

Following the adjournment, the Chair called the Meeting to order at 11:18 a.m. EST and quorum pursuant to the Meeting Order was established. The Chair exercised his discretion pursuant to the Meeting Order to permit two individuals who are not creditors of LIMH to attend the Meeting in observer capacities. The Chair declared the Meeting properly constituted for the transaction of business pursuant to the Meeting Order.

The Chair introduced the persons in attendance at the Meeting on behalf of the Applicants and the Monitor and described the Meeting and voting process. The Chair provided a brief overview of the Plan, and all Affected Unsecured Creditors or their respective duly appointed proxyholders

in attendance in person at the Meeting confirmed that they had reviewed and were familiar with the Plan.

Mr. Starnino of PRRR, counsel to the Applicants, summarized amendments to the plan of compromise and arrangement accepted for filing by the Court pursuant to the Meeting Order. Copies of the Plan and a document showing the changes to the Plan were made available to all persons present at the Meeting.

The Chair informed the Meeting that the Monitor supported approval of the Plan for the reasons set forth in the Monitor's Eighth Report dated November 4, 2016. The Chair informed the Meeting that a Plan Sanction Hearing in respect of the Plan was scheduled for December 14, 2016 at 10:00 a.m. EST.

The Chair inquired as to whether there were any questions with respect to any matters in advance of voting on the resolution to approve the Plan. No questions were asked. Ballots were then distributed to Affected Unsecured Creditors or their duly appointed proxyholders in attendance in person at the Meeting and the Chair described the voting process for the benefit of all in attendance.

The Chair indicated that a vote of Affected Unsecured Creditors would be held with respect to the following resolution (the "**Resolution**"):

> BE IT RESOLVED THAT:
>
> 1. the Plan of Compromise and Arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated December 6, 2016 (the "**Plan**"), which Plan has been presented to this meeting (as such Plan may be amended, restarted, supplemented and/or modified as provided for in the Plan) be and it is hereby accepted, approved, agreed to and authorized; and
>
> 2. any director or officer of each of the Applicants be and is hereby authorized and directed, for and on behalf of each of the Applicants, respectively (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

The Chair moved a motion, in his capacity as proxyholder for CNW, to approve the Resolution. The motion was seconded by Mr. Salmas in his capacity as proxyholder for MDL.

The Scrutineer collected the ballots and tabulated the votes of all Affected Unsecured Creditors in the Voting Class voting in person or by proxy. The results of the vote to approve the Resolution were as follows:

	Number	%	Value ($000s)	%
Voting Claims				
For the Plan	8[1]	100%	42,708	100%
Against the Plan	-	0%	0	0%
Total	8	100%	42,708	100%

The Chair informed the Meeting that the Plan had been approved by the Required Majorities of the Affected Unsecured Creditors and that the motion to approve the Resolution was duly carried and approved. The Chair informed the Meeting that there were no Disputed Claims.

The Chair thanked the parties for attending the Meeting and indicated that the Monitor would file a report in advance of the Plan Sanction Hearing with respect to the results of the Meeting.

As there remained no further business to conduct at the Meeting, the Chair moved a motion, in his capacity as proxyholder for CNW, to declare the Meeting terminated. The motion was seconded by Mr. Salmas in his capacity as proxyholder for MDL, and the motion was passed unanimously.

The Meeting was terminated at 11:34 a.m. EST.

[1] This includes five creditors with Convenience Claims. The value of these claims for purposes of voting on the Plan totaled $21,000.

SCHEDULE A
ATTENDANCE REGISTER

See attached.

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES HOLDINGS LIMITED.

10:00 A.M.

ATTENDANCE REGISTER

Date: December 6, 2016
Court File No.: CV-15-10926-00CL

No.	Signature	Name (Print)	Representing	Amount of Claim	Remarks
		Richard Pinkerton	Labrador Iron Mines		
		Rodney Cooper	Labrador Iron Mines		
		Neil Steenberg	Labrador Iron Mines		
		Max Starnino	Fellows Folkmann counsel to Labrador Iron Mines		
		Melaney Warner	KSV Advisory, Monitor		
		Bradley Wiffen	KSV Advisory, Monitor		
		Mitch Vininsky	" "	Proxies - see folder	
		John KEARNEY	LCM + Self	See CLAIM	
		Adam ZEEDIN	KSV Advisory, Monitor		
		John Salmer	Mining Development LLC	See RSA	

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES HOLDINGS LIMITED.

10:00 A.M.

ATTENDANCE REGISTER

Date: December 6, 2016
Court File No.: CV-15-10926-00CL

No.	Signature	Name (Print)	Representing	Amount of Claim	Remarks
		Graeme Scott	Fonteneau Resources		- not a creditor of LIMH admitted as an observer at the discretion of the Chair
		"	La Fosse Platinum		
		"	1546194 CANADA INC		
		"	Graeme Scott		

SCHEDULE A

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES HOLDINGS LIMITED.

SCRUTINEER'S REPORT ON ATTENDANCE

The undersigned Scrutineer hereby certifies that, at the meeting referred to above, the attendance of Creditors was as follows:

HEADCOUNT OF CREDITORS

#__0__ Creditors personally present

#__3__ Creditors by proxyholder

#__5__ Convenience Creditors[1]

#__8__ Total

Note: Of the headcount above, creditors with Disputed Claims personally present and by proxyholder total __0__ and __0__, respectively.

DOLLAR VALUE OF AFFECTED UNSECURED CLAIMS HELD BY VOTING CREDITORS

$__0__ Creditors personally present

$__42,686,842__ Creditors by proxyholder

$__21,239__ Convenience Creditors[2]

$__42,708,081__ Total

Note: Of the dollar values noted above, the value of creditors with Disputed Claims personally present and by proxyholder total $__0__ and $__0__, respectively.

Accordingly, the undersigned scrutineer hereby reports that a quorum was present at the Meeting in person or by proxy.

Dated: December __6__, 2016

Scrutineer's signature: _____

Scrutineer's name: __ADAM ZELDIN__

[1] Pursuant to the Meeting Order, Convenience Creditors are deemed to vote in favour of the Plan.

[2] The amount of Convenience Creditors' claim for voting and distribution purposes is the lesser of their claim and $5,000.

SCHEDULE B

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES HOLDINGS LIMITED.

SCRUTINEER'S REPORT ON VOTE AUTHORIZING

THE PLAN OF COMPROMISE AND ARRANGEMENT

The undersigned Scrutineer hereby reports the results of the vote by ballot of Affected Unsecured Creditors with Voting Claims and Affected Unsecured Creditors with Disputed Claims, who were present and voting at the meeting of creditors in person or by proxy, with respect to the resolution authorizing and approving the Plan.

Voting Claims

	Number	%	Value	%
Voting Claims for the Plan	8	100	$42,708,081	100
Voting Claims against the Plan	0	0	0	0
Total	8	100	$42,708,081	100

Disputed Voting Claims

	Number	%	Value	%
Disputed Voting Claims for the Plan	-	-	-	-
Disputed Voting Claims against the Plan	-	-	-	-
Total	-	-	-	-

The overall tally of Voting Claims and Disputed Voting Claims is as follows:

	Number	%	Value	%
Votes for the Plan	8	100	$42,708,081	100
Votes against the Plan	0	0	0	0
Total	8	100	$42,708,081	100

Dated: December 6, 2016

Scrutineer's signature: _____

Scrutineer's name: ADAM ZELDIN

Appendix “D”

Minutes of the Meeting
of the Affected Unsecured Creditors of
Labrador Iron Mines ("LIM") and Schefferville Mines Inc. ("SMI")

Date	December 6, 2016
Location	Paliare Roland Rosenberg Rothstein LLP ("**PRRR**") 155 Wellington Street West, 35th Floor Toronto, ON
Time	11:00 a.m. EST
Persons in Attendance	See Attendance Register attached hereto as Schedule "A".
Chair	Mitch Vininsky of KSV Kofman Inc. ("**KSV**"), the Court-appointed Monitor of Labrador Iron Mines Holdings Limited, LIM and SMI (collectively, the "**Applicants**").
Scrutineer	Adam Zeldin of KSV
Secretary	Bradley Wiffen of Goodmans LLP, counsel to the Monitor

In these minutes of the meeting of the Affected Unsecured Creditors of LIM and SMI (the "**Meeting**"), capitalized terms used and not otherwise defined shall have the meanings given to them, as applicable, in the Applicants' Plan of Compromise and Arrangement dated December 6, 2016 (the "**Plan**") or the Meeting Order of the Ontario Superior Court of Justice (Commercial List) dated November 10, 2016 (the "**Meeting Order**").

The Chair called the Meeting to order at 11:00 a.m. EST and quorum pursuant to the Meeting Order was established. In accordance with the Meeting Order, the Chair moved a motion, in his capacity as proxyholder for GreyRock Services Inc. ("**GreyRock**"), to adjourn the meeting until such later time as may be designated by the Chair to provide the Applicants and certain of their stakeholders with a further opportunity to discuss and address various matters with respect to the Plan. The motion was seconded by Mr. John Salmas, in his capacity as proxyholder for Mining Development LLC ("**MDL**"), and the motion was passed unanimously. Accordingly, the Meeting was adjourned.

Following the adjournment, the Chair called the Meeting to order at 11:35 a.m. EST and quorum pursuant to the Meeting Order was established. Accordingly, the Chair declared the Meeting properly constituted for the transaction of business pursuant to the Meeting Order.

The Chair introduced the persons in attendance at the Meeting on behalf of the Applicants and the Monitor and described the Meeting and voting process. The Chair provided a brief overview of the Plan, and all Affected Unsecured Creditors or their respective duly appointed proxyholders in attendance in person at the Meeting confirmed that they had reviewed and were familiar with the Plan.

The Chair informed the Meeting that the Applicants had recently entered into support agreements with two of their major creditors, MDL and GreyRock, pursuant to which such parties had agreed, among other things, to vote in favour of the Plan.

The Chair also informed the Meeting that there was one Disputed Voting Claim against LIM asserting a claim of approximately $3 million, for which the claimant, a First Nations group, has claimed a security interest in certain unspecified property of the Applicants. The Chair informed the Meeting that the Disputed Voting Claim had been referred to the Court for determination and that the Monitor and the Applicants were working with the claimant to resolve the Disputed Voting Claim. The Chair indicated that the Disputed Voting Claim was not expected to delay implementation of the Plan in the event that the Plan received creditor and Court approval. The Chair informed the Meeting that a Plan Sanction Hearing in respect of the Plan was scheduled for December 14, 2016 at 10:00 a.m. EST.

Mr. Starnino of PRRR, counsel to the Applicants, summarized amendments to the plan of compromise and arrangement accepted for filing by the Court pursuant to the Meeting Order, including amendments to Section 7.6 of the Plan with respect to the composition of the boards of directors of Amalgamated LIM and RoyaltyCo. Copies of the Plan and a document showing the changes to the Plan were made available to all persons present at the Meeting.

The Chair informed the Meeting that the Monitor supported approval of the Plan for the reasons set forth in the Monitor's Eighth Report dated November 4, 2016.

The Chair also noted that certain Affected Unsecured Creditors had inquired in advance of the Meeting as to the effect of the Royalty Agreements (which are attached to the Plan to become effective on the Plan Implementation Date) on existing royalty agreements of the Applicants in effect prior to the Plan Implementation Date (the "**Existing Royalty Agreements**"). The Chair informed the Meeting, with the concurrence of Mr. Starnino on behalf of the Applicants, that the Applicants' view was that the Royalty Agreements did not affect or alter the Existing Royalty Agreements or the rights of the respective parties thereunder.

The Chair inquired as to whether there were any questions with respect to any matters in advance of voting on the resolution to approve the Plan. No questions were asked. Ballots were then distributed to Affected Unsecured Creditors or their duly appointed proxyholders in attendance in person at the Meeting and the Chair described the voting process for the benefit of all in attendance.

The Chair indicated that a vote of Affected Unsecured Creditors would be held with respect to the following resolution (the "**Resolution**"):

> BE IT RESOLVED THAT:
>
> 1. the Plan of Compromise and Arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) dated December 6, 2016 (the "**Plan**"), which Plan has been presented to this meeting (as such Plan may be amended, restarted, supplemented and/or modified as provided for in the Plan) be and it is hereby accepted, approved, agreed to and authorized; and

2. any director or officer of each of the Applicants be and is hereby authorized and directed, for and on behalf of each of the Applicants, respectively (whether under its respective corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents and instruments and to take or cause to be taken such other actions as he or she may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

The Chair moved a motion, in his capacity as proxyholder for GreyRock, to approve the Resolution. The motion was seconded by Mr. Salmas in his capacity as proxyholder for MDL.

The Scrutineer collected the ballots and tabulated the votes of all Affected Unsecured Creditors in the Voting Class voting in person or by proxy and, separately, the votes of all Affected Unsecured Creditors with Disputed Voting Claims. The results of the vote to approve the Resolution were as follows:

	Number	%	Value ($000s)	%
Voting Claims				
For the Plan	66[1]	99%	63,511	100%
Against the Plan	1	1%	13	0%
Subtotal	67	100%	63,524	100%
Disputed Voting Claims				
For the Plan	-	0%	-	0%
Against the Plan	1	100%	2,989	100%
Subtotal	1	100%	2,989	0%
Overall Tally (includes Disputed Voting Claims)				
For the Plan	66	97%	63,511	95%
Against the Plan	2	3%	3,003	5%
Total	68	100%	66,514	100%

The Chair informed the Meeting that the Plan had been approved by the Required Majorities of the Affected Unsecured Creditors and that the motion to approve the Resolution was duly carried and approved. The Meeting was informed that the vote cast in respect of the Disputed Voting Claim would not affect the approval of the Plan by the Required Majorities.

The Chair thanked the parties for attending the Meeting and indicated that the Monitor would file a report in advance of the Plan Sanction Hearing with respect to the results of the Meeting.

As there remained no further business to conduct at the Meeting, the Chair moved a motion, in his capacity as proxyholder for GreyRock, to declare the Meeting terminated. The motion was seconded by Mr. Salmas in his capacity as proxyholder for MDL, and the motion was passed unanimously.

The Meeting was terminated at 11:55 a.m. EST.

[1] This includes 51 creditors with Convenience Claims. The value of these claims for purposes of voting on the Plan totaled $114,000.

SCHEDULE A
ATTENDANCE REGISTER

See attached.

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.

11:00 A.M.

ATTENDANCE REGISTER

Date: December 6, 2016
Court File No.: CV-15-10926-00CL

No.	Signature	Name (Print)	Representing	Amount of Claim	Remarks
		Melanie Wagner	KSV Kofman, Monitor		
		Bradley Wiffen	KSV Advisory, Monitor		
		Richard Pinkerton	Labrador Iron Mines		
		Rodney Cooper	Labrador Iron Mines		
		Gordon Scott	Gordon Scott		
			La Fosse Platinum		
			FONTENEAH REC		
			1346179 CANADA LTD		
		Lindsay Scott	PEKR		
		Max Starnino	Peliane Island council to LIM/SMI		
		Neil Steenberg	Labrador Iron Mines		

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.

11:00 A.M.

ATTENDANCE REGISTER

Date: December 6, 2016
Court File No.: CV-15-10926-00CL

No.	Signature	Name (Print)	Representing	Amount of Claim	Remarks
		Kenneth L. Peel	Tshiuetin Rail Transp. Inc. v Tshiuetin L.P.	(See claims accepted)	
		Mitch Vininsky	KSV Kofman, Monitor		also for Mistic
		ADAM ZELDIN	KSV KOFMAN, monitor		

SCHEDULE A

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.

SCRUTINEER'S REPORT ON ATTENDANCE

The undersigned Scrutineer hereby certifies that, at the meeting referred to above, the attendance of Creditors was as follows:

HEADCOUNT OF CREDITORS

#__1__ Creditors personally present

#__16__ Creditors by proxyholder

#__51__ Convenience Creditors[1]

#__68__ Total

Note: Of the headcount above, creditors with Disputed Claims personally present and by proxyholder total __0__ and __2__, respectively.

DOLLAR VALUE OF AFFECTED UNSECURED CLAIMS HELD BY VOTING CREDITORS

$__310,000__ Creditors personally present

$__66,088,967__ Creditors by proxyholder

$__114,327__ Convenience Creditors[2]

$__66,513,294__ Total

Note: Of the dollar values noted above, the value of creditors with Disputed Claims personally present and by proxyholder total $__0__ and $__3,002,597__, respectively.

Accordingly, the undersigned scrutineer hereby reports that a quorum was present at the Meeting in person or by proxy.

Dated: December __6__, 2016

Scrutineer's signature: _____

Scrutineer's name: __ADAM ZELDIN__

[1] Pursuant to the Meeting Order, Convenience Creditors are deemed to vote in favour of the Plan.

[2] The amount of Convenience Creditors' claim for voting and distribution purposes is the lesser of their claim and $5,000.

SCHEDULE B

MEETING OF AFFECTED UNSECURED CREDITORS OF LABRADOR IRON MINES LIMITED AND SCHEFFERVILLE MINES INC.

SCRUTINEER'S REPORT ON VOTE AUTHORIZING

THE PLAN OF COMPROMISE AND ARRANGEMENT

The undersigned Scrutineer hereby reports the results of the vote by ballot of Affected Unsecured Creditors with Voting Claims and Affected Unsecured Creditors with Disputed Claims, who were present and voting at the meeting of creditors in person or by proxy, with respect to the resolution authorizing and approving the Plan.

Voting Claims

	Number	%	Value	% (rounded)
Voting Claims for the Plan	66	99	$63,510,697	100
Voting Claims against the Plan	1	1	$ 13,197	0
Total	67	100	$63,523,894	100

Disputed Voting Claims

	Number	%	Value	%
Disputed Voting Claims for the Plan	0	0	$ 0	0
Disputed Voting Claims against the Plan	1	100	$2,989,400	100
Total	1	100	$2,989,400	100

The overall tally of Voting Claims and Disputed Voting Claims is as follows:

	Number	%	Value	%
Votes for the Plan	66	97	$63,510,697	95
Votes against the Plan	2	3	$3,002,597	5
Total	68	100	$66,513,294	100

Dated: December 6, 2016

Scrutineer's signature: _____

Scrutineer's name: ADAM ZELDIN

Appendix “E”

PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED
in respect of

LABRADOR IRON MINES HOLDINGS LIMITED
LABRADOR IRON MINES LIMITED and
SCHEFFERVILLE MINES INC.

December 6, 2016

PLAN OF COMPROMISE AND ARRANGEMENT

ARTICLE 1
INTERPRETATION

Section 1.1. Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

"Administration Charge" has the meaning given to it in paragraph 32 of the Initial Order;

"Affected Claims" means, collectively, Affected Secured Claims and Affected Unsecured Claims;

"Affected Creditors" means, collectively, Affected Secured Creditors and Affected Unsecured Creditors;

"Affected Secured Claims" means all Claims against one or more of the Applicants that are secured by a valid, enforceable and perfected security interest over assets or property of the Applicants, to the extent of the value of the collateral forming the subject matter of the security interest, provided that they are not (i) Excluded Claims, or (ii) Equity Claims;

"Affected Secured Creditor" means the holder of an Affected Secured Claim in respect of and to the extent of such Affected Secured Claim, whether a Scheduled Creditor or an Unscheduled Creditor.

"Affected Unsecured Claims" means all Claims against one or more of the Applicants other than: (i) Affected Secured Claims; (ii) Excluded Claims, and (iii) Equity Claims;

"Affected Unsecured Creditor" means the holder of an Affected Unsecured Claim in respect of and to the extent of such Affected Unsecured Claim, whether a Scheduled Creditor or an Unscheduled Creditor;

"Amalgamated LIM" means that company to be formed, pursuant to this Plan, by the amalgamation of LIM and LIM Subco No. 1;

"Amalgamated SMI" means that company to be formed, pursuant to this Plan, by the amalgamation of SMI and SMI Subco No. 1;

"Applicants" and each an **"Applicant"** means Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited, and Schefferville Mines Inc;

"Business Day" means a day which is not (i) a Saturday or a Sunday; or (ii) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;

"**Cash Elected Amount**" means $5,000;

"CCAA" means the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36;

"CCAA Proceedings" means the proceedings before the Court in respect of the application by the Applicants commenced pursuant to the CCAA;

"Claim" means a Pre-Filing Claim, a Restructuring Period Claim and a Director/Officer Claim; provided, however, that "**Claim**" shall not include an Excluded Claim;

"Claims Bar Date" means 5:00 p.m. on May 31, 2016;

"Claims Officer" has the meaning given to it in paragraph 12 of the Claims Procedure Order;

"Claims Procedure Order" means the Order of the Honourable Justice Swinton dated April 18, 2016 establishing, *inter alia,* the procedure for Creditors to prove their Claims;

"Confirmation Date" means the date that the Sanction Order is made;

"Convenience Claim" means the Voting Claims of (a) an Affected Unsecured Creditor that, in the aggregate, are less than or equal to $5,000; and (b) an Affected Unsecured Creditor that, in the aggregate, exceed $5,000, but that such Affected Unsecured Creditor has validly elected to value at $5,000 for both voting and distribution purposes under the Plan by delivering a Convenience Claim Election to the Monitor by the Election/Proxy Deadline;

"Convenience Claim Election" means an election, substantially in the form attached hereto as Schedule A, pursuant to which an Affected Unsecured Creditor with one or more Voting Claims has elected by the Election/Proxy Deadline to receive only the Cash Elected Amount and is thereby deemed to vote in favour of the Plan in respect of such Voting Claims and to receive no other entitlements under the Plan;

"Convenience Creditor" means a Person having a Convenience Claim;

"Court" means the Superior Court of Justice (Commercial List) in the City of Toronto in the Province of Ontario;

"Creditor" means any Person having a Claim and includes, without limitation, the transferee or assignee of a Claim transferred and recognized as a Creditor in accordance with the Claims Procedure Order or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

"Director/Officer Claim" means any right or claim of any Person against one or more of the Directors and/or Officers howsoever arising, whether or not such right or claim is reduced to

judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, including any right of contribution or indemnity, for which any Director or Officer of the Applicants is alleged to be by statute or otherwise by law liable to pay in his or her capacity as a Director or Officer;

"Directors" means all current and former directors (or their estates) of the Applicants in such capacity and "Director" means any one of them;

"Directors' Charge" has the meaning given to it in paragraph 22 of the Initial Order;

"Disbursing Agent" means: (i) with respect to any money to be distributed pursuant to this Plan, the Monitor; and, (ii) with respect to any shares to be distributed pursuant to this Plan, a company licensed to carry on a securities transfer agency business, to be retained by the Applicants and approved by the Monitor;

"Disputed Claim" means a Disputed Voting Claim or a Disputed Distribution Claim;

"Disputed Distribution Claim" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim that may crystallize upon the occurrence of an event or events occurring after the date of the Initial Order) or such portion thereof that is not barred by any provision of the Claims Procedure Order which has not been allowed as a Distribution Claim, which is validly disputed for distribution purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for distribution purposes in accordance with the Claims Procedure Order;

"Disputed Voting Claim" means an Affected Unsecured Claim (including a contingent Affected Unsecured Claim that may crystallize upon the occurrence of an event or events occurring after the date of the Initial Order) or such portion thereof that is not barred by any provision of the Claims Procedure Order, which has not been allowed as a Voting Claim, which is validly disputed for voting purposes in accordance with the Claims Procedure Order and which remains subject to adjudication for voting purposes in accordance with the Claims Procedure Order;

"Distribution Claim" means any Claim of an Affected Unsecured Creditor against the Applicants, or such portion thereof, that is not barred by any provision of the Claims Procedure Order and which has been finally accepted and determined for distribution purposes in accordance with the Claims Procedure Order and the CCAA;

"Distribution Date" means a date or dates occurring as soon as practicable after the Plan Implementation Date upon which distributions will be made to holders of Distribution Claims under the Plan;

"Dollars" or "$" means lawful money of Canada unless otherwise indicated;

"Election/Proxy Deadline" means the deadline for making a Convenience Claim Election and for submitting proxies in accordance with the Meeting Order;

"Equity Claim" has the meaning set forth in Section 2(1) of the CCAA;

"Excluded Claims" and each an **"Excluded Claim"** means:

(a) any Claim secured by any of

i. the Administration Charge; and,
ii. the Directors' Charge to the extent of the value of the collateral forming the subject matter of the charge;

(b) any Claim of the province of Newfoundland & Labrador in respect of the fulfillment of the Applicants' site reclamation obligations under the applicable environmental laws of such province;

(c) any Claim of the Toronto Dominion Bank in connection with letters of credit deposited with the environmental authorities of the province of Newfoundland & Labrador as security for the fulfillment of the Applicants' site reclamation obligations under the applicable environmental laws of such province, to the extent that Toronto Dominion Bank holds cash collateral in respect of such letters of credit;

(d) any Claim of Quebec North Shore and Labrador Railway Company, Inc. ("QNS&L") in connection with Confidential Transportation Contract No. 001 between QNS&L and Labrador Iron Mines Limited executed on March 8, 2011, as amended; and,

(e) any Claims other than Pre-Filing Claims of Tshiuetin Rail Transportation Inc. and Tshiuetin Limited Partnership in connection with an agreement entitled "The Transportation by Rail of DSO Project Iron Ore on TSH Railway", as amended;

"Filing Date" means the date of the Initial Order;

"Government Authority" means any federal, provincial, state or local government, agency or instrumentality thereof or similar entity, howsoever designated or constituted exercising executive, legislative, judicial, regulatory or administrative functions in Canada, the United States, or elsewhere;

"Houston-Malcolm Property" means the property described in Schedule B;

"Initial Order" means the Initial Order in respect of the Applicants granted by the Court on April 2, 2015, as amended, restated or varied from time to time;

"Intercompany Charge" has the meaning given to it in paragraph 6 of the Initial Order;

"Intercompany Claims" means the Claims of LIMH against LIM and SMI, whether arising before or after the Filing Date;

"KSV" means KSV Kofman Inc.;

"Labrador Iron Mines Management Services Agreement" means the agreement, substantially in the form attached as Schedule F, between whereby LIMH shall agree to provide, to both Amalgamated LIM and Amalgamated SMI, management services and personnel, operating personnel, office facilities and such other services and infrastructure as the parties deem necessary or advisable

"LIM" means the Applicant, Labrador Iron Mines Limited;

"LIMH" means the Applicant, Labrador Iron Mines Holdings Limited;

"LIM Royalty Agreement" means the agreement between Amalgamated LIM and RoyaltyCo to be dated as of the Plan Implementation Date in the form attached as Schedule C;

"LIM Subco No. 1" means a wholly owned subsidiary of LIM, to be incorporated pursuant to the laws of Ontario;

"Meetings" and each a "**Meeting**", means a meeting of the Creditors of the Applicants called for the purpose of considering and voting in respect of this Plan;

"Meeting Order" means an Order of this Court pursuant to the CCAA that, among other things, sets the date for the Meetings, as same may be amended, restated or varied from time to time;

"Monitor" means KSV Kofman Inc., in its capacity as Court-appointed Monitor of the Applicants;

"Monitor's Plan Implementation Date Certificate" means the certificate substantially in the form to be attached to the Sanction Order to be filed by the Monitor with the Court, declaring that all of the conditions to implementation of the Plan as set forth in Section 7.6 have been satisfied or waived as provided in Section 7.7;

"Notice of Claim" means the notice substantially in the form attached as Schedule C to the Claims Procedure Order, advising each Scheduled Creditor of its Claim against the Applicants as determined by the Applicants based on the books and records of the Applicants;

"Officers" means all current and former officers (or their estates) of the Applicants in such capacity and "Officer" means any one of them;

"Person" means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust,

unincorporated organization, joint venture, trade union, Government Authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

"Plan" means this plan of compromise or arrangement filed by the Applicants pursuant to the CCAA, as the same may be amended, supplemented or restated from time to time in accordance with the terms hereof;

"Plan Affidavit" has the meaning given to it in Section 2.1;

"Plan Implementation Date" means the Business Day on which all of the conditions to the implementation of the Plan have been fulfilled or, to the extent permitted pursuant to the terms and conditions of the Plan, waived, and the Monitor has executed the Monitor's Plan Implementation Date Certificate;

"Plan Report" has the meaning given to it in Section 2.1;

"Post-Filing Claim" means any right or claim of any Person against the Applicants, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Applicants, and any interest that may accrue thereon which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, arising from or caused by, directly or indirectly, any action taken by the Applicants from and after the Filing Date.

"Pre-Filing Claim" means any right or claim of any Person against any of the Applicants, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of any such Applicant in existence on the Filing Date, and costs payable in respect thereof to and including the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any assessment and the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts that existed prior to the Filing Date and any other claims that would have been claims provable in bankruptcy had such Applicant become bankrupt on the Filing Date, including for greater any claim against any of the Applicants for indemnification by any Director or Officer in respect of

a Director/Officer Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as such term is defined in the Initial Order);

"Proof of Claim" means the Proof of Claim referred to in the Claims Procedure Order to be filed by Unscheduled Creditors, substantially in the form attached as Schedule "H" to the Claims Procedure Order;

"Pro Rata Share" means: (a) in respect of Distribution Claims against LIM, SMI and their respective Directors or Officers, the fraction that is equal to (i) the amount of such Distribution Claims held by an Affected Unsecured Creditor who is not a Convenience Creditor or LIMH, divided by (ii) the aggregate amount of all such Distribution Claims held by all Affected Unsecured Creditors who are not Convenience Creditors or LIMH; and, (b) in respect of Distribution Claims against LIMH and its respective Directors or Officers, the fraction that is equal to (i) the amount of such Distribution Claims held by an Affected Unsecured Creditor who is not a Convenience Creditor, divided by (ii) the aggregate amount of all such Distribution Claims held by all Affected Unsecured Creditors who are not Convenience Creditors.

"Released Party" means the Applicants, the Monitor, KSV and each of their respective present and former shareholders, officers, directors, employees, auditors, financial advisors, legal counsel and agents;

"Restructuring Period Claim" means any right or claim of any Person against any of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any such Applicant to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach by such Applicant on or after the Filing Date of any contract, lease or other agreement whether written or oral;

"Restructuring Period Claims Bar Date" has the meaning given to it in the Claims Procedure Order;

"Required Majority" means, in respect of each class of Creditors contemplated by the Plan, a majority in number of Creditors representing two-thirds in value of the Creditors' Claims (as determined for voting purposes) present and voting in person or by proxy at the Meeting;

"Royalty Agreements" means, collectively, the LIM Royalty Agreement and the SMI Royalty Agreement;

"RoyaltyCo" means Houston Iron Royalties Limited, a corporation constituted and organized under the laws of the Province of Ontario which, on the Plan Implementation Date, will hold the right to receive a royalty equal to two percent (2.0%) of the "Gross Revenue" (as defined in the Royalty Agreements received from the sale of iron ore from the Houston-Malcolm Property as provided in the Royalty Agreement;

"RoyaltyCo Management Services Agreement" means the management services agreement substantially in the form attached as Schedule G between LIMH and RoyaltyCo

whereby LIMH shall agree to provide to RoyaltyCo management services and personnel, operating personnel, office facilities and such other services and infrastructure as the parties deem necessary or advisable;

"Sanction Order" means the order of the Court providing for, among other things, the sanctioning of this Plan, with or without amendments, and approving its implementation;

"Scheduled Creditor" means an Affected Unsecured Creditor or Affected Secured Creditor whose Claim against one or more of the Applicants was included in the claims schedule referenced in the Claims Procedure Order, to the extent of its scheduled Claim;

"SMI" means the Applicant, Schefferville Mines Inc.;

"SMI Royalty Agreement" means the agreement between SMI and RoyaltyCo to be dated as of the Plan Implementation Date in the form attached as Schedule D;

"SMI Subco No. 1" means a wholly owned subsidiary of SMI, to be incorporated pursuant to the laws of Canada;

"Unaffected Claim" means Excluded Claims and such other claims as are described in Schedule E;

"Unscheduled Creditor" means an Affected Unsecured Creditor or Affected Secured Creditor, other than a Scheduled Creditor with respect to its Claim against the Applicants included in the claims schedule referenced in the Claims Procedure Order, to the extent of its unscheduled Claim;

"Voting Claim" means any Claim of an Affected Unsecured Creditor, or such portion thereof, that is not barred by any provision of the Claims Procedure Order and which has been finally accepted and determined for voting at a Meeting, in accordance with the provisions of the Claims Procedure Order and the CCAA.

"Voting Creditor" means any Creditor with a Voting Claim.

Section 1.2. **Interpretation, etc.**

For purposes of this Plan:

(a) any reference to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

(b) any reference to an order or to an existing document or exhibit filed or to be filed means such order, document or exhibit as it may have been or may be amended, modified, or supplemented from time to time;

(c) any reference to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time;

(d) unless otherwise specified, all references to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan;

(e) the words "herein" and "hereto" refer to this Plan in its entirety rather than to a particular portion of the Plan;

(f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan

(g) where the context requires, a word or words importing the singular shall include the plural and vice versa, and a word or words importing the masculine gender shall include the feminine and neuter genders and vice versa;

(h) the words "includes" and "including" are not limiting; the phrase "may not" is prohibitive and not permissive;

(i) the word "or" is not exclusive.

Section 1.3. Date for any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken by 5:00 p.m. on the next succeeding day which is a Business Day.

Section 1.4. Time

All times expressed in this Plan are local time Toronto, Ontario, Canada unless otherwise stipulated.

Section 1.5 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form part of it:

(a) Schedule A: Form of Convenience Claim Election;
(b) Schedule B: Description of Houston-Malcolm Property;
(c) Schedule C: LIM Royalty Agreement;
(d) Schedule D: SMI Royalty Agreement;
(e) Schedule E: Unaffected Claims;
(f) Schedule F: Labrador Iron Mines Management Services Agreement;

(g) Schedule G: RoyaltyCo Management Services Agreement;

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

Section 2.1 Background

The circumstances and events leading up to this Plan are summarized in the Affidavit of John Kearney in respect of the Plan (the "**Plan Affidavit**") and the Report of the Monitor in respect of the Plan (the "**Plan Report**"), to be circulated to Creditors.

Section 2.2 Persons Affected

This Plan provides for a coordinated restructuring and compromising of Affected Claims. This Plan will become effective on the Plan Implementation Date and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, their respective heirs, administrators, executors, legal personal representatives, successors and assigns, and all other Persons named or referred to in, receiving the benefit of, or subject to, the Plan.

Section 2.3 Persons Not Affected

This Plan does not affect holders of Unaffected Claims. Nothing in this Plan shall affect any rights and defences of any Applicants, whether legal or equitable, with respect to any Unaffected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to setoffs or recoupments against such Claims. In the event of any substantive consolidation of any Claims against any of the Applicants for any purposes under this Plan, Claims which are Unaffected Claims of any particular Applicant remain the obligations solely of such Applicant and shall not become obligations of any other Applicant.

ARTICLE 3
CLASSIFICATION OF CREDITORS, VOTING AND RELATED MATTERS

Section 3.1 Class of Claims

Each of the following shall form a separate class of Creditors for the purpose of considering and voting on the Plan:

(a) the Affected Unsecured Creditors of LIMH; and
(b) the Affected Unsecured Creditors of LIM and SMI.

Unless otherwise directed by the Court or agreed in writing between the Applicants and the Affected Secured Creditor, with the consent of the Monitor, Affected Secured Creditors with Affected Secured Claims shall:

(a) within 30 days of the date of the Sanction Order, or such later date as the Applicants and the Monitor may agree, take possession of some or all of the collateral for their Claim, at a value that is either (i) agreed between the Affected Secured Creditor and the Applicants, and approved by the Monitor, or (ii) determined by the Court; and,

(b) participate as Affected Unsecured Creditors for the balance of their Claims.

For the avoidance of doubt, unless otherwise directed by the Court, where an Affected Secured Creditor fails to take possession of collateral for their Affected Secured Claim within the time contemplated above, they shall be deemed to have released their security interest in the collateral and shall participate as Affected Unsecured Creditors for the balance of their Claim.

Section 3.2 **Claims of Affected Unsecured Creditors/Convenience Creditors**

(a) Affected Unsecured Creditors with Convenience Claims shall be deemed to vote in favour of the Plan, and, in accordance with Article 4 of the Plan, shall be entitled to receive cash distributions equivalent to the lesser of (i) the aggregate amount of their Voting Claims and (ii) the Cash Elected Amount, and no further distributions under the Plan.

(b) Affected Unsecured Creditors who are not Convenience Creditors shall be entitled to vote their Voting Claims at the Meeting, within their respective class, and shall be entitled to receive distributions in respect of their Distribution Claims pursuant to the Plan.

Section 3.3 **Meetings**

The Meetings of the Voting Creditors shall be held in accordance with this Plan and the Meeting Order. The only Persons entitled to attend the Meeting are those persons, including the holders of proxies, entitled to vote at the Meeting and their legal counsel, the Monitor and its legal counsel and the officers, directors and legal counsel of the Applicants. Any other Person may be admitted on invitation of the chairperson of the relevant Meeting. An officer of the Monitor or a person designated by the Monitor shall preside as the chairperson of the Meeting in accordance with the Meeting Order.

Section 3.4 **Approval by Each Class**

The Applicants will seek approval of the Plan by the affirmative vote of the Required Majority of the Voting Creditors in order that the Plan becomes binding on the Voting Creditors as of the Plan Implementation Date.

Section 3.5 **Value of Claims for Voting Purposes**

Each Voting Creditor shall be entitled to one vote equal to the dollar value of its respective Voting Claim. Convenience Creditors shall be deemed to vote in favour of the Plan. Holders of Intercompany Claims shall not be entitled to vote in favour of the Plan.

Each Affected Unsecured Creditor holding a Disputed Voting Claim (or its duly appointed proxyholder) may vote its Disputed Voting Claim as contemplated by the Meeting Order, provided that: votes cast in respect of any Disputed Voting Claim shall not be counted for any purpose, pending further order of the Court; and, the Monitor shall keep a separate record of such votes and shall report to the Court with respect thereto at the motion for the Sanction Order.

Section 3.6 **Transfer of Claims**

An Affected Unsecured Creditor may transfer or assign its Voting Claim prior to the Meeting, provided that neither the Applicants nor the Monitor shall be obligated to allow such transferee or assignee of a Voting Claim to vote at the Meeting unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received and acknowledged by the Monitor in writing no later than 5:00 p.m. on the date that is seven (7) days prior to the Meeting.

Where a Voting Claim has been transferred or assigned in part, the transferor or assignor shall retain the right to vote at the Meeting in respect of the full amount of the Voting Claim, and the transferee or assignee shall have no voting rights at the Meeting in respect of such Voting Claim.

ARTICLE 4
PROVISIONS GOVERNING DISTRIBUTIONS

Section 4.1 **Payments, Corporate Transactions and Distributions**

Subject to Section 7.6 and Section 7.7, if the Required Majority of the Voting Creditors approves the Plan, then:

(a) the Applicants shall pay, within the time prescribed, any obligations required to be paid by s-ss. 6(3), 6(5), and 6(6) of the CCAA;

(b) on the Plan Implementation Date, and prior to the Distribution Date, the following transactions shall take place in the order set out below:

i. the 362,800 shares of SMI, currently held by LIMH, representing 100% of the issued shares of SMI, will be transferred to LIM, making SMI a wholly-owned subsidiary of LIM, in consideration of the issue to LIMH of 185,900 previously unissued common shares of LIM with the result that LIMH will hold 3,000,000 shares (100%) of LIM;

ii. LIM will amend its articles of incorporation to subdivide its 3,000,000 issued common shares, on a one for seventeen basis, into 51,000,000 common shares all of which will be held by LIMH;

iii. LIMH will assign approximately $269.0 million of its Intercompany Claims as against LIM to LIM Subco No. 1, in consideration of one dollar ($1.00);

iv. LIMH will assign all of its approximately $21.3 million Intercompany Claims as against SMI to SMI Subco No. 1, which will be a wholly-owned subsidiary of SMI, in consideration of one dollar ($1.00);

v. LIM and LIM Subco No.1 will amalgamate pursuant to the applicable provisions of the *Business Corporations Act* (Ontario) to form Amalgamated LIM, an amalgamated corporation to be named Labrador Iron Mines Limited as a consequence of which:

1. all of the previously issued shares of LIM will be exchanged for an equivalent number of common shares of Amalgamated LIM;

2. all of the previously issued shares of LIM Subco No. 1 will be cancelled

3. pursuant to the foregoing amalgamation, LIMH will hold, in the aggregate, 51 million common shares of Amalgamated LIM which, upon completion of the distributions contemplated in Section 4.2 will amount to approximately 51% of the issued shares of Amalgamated LIM;

vi. SMI and SMI Subco No. 1 will amalgamate pursuant to the applicable provisions of the Canada Business Corporations Act to form Amalgamated SMI, an amalgamated corporation to be named Schefferville Mines Inc., as a consequence of which

1. all of the previously issued shares of SMI will be exchanged for an equivalent number of common shares of Amalgamated SMI;

2. all of the previously issued shares of SMI Subco No. 1 will be cancelled;

3. Amalgamated SMI will continue to be a wholly-owned subsidiary of LIM; and,

vii. as a result of the foregoing transactions:

1. Amalgamated LIM and Amalgamated SMI shall hold all of the respective assets and shall continue the respective businesses of LIM and SMI; and

2. the Intercompany Claims as against both LIM and SMI will be extinguished; and,

(c) on the Distribution Date the Disbursing Agent shall, subject to Section 4.5. 4.6 and 4.8:

i. pay the amounts contemplated by sub-sections 3.2(a) of the Plan in respect of Convenience Claims, in full and final satisfaction, settlement release and discharge of and in exchange for such Convenience Claims;

ii. distribute, in accordance with the provisions of this Plan, to each Affected Unsecured Creditor having a Distribution Claim against LIM, SMI or their respective Directors or Officers, (excluding Convenience Creditors and LIMH in respect of the Intercompany Claims), in full satisfaction, settlement, release and discharge of and in exchange for such Distribution Claim, shares of Amalgamated LIM and of RoyaltyCo as contemplated in Section 4.2; and,

iii. distribute, in accordance with the provisions of this Plan, to each Affected Unsecured Creditor having a Distribution Claim against LIMH or its Directors or Officers, in full satisfaction, settlement, release and discharge or and in exchange for such

Distribution Claim, shares of LIMH as contemplated in Section 4.4.

Section 4.2 **Distribution to Creditors of LIM and SMI**

On the Plan Implementation Date, Affected Unsecured Creditors (excluding Convenience Creditors and LIMH in respect of the Intercompany Claims) having Distribution Claims against LIM, SMI or their respective Directors or Officers, will be entitled to receive their Pro Rata Share of the following:

(a) common shares of Amalgamated LIM representing, in the aggregate and post implementation, approximately 49% of LIM's issued shares; and,

(b) common shares representing, in the aggregate and post-implementation, one hundred percent (100%) of the shares in RoyaltyCo.

Section 4.3 **Distribution to LIMH of Shares in LIM**

In additional consideration of the extinguishment of the Intercompany Claims, LIMH will be entitled to receive on the Plan Implementation Date:

(a) No additional shares of Amalgamated LIM above the shares of Amalgamated LIM held on the Plan Implementation Date, *unless* additional common shares of Amalgamated LIM are distributed pursuant to Section 4.2 of the Plan as a result of the resolution of any Disputed Distribution Claim on or after the Plan Implementation Date, and in that event LIMH will be entitled to such additional shares in Amalgamated LIM as are required for LIMH to maintain a 51% post-implementation shareholding interest in LIM; and,

(b) zero shares of RoyaltyCo.

Section 4.4 **Distribution to Creditors of LIMH**

On the Plan Implementation Date, Affected Unsecured Creditors having Distribution Claims against LIMH or its Directors or Officers, who are not Convenience Creditors will receive their Pro Rata Share of new common shares of LIMH representing, in the aggregate and post implementation, approximately 25% of LIMH's issued shares(subject to no creditor receiving more that 19.99% of the post-implementation issued shares of LIMH), provided that the effect of the resolution of any Disputed Distribution Claim against LIMH shall be to dilute the interest of pre-filing shareholders of LIMH, and not the interest of Affected Unsecured Creditors having Distribution Claims against LIMH.

Section 4.5 **Value of Claims for Distribution Purposes**

The value of a Claim for distribution purposes shall be determined in accordance with the provisions of the Claims Procedure Order.

Section 4.6 **No Distributions Pending Allowance**

Notwithstanding any other provision of the Plan, no payment or distribution shall be made with respect to a Disputed Distribution Claim unless and until it has become a Distribution Claim.

Section 4.7 **Distributions for Distribution Claims**

Except as otherwise provided herein or as ordered by the Court, distributions to be made on account of Distribution Claims as of the Plan Implementation Date shall be made on the Distribution Date or as soon as is practicable thereafter.

Section 4.8 **Distributions After Disputed Distribution Claims Resolved**

Once a Disputed Distribution Claim has become a Distribution Claim in accordance with the provisions of this Plan, the Disbursing Agent shall distribute, to the holder of such Distribution Claim, share consideration in accordance with the provisions of Sections 4.2 and 4.4 herein, as the case may be. Notwithstanding the foregoing or any other provisions of this Plan, the Disbursing Agent shall not be required to make distributions under this Section 4.9 more frequently than once every 90 days.

Section 4.9 **Interest on Claims**

Interest shall not accrue or be paid on Claims after the Filing Date. Holders of Claims shall only be entitled to interest accruing on or before the Filing Date on any such Claims, and no holder of an Affected Unsecured Claim shall be entitled to interest accruing, nor to fees and expenses incurred on or after the Filing Date in respect of an Affected Unsecured Claim. Any Claims in respect of interest accruing or fees and expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released.

Section 4.10 **Distributions by Disbursing Agent**

The Disbursing Agent shall make all distributions required under this Plan (subject to the provisions of Articles 4 and 5). If the Disbursing Agent is an independent third party designated by the Applicants to serve in such capacity, such Disbursing Agent shall receive, without further Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Applicants on terms acceptable to the Applicants and the Monitor. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Court.

Section 4.11 **Delivery of Distributions**

Distributions to holders of Distribution Claims shall be made by the Disbursing Agent by prepaid ordinary mail or as otherwise determined by the Disbursing Agent, (a) to the address set forth on the Notice of Claim or the Proof of Claim filed by a Creditor, (b) to the address set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Notice of Claim or Proof of Claim, or, if neither (a) nor (b) are applicable, to the last known address of the Creditor appearing in the records of the Applicants. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Disbursing Agent is notified of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. All claims for undeliverable distributions in respect of Distribution Claims must be made on or before the expiration of six (6) months following the Plan Implementation Date, after which date the Claim of any holder or successor of such holder with respect to such unclaimed distributions shall be discharged, and forever barred, notwithstanding any federal or provincial laws to the contrary, and any such undeliverable distributions shall be returned to the Applicants. Nothing contained in the Plan shall require the Applicants or any Disbursing Agent to attempt to locate any holder of a Voting Claim.

Section 4.12 **Withholding Taxes and Reporting Requirements**

In connection with this Plan and all distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax and other statutory withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan: (i) each holder of a Distribution Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including income, withholding and other tax obligations, on account of such distribution, and (ii) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Disbursing Agent for the payment and satisfaction of such tax obligations. Any distributions to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 4.15. It is the Applicants' intent that distributions under the Plan to holders of Claims are in respect of, and to be applied to, principal first and then interest.

Section 4.13 **Set-off to Apply**

The Applicants may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claims, claims of any nature whatsoever that the Applicants may have against the holder of such

Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Applicants of any such claim that the Applicants may have against such holder.

Section 4.14 No Fractional Shares

Notwithstanding any other provision of this Plan, in no event shall any Affected Unsecured Creditor be entitled to receive, or the Disbursing Agent be required to distribute, a fractional share.

ARTICLE 5
RELEASES

Section 5.1 Plan Releases

Upon the implementation of this Plan on the Plan Implementation Date, the Released Parties shall, to the fullest extent permitted by Part I of the CCAA, be released and discharged from any and all demands, Claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any claim that has been barred or extinguished by operation of the Claims Procedure Order, and any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of any of the Applicants for which the Initial Order authorized the granting of security, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date relating to, arising out of or in connection with the Claims, the business and affairs of the Applicants, this Plan and the CCAA Proceedings, provided that nothing herein shall release or discharge the Applicants, or any of them, from or in respect of Unaffected Claims or from or in respect of their obligations to Creditors under this Plan or under any order of the Court made in the CCAA Proceedings.

Section 5.2 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

ARTICLE 6
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 6.1 Contracts and Leases

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Plan Implementation Date each Applicant shall be deemed to have ratified each executory contract and unexpired lease to which it is a party, unless such contract or lease: (a) was previously repudiated or terminated by such Applicant, or (b) previously expired or terminated pursuant to its own terms.

ARTICLE 7
MISCELLANEOUS

Section 7.1 Confirmation of Plan

(a) Provided that the Plan is approved by the Required Majority of the Voting Creditors, the Applicants will seek the Sanction Order for the sanction and approval of the Plan; and

(b) Subject only to the satisfaction of those conditions precedent to the implementation of the Plan described in Section 7.6, the Plan will be implemented by the Applicants and will be binding upon the Applicants, all Affected Creditors and all other Persons named or referred to in, receiving the benefit of, or subject to, the Plan.

Section 7.2 Paramountcy

Subject to the last sentence of this Section 7.2, from and after the Plan Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Applicants, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. All Affected Creditors shall be deemed to consent to all transactions contemplated in this Plan. For greater certainty, all Persons having written or oral agreements with an Applicant for the supply of goods and/or services to the Applicant shall continue to pay volume rebates and advertising, merchandising, performance or similar allowances or credits after the Filing Date in accordance with existing volume rebate and allowance practices.

Section 7.3 Compromise Effective for all Purposes

The payment, compromise or other satisfaction of any Affected Claim under the Plan, if sanctioned and approved by the Court, shall be binding upon such Affected Creditor, its heirs, executors, administrators, legal personal representatives, successors and assigns.

Section 7.4 Modification of Plan

(a) The Applicants reserve the right, at any time and from time to time, with the consent of the Monitor, both prior to and during the Meeting or after the Meeting, to amend, restate, modify and/or supplement the Plan; provided (i) if made prior to or at the Meeting, such amendment, restatement, modification or supplement shall be communicated to Affected Unsecured Creditors in the manner required by the Meeting Order and (ii) if made following the Meeting, such amendment, restatement, modification or supplement shall be approved by the Court following notice to the Affected Unsecured Creditors.

(b) Notwithstanding Sub-section 7.4(a), any amendment, restatement, modification or supplement to the Plan may be made by the Applicants, with the consent of the Monitor or pursuant to an Order of the Court, at any time and from time to time, provided that it concerns a matter which (i) is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or (ii) to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Unsecured Creditors.

(c) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section, approved by the Court shall, for all purposes, be and be deemed to be a part of, and incorporated in, the Plan.

Section 7.5 Consents, Waivers and Agreements

As at 12:01 a.m. on the Plan Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Affected Creditor shall be deemed:

(a) to have executed and delivered to the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;

(b) to have waived any and all defaults then existing or previously committed by the Applicants in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and any Applicant or Applicants and any and all

notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded; and

(c) subject to the last sentence of Section 7.2, to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and any Applicant as at such time (other than those entered into by such Applicant on, or with effect from, such time) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

In this Plan the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.6 **Conditions Precedent to Implementation of Plan**

The implementation of the Plan is subject to the following conditions precedent:

(a) the approval of this Plan by the requisite majorities of each class of Creditors;

(b) the Sanction Order sanctioning the Plan, in form and substance satisfactory to the Applicants, shall have been entered and the operation and effect of the Sanction Order shall not have been stayed, reversed or amended;

(c) the following transactions or agreements, as the case may be, in form and substance satisfactory to the Applicants, shall have been completed, executed and delivered, as the case may be, and all conditions precedent provided therein to the effectiveness thereof and funding thereunder shall have been satisfied:

i. the Royalty Agreements;

ii. the Labrador Iron Mines Management Services Agreement;

iii. the RoyaltyCo Management Services Agreement;

iv. the transactions contemplated in Section 4.1(b) shall have been completed;

v. the constitution of the board of directors of Amalgamated LIM, to be fixed at five Directors, including two directors who are directors or officers of LIMH, and three directors who are independent of LIMH; and,

vi. the constitution of the board of directors of RoyaltyCo, to be fixed at four directors, including one director who is a director or officer of LIMH, and three directors who are independent of LIMH; and,

(d) all amounts owing to the Monitor, the Monitor's counsel, the Claims Officer, the Disbursing Agent and counsel to the Applicants shall have been paid.

Section 7.7 Waiver of Conditions

Each of the conditions set forth in Section 7.6(c) and (d), above, may be waived in whole or in part by the Applicants, with the consent of the Monitor, and, in the case of 7(6)(d), with the consent of the beneficiaries thereof, without any other notice to parties in interest or the Court and without a hearing. The failure of an Applicant to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

Section 7.8 Monitor's Certificate

Upon delivery of written notice from the Applicants of the fulfillment or waiver of the conditions precedent to implementation of the Plan as set out in Section 7.6 of the Plan, the Monitor shall deliver the Monitor's Plan Implementation Date Certificate to the Applicants. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court and shall post a copy of same on the Monitor's website.

Section 7.9 Binding Effect

On the Plan Implementation Date, or as otherwise provided in the Plan:

(a) the Plan will become effective at 12:01 a.m. and the transactions set out in Article 4 will be implemented;

(b) the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Applicants, all Affected Creditors, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;

(c) all Affected Claims shall be and shall be deemed to be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Plan;

(d) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety;

(e) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Applicants all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and

(f) each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Applicants all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.

Section 7.10 Claims Bar Date

Nothing in this Plan extends or shall be interpreted as extending or amending the Claims Bar Date or the Restructuring Period Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Procedure Order.

Section 7.11 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.12 Responsibilities of the Monitor

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants and not in its personal or corporate capacity. The Monitor will not be responsible or liable whatsoever for any obligations of the Applicants. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Meeting Order, the Sanction Order and any other Order made in the CCAA Proceedings.

The Sanction Order shall declare that, in carrying out the terms of the Sanction Order and the Plan, (i) the Monitor shall benefit from all the protections given to it by the CCAA, the Initial Order and any other Order in the CCAA Proceedings, and as an officer of the Court, including the stay of proceedings in its favour; (ii) the Monitor shall incur no liability or obligation as a result of carrying out the provisions of the Sanction Order and/or the Plan; and (iii) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by any of the Applicants without independent investigation and shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

Section 7.13 Plan Affidavit and Plan Report

A copy of the Plan Affidavit and the Plan Report will be delivered in accordance with the procedures approved by the Meeting Order.

Section 7.14 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid ordinary mail or by facsimile addressed to the respective parties as follows:

(a) if to the Applicants:

Labrador Iron Mines Limited
Suite 1805, 55 University Avenue
Toronto, Ontario
M5J 2H7

Attention: John F. Kearney, Chairman & CEO
Facsimile: 416-368-5344
Email: kearney.j@labradorironmines.ca

(b) if to a Creditor: (i) to the address for such Creditor specified in the Notice of Claim or the Proof of Claim filed by a Creditor or, (ii) at the address set forth in any written notice of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim.

(c) if to the Monitor:

KSV Kofman Inc.
Suite 2308, 150 King Street West
Toronto, Ontario
M5H 1J9

Attention: Mitch Vininsky
Facsimile: 416-932-6266
Email: mvininsky@ksvadvisory.com

or to such other address as any party may from time to time notify the others in accordance with this Section 7.14. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by facsimile and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and

communications shall be deemed to have been received, in the case of notice by facsimile or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Applicants to give notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

Section 7.15 Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of any Applicant, shall have the power to either (i) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Plan Implementation Date, or (ii) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

Section 7.16 Revocation, Withdrawal, or Non-Consummation

The Applicants reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date or to file subsequent plans of compromise or arrangement. If the Applicants revoke or withdraw the Plan, or if the Sanction Order is not issued, (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or class of Claims), or any assumption, termination or repudiation of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (iii) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims by or against any Applicant or any other Person; (b) prejudice in any manner the rights of any Applicant or any other Person in any further proceedings involving an Applicant; or (c) constitute an admission of any sort by any Applicant or any other Person.

Section 7.17 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of

the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Applicants in order to better implement this Plan.

Section 7.18 **Governing Law**

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

Dated November 3, 2016

LABRADOR IRON MINES HOLDINGS LIMITED
LABRADOR IRON MINES LIMITED
SCHEFFERVILLE MINES INC.
Suite 1805, 55 University Avenue
Toronto, Ontario
M5J 2H7

SCHEDULE A
FORM OF CONVENIENCE CLAIM ELECTION

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. (the "Applicants")

CONVENIENCE CLAIM ELECTION FORM[1]

This form is only to be completed by an Affected Unsecured Creditor who holds Affected Unsecured Claims in an aggregate amount in excess of $5,000, and who wishes to reduce the aggregate amount of such Affected Unsecured Claims to $5,000 in order to receive cash consideration under the Plan. Any Affected Unsecured Creditor that does not execute and return this form by the Election/Proxy Deadline will be deemed to NOT have made such an election.

TO: KSV Kofman Inc.

RE: The plan of compromise and arrangement of Labrador Iron Mines Holdings Limited, Labrador Iron Mines Limited and Schefferville Mines Inc. (collectively the "Applicants") pursuant to the *Companies' Creditors Arrangement Act* (the "Plan")

All capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

DATED this _____ day of_____, 2016.

The undersigned (i) confirms that it holds Affected Unsecured Claims in an aggregate amount in excess of **$5,000** and irrevocably elects to reduce the aggregate amount of such Affected Unsecured Claims to **$5,000** for both voting and distribution under the Plan.

To be valid, this form must be delivered personally, by registered mail, by email or by facsimile to the following addresses on or before the Election/Proxy Deadline:

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[1] Terms not otherwise defined herein shall have the meaning accorded to them in the Applicants' Plan of Compromise and Arrangement dated November 3, 2016, as amended.

KSV Kofman Inc. Suite 2308, 150 King Street West Toronto, Ontario M5H 1J9 **Attention: Mitch Vininsky** Facsimile: 416-932-6266 Email: mvininsky@ksvadvisory.com	-and-	Labrador Iron Mines Holdings Limited Labrador Iron Mines Limited Schefferville Mines Inc. Suite 1805, 55 University Avenue Toronto, Ontario M5J 2H7 **Attention: John F. Kearney** Facsimile: 416-368-5344 Email: kearney.j@labradorironmines.ca

With a copy to each of:

GOODMANS LLP Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, Ontario M5H 2S7 Tel: 416.979.2211 Fax: 416.979.1234 **Melaney Wagner** Email: mwagner@goodmans.ca	-and-	PALIARE ROLAND ROSENBERG ROTHSTEIN LLP 155 Wellington St. W., 35th floor Toronto Ontario M5V 3H1 Tel: 416.646.4300 Fax: 416.646.4301 **Massimo Starnino** Email: max.starnino@paliareroland.com

Name of Affected Unsecured Creditor: _____

Per: _____
Name:
Title:

Address:

_____

_____

_____

Tel:
Fax:
Email:

Aggregate Amount of Affected Unsecured Claims: $_____

STRICTLY CONFIDENTIAL

SCHEDULE B
DESCRIPTION OF HOUSTON-MALCOLM PROPERTY

The Houston property consists of one Mining Lease and one Mineral Rights License issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 112 mineral claims located in northwest Labrador covering approximately 2,800 hectares as follows:

	Registered Owner	Area (ha.)
Houston:		
Licence 020433M	LIM	2,800 (approx.)
Lease 216	LIM	352 (approx. and included in Licence 020433M)

The Malcolm 1 property consists of 41 mineral claims covering approximately 1,210.7 hectares issued by the Ministry of Energy and Natural Resources, Province of Québec as follows:

Claim Nos.	Registered Owner	Area (ha.)
Malcolm:		
CDC-2317779	Schefferville	49.79
CDC-2298709	Schefferville	49.75
CDC-2233268	Schefferville	49.79
CDC-2233270	Schefferville	49.78
CDC-2188826	Schefferville	49.77
CDC-2298708	Schefferville	37.3
CDC-2317787	Schefferville	0.67
CDC-2317784	Schefferville	39.44
CDC-2375174	Schefferville	7.77
CDC-2298704	Schefferville	10.88
CDC-2298707	Schefferville	11.62
CDC-2183174	Schefferville	49.74
CDC-2375170	Schefferville	8.54
CDC-2375173	Schefferville	34.28
CDC-2375171	Schefferville	45.41
CDC-2233266	Schefferville	10.28
CDC-2375172	Schefferville	36.57
CDC-2233267	Schefferville	48.76
CDC-58048	Schefferville	47.86
CDC-2298706	Schefferville	36.79
CDC-2233269	Schefferville	37.6

CDC-2298705	Schefferville	1.7
CDC-2317786	Schefferville	3.61
CDC-2317782	Schefferville	28.74
CDC-2279509	Schefferville	48.55
CDC-2317781	Schefferville	49.78
CDC-2259638	Schefferville	49.77
CDC-2317785	Schefferville	21.59
CDC-2298702	Schefferville	17.22
CDC-2233265	Schefferville	11.63
CDC-2317783	Schefferville	4.01
CDC-2183173	Schefferville	49.74
CDC-2317780	Schefferville	32.37
CDC-2298703	Schefferville	40.99
CDC-58039	Schefferville	20.81
CDC 58040	Schefferville	4.44
CDC-58045	Schefferville	49.76
CDC-2386623	Schefferville	10.17
CDC-2386624	Schefferville	1.78
CDC-2386625	Schefferville	1.91

SCHEDULE C
LIM ROYALTY AGREEMENT

SEE ATTACHED

HOUSTON ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT effective as of [ ], 2016.

BETWEEN:

LABRADOR IRON MINES LIMITED
A corporation incorporated under the laws of the Province of Ontario, Canada

(Hereinafter referred to as "**LIM**")

- and -

HOUSTON IRON ROYALTIES LIMITED,
A corporation incorporated under the laws of the Province of Ontario, Canada

(Hereinafter referred to as "**RoyaltyCo**")

both of which are collectively hereinafter referred to as the "**Parties**".

WITNESSETH

WHEREAS LIM together with an affiliated corporation, Schefferville Mines Inc., ("**Schefferville**") and its parent Labrador Iron Mines Holdings Limited ("**LIMH**" and collectively with LIM and Schefferville, the "**Applicants**") commenced proceedings under the *Companies Creditors Arrangement Act*, RSC1985, c.C-36 (the "**CCAA Proceedings**") to restructure their business and affairs and to seek acceptance of a plan of compromise and arrangement of their liabilities (the "**CCAA Plan**") pursuant to an initial order dated April 2, 2015 of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") as amended; and,

WHEREAS the CCAA Plan was approved by the creditors of the Applicants on •, 2016 and sanctioned by the Court on •, 2016; and

WHEREAS the CCAA Plan provides, among other things, that

a) LIM and Schefferville shall grant royalties to RoyaltyCo on their respective properties; and

b) creditors of LIM and Schefferville (other than LIMH) shall become entitled to receive, among other things, all of the shares of RoyaltyCo pro rata in accordance with the relative amounts of their proven claims; and

WHEREAS in accordance with the CCAA Plan the Parties have entered into this Agreement to establish the terms and conditions of the Royalty (as hereinafter defined) as a condition precedent to the implementation of the CCAA Plan:

NOW THEREFORE for good and valuable consideration, the nature, receipt and sufficiency of which is mutually acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this Agreement and in the Schedules attached hereto:

"Agreement" means this agreement and all amendments and modifications hereto, and all Schedules hereto, which are incorporated herein by this reference;

"Effective Date" means the date first set forth above;

"**Fonteneau Royalty**" means the royalty payable by LIM to Fonteneau Resources Ltd. and 154619 Canada Inc. pursuant to a royalty agreement dated as of October 1, 2011, as amended and assigned, equal to 3% of Gross Revenue subject to a maximum of US$1.50 per tonne in respect of ore shipped from the Property;

"Gross Revenue" has the meaning set out in subparagraphs 3.2 or 3.3 as the case may be;

"Mineral Products" shall mean any inorganic substance of value derived from the Property, whether on or in the Property (and including any tailings thereon), including precious or base metals and industrial Mineral Products, or any other derivative thereof;

"Party" means any of LIM or RoyaltyCo and **"Parties"** means both, including in both cases their respective successors and permitted assigns;

"Property" means the mining lease and mineral rights licence located in the Province of Newfoundland & Labrador owned and identified by LIM as the Houston Property, all as more particularly described in the attached Schedule "A";

"Public Company" means a company which is (i) a reporting issuer in a province of Canada under any applicable securities law, rules or regulations or a publicly reporting company in any jurisdiction other than Canada, or (ii) a company which is controlled by a reporting issuer or other publicly reporting company;

"Royalty" means the royalty payable by LIM to RoyaltyCo equal to **2%** of Gross Revenue upon the sale or other disposition of Mineral Products derived from the Property; and

"tonne(s)" means dry metric tonne(s).

1.2 Currency and Dates: Except where otherwise specifically indicated, all amounts of money referred to in this Agreement are expressed in Canadian dollars. All days referred to in this Agreement shall indicate a calendar day. If the end date of delay falls on a Saturday, Sunday or a public holiday in the City of Toronto, Province of Ontario, such end date shall be extended to the following business day.

1.3 Headings: The division of this Agreement into Articles, and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Agreement.

1.4 Expanded Meanings: In this Agreement and in the Schedules to this Agreement, unless there is something in the subject matter or context inconsistent therewith:

(a) The singular shall include the plural and the plural shall include the singular;

(b) The masculine shall include feminine and neuter genders;

(c) Words of inclusion such as "including" in a list shall be read as being inclusive and without limitation, whether or not so stated; and

(d) A reference to any statute shall be deemed to extend to and include any amendment or re-enactment of such statute.

1.5 Schedule: Attached hereto and forming a part of this Agreement is the following:

Schedule "A" – The Property.

ARTICLE 2
REPRESENTATIONS, WARRANTIES, AND INDEMNITIES

2.1 Representations and Warranties of LIM: LIM represents and warrants to RoyaltyCo (and acknowledges that RoyaltyCo is relying upon such representations and warranties in entering into this Agreement) that:

(a) LIM is the sole beneficial owner of the Property known as the Houston Property free and clear of any lien, charge or encumbrance having priority over the Royalty except for the Fonteneau Royalty;

(b) the entering into or performance of this Agreement will not contravene any agreement or arrangement to which it is a party or by which it is bound;

(c) this Agreement has been duly executed and delivered and is valid and binding upon it and enforceable in accordance with its terms;

(d) it is a corporation duly incorporated and in good standing in accordance with the laws governing its incorporation and is qualified to do business and in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement; and

(e) it has the capacity to enter into and perform its obligations under this Agreement and all transactions contemplated therein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken and upon written request by RoyaltyCo, will provide documentation of such corporate action including, but not limited to, copies of any necessary resolutions of its board of directors.

2.2 Representations and Warranties of RoyaltyCo: RoyaltyCo represents and warrants to LIM (and acknowledges that LIM is relying upon such representations and warranties in entering into this Agreement) that:

(a) the entering into or performance of this Agreement will not contravene any agreement or arrangement to which it is a party or by which it is bound;

(b) this Agreement has been duly executed and delivered and is valid and binding upon it and enforceable in accordance with its terms;

(c) it is a corporation duly incorporated and in good standing in accordance with the laws governing its incorporation and is qualified to do business and in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement; and

(d) it has the capacity to enter into and perform its obligations under this Agreement and all transactions contemplated therein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken.

ARTICLE 3
ROYALTY

3.1 Grant of Royalty: LIM, its successors or assignees, hereby grants to RoyaltyCo, its successors or assignees the Royalty in respect of all Mineral Products that may be produced from the Property.

3.2 Royalty Calculation on Sale of Mineral Products: The Royalty shall be payable upon the sale or other disposition of the Mineral Products by LIM. In the event LIM sells Mineral Products under an arm's length, bona fide contract of sale, "***Gross Revenue***" from the Mineral Products shall mean the amount per tonne actually received by or credited to the account of LIM calculated f.o.b. port of Sept Îles or, in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including all payments, bonuses and

allowances (but less any penalties, selling expenses or shipping charges from the port of Sept Îles), received or credited to the account of LIM or such other person or entity as LIM may have directed.

3.3 Royalty Calculation on Non-Arm's Length Sales: In the event LIM sells or otherwise disposes of the Mineral Products in a non-arm's length transaction, "***Gross Revenue***" shall be calculated using the selling price f.o.b. port of Sept Îles for the Mineral Products as determined by reference to a standard industry publication or service containing prices or quotations of the prices at which Mineral Products of equivalent types and qualities are being sold or purchased at a specified point of delivery and, if applicable, by reference to a publication or service containing quotations of prices for ocean freight from the port of Sept Iles to the point of delivery (an "**Industry Service**") or, if an Industry Service is unavailable, then by such other means as may establish such prices or quotations of the prices at which Mineral Products of equivalent types are being sold and purchased, calculated f.o.b. port of Sept Îles.

3.4 Manner of Payment: Payment of the Royalty shall be in accordance with and subject to the following:

(a) *Quarterly Payment.* Royalty payments shall accrue at the time of sale or other disposition of any Mineral Products by LIM and in the amounts calculated pursuant to subsections 3.2 or 3.3 above. For purposes of this Section 3.4, "***time of sale or other disposition***" means the date LIM receives payment or credit to the account of LIM for the sale or other disposition of the Mineral Products. Royalty payments shall be due and payable quarterly on the fifteenth day of each calendar month following the last day of the calendar quarter in which the same shall have accrued. Royalty payments shall be made by LIM by cheque, electronic funds transfer or wire transfer, and shall be accompanied by a settlement sheet (a "***Quarterly Statement***") showing

i. the quantities of Mineral Products sold or otherwise disposed of by LIM with respect to such quarter and/or the amount of Mineral Products produced and sold or credited to the account of LIM for such quarter, as the case may be;

ii. the quantities of Mineral Products to which such Royalty payment is applicable;

iii. the calculation of the applicable Royalty payment;

iv. the Gross Revenue for applicable Mineral Products, including an explanation of the determination of Gross Revenue;

v. the calculation of Interest (as defined in subsection 3.4(c) below) accrued on such Royalty payment, if any;

vi. the amount and method of calculation of any tax required to be withheld by LIM under applicable taxation legislation;

vii. in the event of any commingling as contemplated in subsection 3.5(a) below, a detailed summary of the determination by LIM of the quantity of Mineral Products commingled in accordance with Section 3.5(a) and subject to the Royalty; and.

viii. Any adjustments to any of the foregoing amounts resulting from the correction of estimates utilized in the compilation of Quarterly Statement for a previous period or any prior advance Royalty payments made to RoyaltyCo.

(b) *Depository Bank.* Upon written direction of RoyaltyCo, RoyaltyCo may designate a bank to act as RoyaltyCo's agent to receive from LIM all Royalty or other payments payable to RoyaltyCo under the terms of this Agreement, and all such payments may be made by paying or tendering the same to RoyaltyCo as contemplated in section 3.4(a), or to said bank for RoyaltyCo's credit. All charges of such depository bank shall be for RoyaltyCo' s account. Any payment to said depository bank for credit to RoyaltyCo shall be made by (i) electronic funds transfer to a bank account in Canada, or (ii) wire transfer, and such a payment shall, subject to the rights of RoyaltyCo under this Agreement, effectively constitute full payment of the amount thereof to RoyaltyCo to the same extent as if made directly to RoyaltyCo. In the event RoyaltyCo subsequently redirects LIM to make the Royalty payments by other mechanisms contemplated in section 3.4(a), then LIM shall make such payments in such redirected manner commencing with the next Royalty payment due and payable.

(c) *Objections to Payments.* RoyaltyCo may object in writing to any Royalty payment amount or any Quarterly Statement within twelve (12) months of the receipt by RoyaltyCo of the relevant Quarterly Statement in respect of such Royalty payment. If it is determined by agreement of the Parties or by arbitration that any Royalty payment has not been properly paid in full as provided herein, LIM shall pay interest on the delinquent payment at the prime rate per annum charged by the Toronto-Dominion Bank to its most creditworthy customers plus 2% per annum ("**Interest**") commencing on the date on which such delinquent payment was properly due and continuing until the date on which RoyaltyCo receives payment in full of such delinquent payment and all accrued interest thereon. For the purposes of this subsection, the applicable rate of Interest shall be determined as of the date on which such delinquent payment was properly due.

(d) *Offset of Overpayment.* If it is determined by agreement of the Parties or by arbitration that any Royalty payment was overpaid, LIM shall be entitled to offset such amount against the next Royalty payment.

(e) *Withholding for Taxes.* All Royalty payments, including Interest, if any, will be made subject to withholding or deduction in respect of, for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied on such Royalty payment by or on behalf of any governmental authority having power and jurisdiction to tax and for which LIM is obligated in law to withhold or deduct and remit to such governmental authority. LIM shall set out in each Quarterly Statement any amount so withheld.

(f) *No Deductions.* Subject to subparagraph 3.4(e) above, all Royalty payments shall be calculated without deduction or set off for costs of Production, milling, processing, transportation to the point of sale, taxes (including, but not limited to, income, mining, goods & services or sales taxes) or other expenses whatsoever, except as may be provided in this Agreement.

3.5 Other Terms Related to the Royalty:

(a) *Commingling of Ores.* LIM shall have the right of mixing or commingling, either underground, at the surface, at processing plants or other treatment facilities or at transportation facilities, any ores or Mineral Products mined or extracted from the Property with any similar substances derived from any other property or other lands or properties held by LIM; provided that LIM shall first calculate, based upon a surveyed volume, the quantity of the Mineral Products mined or extracted from the Property before the same are so mixed or commingled.

(b) *Books and Records.* LIM shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Property, including the mining and disposition of Mineral Products therefrom and the treatment, processing, transportation and sale or other disposition of Mineral Products, prepared in accordance with Generally Accepted Accounting Principles in Canada applicable to publicly accountable enterprises, consistently applied.

(c) *Audit Rights.* Subject to complying with the confidentiality provisions of this Agreement, RoyaltyCo and/or its authorized representatives shall be entitled, upon delivery of thirty (30) business days advance notice, and during the normal business hours of LIM, to perform or to cause to be performed by a certified or chartered accountant and/or mining industry advisor, audits or other reviews and examinations of LIM's books and records relevant to the calculation and payment of the Royalty pursuant to this Agreement at least once and no more than twice per calendar year to confirm compliance with the terms of this Agreement. Without limiting the generality of the foregoing, RoyaltyCo shall have the right to audit all invoices and other records relating to the Production and disposition of Mineral Products from the Property, including, without

limitation, for the purposes of accurately confirming the calculation of Gross Revenue hereunder. RoyaltyCo shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by RoyaltyCo, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of any Royalty payments paid to RoyaltyCo hereunder in respect of the period being audited or examined in an amount greater than 5% of the amount of the Royalty properly payable with respect to such period, in which event all expenses of such audit or other examination shall be paid by LIM.

(d) *Access to Books and Records.* In performing such audit RoyaltyCo and/or its agents shall have reasonable access to all sampling, assay, weighing, and Production records, including all mining, stockpile and commingling records of LIM relating to the Property and any Mineral Products derived from the Property (and RoyaltyCo shall be allowed to make notes or a photocopy thereof), all of which such records shall be kept and retained by LIM or the operator of the Property in accordance with good mining industry practice for the period of retention of at least six (6) years.

(e) *Waste Rock, Spoil and Tailings.* The Mineral Products mined or extracted from the Property shall be the property of LIM subject to the Royalty as provided herein. LIM shall not be liable for Mineral values lost in mining pursuant to sound mining and metallurgical engineering practices. The Royalty shall be payable on any Mineral Products recovered from any waste rock, spoil, tailings, or other mine waste and residue and sold provided such waste rock, spoil, tailings, or other mine wastes and residue shall, for greater certainty, be the property of LIM.

(f) *Access to Properties.* Subject at all times to the workplace rules and supervision of LIM, and provided any rights of access do not interfere with any exploration, development, mining or processing work conducted on the Property or at any facility at which Mineral Products from the Property may be processed, RoyaltyCo shall at all reasonable times and upon reasonable notice, and at its sole risk and expense, have (i) a right of access by its representatives to the Property and to any processing facilities used by LIM to process Mineral Products derived from the Property, and (ii) the right to monitor LIM's stockpiling of ore or Mineral Products derived from the Property and to take samples from the Property or from any processing facility for purposes of assay verifications.

3.6 Interest in Land: The Parties agree that, subject to the provisions of section 6.3, the Royalty on the Mineral Rights License forming a part of the Property will be a covenant running with the Property, will be enforceable as an *in rem* interest in land which shall run with the Property and will be binding upon and enure to the benefit of the Parties and their respective successors and assigns, provided that for that part of the Property that comprises a Mining Lease; (i) the Royalty thereon will be a covenant running with LIM's leasehold

interest in the Mining Lease for the entire term of the applicable lease and any and all renewals and extensions thereof; (ii) any assignment or sublease of the Mining Lease shall include a provision requiring the assignee or sublessee to pay the Royalty on the Mining Lease; and (iii) any conveyance by LIM of any part of the Property that is a Mineral Rights License (other than a conveyance to the lessor under the Mining Lease) shall include a provision requiring the transferee to pay the Royalty on the Mineral Rights License.

It is the intention of the Parties that to the extent permissible at law, the Royalty on the Mineral Rights License and the Mining Lease shall be registerable or otherwise recordable in all public places where interests in a royalty are recordable and LIM shall execute and deliver such further documents as may be necessary for the timely and effective recording or registration of a caution, notice or caveat in respect of the Royalty on the Mineral Rights License and the Mining Lease created by this Agreement, in such public places.

3.7 Ore Processing: All determinations with respect to: (a) whether ore from the Property will be beneficiated, processed or milled by LIM or sold in a raw state; (b) the methods of beneficiating, processing or milling any such ore; (c) the constituents to be recovered therefrom; and (d) the purchasers to whom any ore, minerals or mineral substances derived from the Property may be sold, shall be made by LIM in its sole and absolute discretion.

3.8 Annual Report: LIM shall deliver to RoyaltyCo on or before 60 days after the last day of each fiscal year of LIM an Annual Report detailing:

(i) the number of tonnes of Mineral Products produced from the Property, on a month by month basis, in the applicable year;

(ii) if applicable, the names and addresses of each Offtaker to which the Minerals referred to in subsection (i) were delivered or sold;

(iii) the Gross Revenue which has resulted or which is estimated to result from the Mineral Products referred to in subsection (i), on a month by month basis;

(iv) the amount of the Royalty which has been paid to RoyaltyCo with respect to the Mineral Products referred to in subsection (i) on a month by month basis, in accordance with the provisions of this Agreement.

With respect to any Annual Report, RoyaltyCo shall have the right to dispute any information of the kind referenced in Section 3.8 (i) to (iv) above included in the Annual Report in accordance with the provisions of this section. If RoyaltyCo disputes any of that information in an Annual Report:

(a) RoyaltyCo shall notify LIM in writing within 90 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the "**Audit Dispute Notice**");

(b) RoyaltyCo on the one hand and LIM on the other hand shall have 90 days from the date the Audit Dispute Notice is delivered by RoyaltyCo to resolve the dispute. If RoyaltyCo and LIM have not resolved the dispute within the said 90 day period, a mutually agreed independent third-party expert will be appointed to prepare a report with respect to the dispute in question (the "**Expert's Report**"). If RoyaltyCo and LIM have not agreed upon such expert within a further 10 days after the said 90 day period, then the dispute as to the expert shall be resolved by the dispute mechanism procedures set forth in Article 5; and

(c) if RoyaltyCo or LIM disputes the Expert's Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert's Report, then such dispute shall be resolved by the dispute mechanism procedures set forth in Article 5.

If LIM does not deliver an Annual Report as required pursuant to this Article, RoyaltyCo shall have the right to perform or to cause its representatives or agents to perform, at the cost and expense of LIM, an audit of the books and records of LIM relevant to the Royalty. LIM shall grant RoyaltyCo and its agents access to all such books and records on a timely basis during normal business hours. In order to exercise this right, RoyaltyCo must provide not less than three Business Days' written notice to LIM of its intention to conduct the said audit. If within seven days of receipt of such notice, LIM delivers the applicable Annual Report, then RoyaltyCo shall have no right to perform the said audit. If LIM delivers the Annual Report before the delivery of the report prepared in connection with the said audit, the applicable Annual Report shall be taken as final and conclusive, subject to the rights of RoyaltyCo as set forth in Article 5. Otherwise, absent any manifest or gross error in RoyaltyCo's audit report, RoyaltyCo' s report shall be final and conclusive, subject to the provisions of Article 5.

3.9 Covenant Regarding Title: LIM does hereby covenant and agree that it shall forthwith provide written notice to RoyaltyCo of LIM's receipt of any amendments, revisions and/or expansions with respect to the Property. LIM additionally covenants that subject to the provisions of section 6.3, it shall not, amend, supplement, waive, restate, supersede, terminate, cancel or release or otherwise consent to any change in the legal title of the Property without the prior written consent of RoyaltyCo, such consent not to be unreasonably withheld.

3.10 Financing of Property development: LIM shall be entitled to grant a mortgage, charge or encumbrance over the Property in connection with a debt financing for the purpose of developing all or part of the Property.

LIM covenants to and in favour of RoyaltyCo that the terms of any financing arranged with respect to the Property shall not allow for the lenders to prohibit or interfere with any Royalty payments due to RoyaltyCo hereunder or allow for cash sweeps or payments of excess cash flow to the lenders in priority to any Royalty payments due to RoyaltyCo hereunder.

In connection with any such financing LIM shall obtain at the closing of such financing a certificate executed by an authorized officer of each lending institution or any other third party to the project financing, acknowledging the validity and existence of this Agreement and the Royalty obligations under this Agreement and agreeing that it will not object to or attempt to prohibit payment of any of the payments of the Royalty hereunder.

3.11 LIM to Determine Operations: LIM will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Property and may suspend operations and production on the Property at any time it considers prudent or appropriate to do so.

LIM may, but will not be obligated to treat, screen, sort, concentrate, or otherwise process, beneficiate or upgrade the ores, and other Mineral Products at sites located on or off the Property, prior to sale, transfer, or conveyance to a purchaser, user, or consumer. LIM will not be liable for mineral values lost in processing under sound practices and procedures, and no Royalty will be due on any such lost mineral values.

LIM shall be entitled to temporarily stockpile, store or place ores, concentrates or other Mineral Products produced from the Property in any locations owned, leased, rented or otherwise controlled by LIM or its Affiliates, provided the same are appropriately identified as to ownership and origin and secured from loss, theft, tampering and contamination.

LIM will owe RoyaltyCo no duty to explore, develop or mine the Property, or to do so at any rate or in any manner other than that which LIM may determine in its sole and unfettered discretion.

3.12 Nature of RoyaltyCo's Interest: The Royalty payable to RoyaltyCo shall be payable only on Production of Mineral Products from the Property, and not Production from any other properties adjacent to or in the vicinity of the Property. RoyaltyCo shall not have any possessory or working interest in the Property, nor any of the incidents of such interest.

ARTICLE 4
MISCELLANEOUS

4.1 Other Activities and Interests: This Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property. Save and except as herein specifically provided, each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such activities to the other Party or inviting or allowing the other to participate therein including activities involving mineral claims or mineral leases adjoining the Property.

4.2 Confidentiality: All information, data, reports, records, analyses, economic and technical studies and test results relating to the Property (including but not limited to, the Annual Report referred to in subsection 3.8 above) and the activities of LIM or any other

party thereon and the terms and conditions of this Agreement, all of which will hereinafter be referred to as "**Confidential Information**," will be treated by RoyaltyCo as confidential and will not be disclosed to any person not a party to this Agreement, except in the following circumstances:

(a) RoyaltyCo may disclose Confidential Information to its auditors, legal counsel, institutional lenders, brokers, underwriters and investment bankers, provided that such non-party users are advised of the confidential nature of the Confidential Information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the Confidential Information to those purposes necessary for such non-party users to perform the services for which they were retained by RoyaltyCo;

(b) RoyaltyCo may disclose Confidential Information to prospective purchasers of RoyaltyCo's right to receive the Royalty, provided that each such prospective purchaser first agrees in writing to hold such information confidential in accordance with this section and to use it exclusively for the purpose of evaluating its interest in purchasing such Royalty right;

(c) In the event RoyaltyCo becomes a Public Company, RoyaltyCo and LIM may disclose Confidential Information where that disclosure is necessary to comply with such Public Company's disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements or in relation to proposed credit arrangements, and LIM agrees to provide to RoyaltyCo all such information as RoyaltyCo, acting reasonably, determines is necessary or desirable to fulfill RoyaltyCo's disclosure obligations and requirements under applicable securities laws, provided that

i. prior to making any such disclosure, RoyaltyCo shall give LIM three Business Days' prior written notice and the opportunity to comment on such disclosure. Additionally, LIM agrees to use its reasonable efforts to ensure that a "qualified person" of LIM (for the purposes of National Instrument 43 101) reviews and comments upon all requisite securities documents of RoyaltyCo that contain and disclose scientific and technical information with respect to the Royalty or the Property, including without limitation, annual information forms and press releases and to ensure that RoyaltyCo may quote and rely upon such "qualified person" in any such document, all as required by requisite securities laws, provided that any additional cost incurred by LIM or such "qualified person" in any such review will be for the account of RoyaltyCo; and

ii. LIM assumes no liability to RoyaltyCo's shareholders or the shareholders of any Public Company which controls RoyaltyCo for the accuracy, reliability or completeness of any such disclosure; or

(d) with the prior written approval of LIM.

Any Confidential Information that becomes a part of the public domain by no act or omission in breach of this section will cease to be confidential information for the purposes of this section. RoyaltyCo agrees that any Confidential Information it discloses under section 4.2(c) shall be accompanied by public-company standard disclaimers regarding reliance on forward-looking statements.

4.3 No Partnership: This Agreement is not intended to, and will not be deemed to, create any partnership relation between the Parties including without limitation, a joint venture, mining partnership or commercial partnership. The obligations and liabilities of the Parties will be several and not joint and neither of the Parties will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of another Party. Nothing herein contained will be deemed to constitute a Party the partner, agent, joint venturer or legal representative of another Party.

4.4 No Waivers: No waiver of or with respect to any term or condition of this Agreement shall be effective unless it is in writing and signed by the waiving Party, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No course of dealing between the Parties, nor any failure to exercise, nor any delay in exercising, on the part of a Party hereunder, any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any specific waiver of any right, power or privilege hereunder preclude any other or further exercise thereof of the exercise of any other right, power or privilege.

ARTICLE 5
ARBITRATION

5.1 Any matter in this Agreement in dispute between the Parties which has not been resolved by the Parties within thirty (30) days of the delivery of notice by either party of such dispute may be referred to binding arbitration. Such referral to binding arbitration shall be to a single qualified arbitrator. The *Arbitration Act*, 1991 (Ontario) (as the same may be amended from time to time) (the "***Act***") shall govern such arbitration proceedings in accordance with its terms. The Parties shall select one qualified arbitrator by mutual agreement, failing which, such qualified arbitrator shall be determined in accordance with the provisions of the Act for selecting a single arbitrator. The determination of such qualified arbitrator shall be final and binding upon the Parties hereto and the costs of such arbitration shall be as determined by the arbitrator. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration. The term "qualified arbitrator" as used herein shall refer to qualified professional person who has at least ten years of mining industry experience in the subject matter of the dispute and is independent of both Parties.

ARTICLE 6
ASSIGNMENT AND SURRENDER

6.1 Assignment by LIM: LIM shall be entitled to assign, sell, transfer, lease, mortgage, charge or otherwise encumber its interests in the Property or any part thereof and its rights and obligations under this Agreement, subject to the following conditions, it being acknowledged that upon such conditions being satisfied in respect of any such assignment, sale or transfer LIM, as the case may be, shall be released from all obligations under this Agreement:

(a) the purchaser, transferee, lessee or assignee of the Property or this Agreement agrees in writing in favour of RoyaltyCo to assume the obligations and be bound by the terms of this Agreement including, without limitation, this section 6;

(b) the purchaser, transferee or assignee of this Agreement has simultaneously acquired LIM's right, title and interest in and to the Property or the relevant part thereof; and

(c) any mortgagee, chargee, lessee, assignee or encumbrancer of the Property agrees in writing in favour of RoyaltyCo to be bound by and subject to the terms of this Agreement in the event it takes possession of or forecloses on all or part of the Property and undertakes to obtain an agreement in writing in favour of RoyaltyCo from any subsequent purchaser, lessee, assignee or transferee of such mortgagee, chargeholder, lessee, assignee or encumbrancer that such subsequent purchaser, lessee, assignee or transferee will be bound by the terms of this Agreement including, without limitation, this section 6.

Upon all applicable conditions under this Section 6.1 being satisfied, LIM shall be released from all obligations under this Agreement.

6.2 Assignment by RoyaltyCo: The Royalty and the benefits, rights, duties and obligations of RoyaltyCo may be assigned or transferred by RoyaltyCo in whole or in part provided that

i. each assignee shall agree with LIM, as the case may be, in writing and as a condition to such assignment or transfer being effective, to be bound by the terms and conditions of this Agreement including, without limitation, this article 6; and

ii. any such assignment other than to (i) a bona fide credit provider to RoyaltyCo as security for credit provided to RoyaltyCo; or (ii) a parent, affiliate or wholly-owned subsidiary company of RoyaltyCo shall be subject to a right of first refusal in favour of LIM exercisable within thirty (30) days of RoyaltyCo giving notice to LIM of a proposed assignment or transfer (including the terms thereof); and.

iii. if the assignment or transfer to a third party is not completed within 180 days of RoyaltyCo giving notice to LIM, then RoyaltyCo shall again provide notice to LIM permitting it to exercise its right of first refusal in accordance with this Section.

6.3. Surrender of Claims and Reservation of Interest:

In the event that LIM decides to surrender, allow to expire, or otherwise abandon or not renew the Claims or all or part of the Property:

(a) LIM will provide three months' notice ("Notice") to RoyaltyCo of its intention and the description of Claims or the portion of the Property to be surrendered, allowed to expire, abandoned or not renewed (the "Surrendered Property") and the date of the proposed surrender, expiry or abandonment.

(b) RoyaltyCo will have the exclusive right, exercisable upon notice in writing delivered to LIM prior to expiry of the Notice, to require a transfer of the Surrendered Property to RoyaltyCo and LIM shall execute and deliver, at RoyaltyCo's expense, such transfer documentation as RoyaltyCo may request.

For greater certainty, upon LIM transferring to RoyaltyCo the Surrendered Property, LIM shall be released from all obligations under this Agreement applicable to the Surrendered Property, provided that at the time of surrender there is no environmental liability existing on or with respect to the Surrendered Property and LIM has not received any notice from any regulatory or governmental authority with respect to any environmental matter affecting the Surrendered Property.

(c) LIM will ensure that there are sufficient assessment work credits on the Surrendered Property, to keep such Surrendered Property in good standing for a further six months from the date of the proposed surrender, expiry or abandonment.

(d) If RoyaltyCo do not request a transfer of the Surrendered Property prior to expiry of the Notice, LIM may surrender or abandon the Property as it sees fit.

ARTICLE 7
GENERAL

7.1 Entire Agreement: This Agreement, including the Schedules hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof, any and all previous representation, agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. There are no implied covenants contained herein. No modification or alteration of this Agreement will be effective unless in writing executed subsequent to the date hereof by both Parties.

7.2 Term of Agreement: Unless terminated earlier in accordance with its terms, this Agreement and the Royalty shall continue in effect with respect to any of the Property and be binding upon the successors and assigns of LIM and the successors in title to the Property. If any right, power or interest of either Party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement.

7.3 Further Assurances: Each Party will, at the request of another Party and at the requesting Party's expense, execute all such documents and take all such actions as may be reasonably required to effect the purposes and intent of this Agreement.

7.3 Notices: Any notice required to be given or delivery of documents required to be made under this Agreement shall be in writing and shall be deemed to be well and sufficiently given if delivered, or if mailed, by registered mail, or sent by facsimile, email or any other electronic means, to the Parties at their addresses as follows:

If to LIM, at:

Labrador Iron Mines Limited
Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention: John Kearney, Chairman
Email: kearney.j@labradorironmines.ca
Facsimile: 416-368-5344

If to RoyaltyCo:

Houston Iron Royalties Limited
c/o Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention:
Email:
Facsimile:

or to such other address as a Party may direct by written notice given in accordance with this subsection 7.3.

Any notice given as provided in this Section shall be deemed to have been given, if delivered, when delivered; or if sent by facsimile, email or any other electronic means, on the first business day after the date of transmission; or, if mailed, on the third business day after the date of mailing provided that if, between the time of mailing and the actual or deemed receipt of the notice there be a mail strike, slowdown or other labour dispute which might affect the delivery of such notice, then such notice shall only be effective if actually delivered.

7.4 Applicable Law: This Agreement shall be construed in accordance with the laws of the Province of Ontario.

7.5 Successors and Assigns: This Agreement shall inure to the benefit of and be binding upon the Parties hereto, their respective successors and permitted assigns.

7.6 Severability: If any provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provisions and shall not in any manner affect or render invalid or unenforceable any other provision of this Agreement.

7.7 Execution in Counterparts: This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterpart thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date first set forth above.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be duly executed by their authorized signatories hereunto duly authorized all as of the day and year first above written.

LABRADOR IRON MINES LIMITED

By: _____
Name:
Title:

HOUSTON IRON ROYALTIES LIMITED,

By: _____
Name:
Title:

SCHEDULE "A" – THE PROPERTY

The Houston property consists of 1 Mining Lease and 1 Mineral Rights License issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 112 mineral claims located in northwest Labrador covering approximately 2,800 hectares as follows:

No.	Registered Owner	Area (ha.)
Houston:		
Licence 020433M	LIM	2,800 (approx.)
Lease 216	LIM	352 (approx. and included in Licence above)

SCHEDULE D
SMI ROYALTY AGREEMENT

SEE ATTACHED

MALCOLM ROYALTY AND REAL RIGHTS AGREEMENT

THIS AGREEMENT is made as of the day of 2016.

BETWEEN:

SCHEFFERVILLE MINES INC.,
a company duly incorporated under the laws of Canada
(hereinafter referred to as "**SMI**")

AND:

HOUSTON IRON ROYALTIES LIMITED,
a corporation incorporated under the laws of the Province of Ontario, Canada
(hereinafter referred to as "**RoyaltyCo**")

both of which are collectively hereinafter referred to as the "**Parties**".

WHEREAS SMI together with an affiliated corporation, Labrador Iron Mines Limited ("**LIM**") and its parent Labrador Iron Mines Holdings Limited ("**LIMH**"), (collectively (the "**Applicants**") commenced proceedings under the *Companies Creditors Arrangement Act*, RSC1985, c.C-36 (the "**CCAA Proceedings**") to restructure their business and affairs and to seek acceptance of a plan of compromise and arrangement of their liabilities (the "**CCAA Plan**") pursuant to an initial order dated April 2, 2015 of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") as amended; and,

WHEREAS the CCAA Plan was approved by the creditors of the Applicants on •, 2016 and sanctioned by the Court on •, 2016; and

WHEREAS the CCAA Plan provides, among other things, that

a) LIM and SMI shall grant royalties to RoyaltyCo; and

b) creditors of LIM and SMI (other than LIMH) shall become entitled to receive, among other things, all of the shares of RoyaltyCo pro rata in accordance with the relative amounts of their proven claims; and

WHEREAS SMI is the beneficial owner of the Property (as hereinafter defined) and is the registered owner of a 100% interest in the Claims (as hereinafter defined) and has agreed to grant the Real Rights (as hereinafter defined), including the Royalty, to RoyaltyCo;

WHEREAS in accordance with the CCAA Plan the Parties have entered into this Agreement to establish the terms and conditions of the Royalty (as hereinafter defined) to be granted by SMI to RoyaltyCo as a condition precedent to the implementation of the CCAA Plan:

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1.

DEFINITIONS AND INTERPRETATION

1.1. Definitions:

In this Agreement, unless otherwise provided:

(a) "**Agreement**" means this agreement and all amendments and modifications hereto;

(b) "**Business Day**" means a day other than a Saturday, Sunday or statutory holiday in the Province of Québec;

(c) "**Claims**" means the mineral claims set out in Schedule A located in the Schefferville area in the Province of Québec and registered in the Public Register of Real and Immovable Mining Rights, which falls under the jurisdiction of the Ministry of Natural Resources of Québec;

(d) "**Effective Date**" means the date first set forth above;

(e) "**Gross Revenue**" has the meaning set out in subparagraphs 2.2 (a)or (b) as the case may be;

(f) "**Hollinger Royalty**" means the royalty payable by SMI on three (3) of the Claims ("**Hollinger Claims**") pursuant to the Hollinger Real Rights and Royalty Agreement dated July 12, 2013, equal to two Canadian dollars ($2.00) per dry metric tonne on iron ore produced, shipped and sold from the Hollinger Claims;

(g) "**Mineral Products**" shall mean any inorganic substance of value derived from the Property, whether on or in the Property (and including any tailings thereon), including precious or base metals and industrial Mineral Products, or any other derivative thereof;

(h) "**Party**" means any of SMI or RoyaltyCo and "Parties" means both of them, including in all cases their respective successors and permitted assigns;

(i) "**Property**" means the Claims, together with all other claims, licences, leases or other rights or titles issued thereunder or in substitution therefor or acquired subsequently on or in all or part of the same land previously covered by any of the aforementioned claims, licences, leases or other rights;

(j) "**Public Company**" means a company which is (i) a reporting issuer in a province of Canada under any applicable securities law, rules or regulations or a publicly reporting company in any jurisdiction other than Canada, or (ii) a company which is controlled by a reporting issuer or other publicly reporting company;

(k) "**Real Rights**" means a direct real property interest in the Property, including the Claims, as well as all mineral substances present on the Property or extracted therefrom, provided that such rights shall be limited, insofar as same can be quantified, to a maximum of 2% of the volume of mineral substances present on, or extracted from, the Property from time to time;

(l) **"Royalty"** means the royalty payable by LIM to RoyaltyCo equal to 2% of Gross Revenue upon the sale or other disposition of Mineral Products derived from the Property; and

(m)**"tonne(s)"** means dry metric tonne(s).

1.2. Currency and Dates:

Except where otherwise specifically indicated, all amounts of money referred to in this Agreement are expressed in Canadian dollars and all days referred to in this Agreement shall indicate a Business Day.

1.3. Headings:

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Agreement.

1.4. Expanded Meanings:

In this Agreement and in the schedule to this Agreement, unless there is something in the subject matter or context inconsistent therewith:

(a) the singular shall include the plural and the plural shall include the singular;

(b) the neuter gender shall include the masculine and feminine genders;

(c) words of inclusion such as "including" in a list shall be read as being inclusive and without limitation, whether or not so stated; and

(d) a reference to any statute shall be deemed to extend to and include any amendment or re-enactment of such statute.

1.5. Schedule:

Attached hereto and forming a part of this Agreement is: Schedule A — The Claims.

ARTICLE 2.

ROYALTY

2.1. Grant of Real Rights and Royalty:

SMI, as the owner of a one hundred per cent (100%) interest in the Property together with its successors or assignees, hereby grants the Real Rights, including the Royalty, to RoyaltyCo and its successors and permitted assigns.

The Parties agree that SMI shall be entitled to conduct its business activities on the Property, including mining, selling and shipping mineral products, notwithstanding the Real Rights granted to RoyaltyCo, in consideration for the payment of the Royalty by SMI, its successors or assignees, to RoyaltyCo, its successors and permitted assigns.

However, and notwithstanding any other provision in the present Agreement, RoyaltyCo may, at its sole discretion and upon notice to SMI, elect to receive the aforementioned consideration "in kind" for any future quarterly period or until the date of a subsequent notice requesting that SMI resume making payments of the Royalty in money.

If RoyaltyCo elects to receive the aforementioned consideration "in kind" SMI shall deliver to such RoyaltyCo at the Port of Sept Iles such quantity of iron ore or other mineral substances extracted from the Property as would represent the value of Royalty otherwise payable in money, calculated at the average selling price, but subject to a maximum of 2% of the volume of iron ore or other mineral substances extracted from the Property in such period, and provided that all arrangements for the physical delivery and transportation of such iron ore or mineral substances, and all costs of such arrangements and delivery in kind shall be the responsibility of and for the account.

2.2. Royalty Calculation on Sale of Mineral Products:

The Royalty shall be payable upon the sale or other disposition of the Mineral Products by SMI.

(a) In the event SMI sells Mineral Products under an arm's length, bona fide contract of sale, "**Gross Revenue**" from the Mineral Products shall mean the amount per tonne actually received by or credited to the account of SMI calculated f.o.b. port of Sept Îles or, in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including all payments, bonuses and allowances (but less any penalties, selling expenses or shipping charges from the port of Sept Îles), received or credited to the account of SMI or such other person or entity as SMI may have directed.

(b) In the event SMI sells or otherwise disposes of the Mineral Products in a non-arm's length transaction, "Gross Revenue" shall be calculated using the selling price f.o.b. port of Sept Îles for the Mineral Products as determined by reference to a standard industry publication or service containing prices or quotations of the prices at which Mineral Products of equivalent types and qualities are being sold or purchased at a specified point of delivery and, if applicable, by reference to a publication or service containing quotations of prices for ocean freight from the port of Sept Iles to the point of delivery (an "Industry Service") or, if an Industry Service is unavailable, then by such other means as may establish such prices or quotations of the prices at which Mineral Products of equivalent types are being sold and purchased, calculated f.o.b. port of Sept Îles.

2.3. Manner of Payment:

Payment of the Royalty shall be in accordance with and subject to the following:

(a) *Accrual of Payment.* Royalty payments shall accrue at the time of sale of any iron ore produced and shipped from the Property by SMI. For purposes of this Section, "time of sale" means the date SMI receives payment or credit to the account of SMI for the sale or other disposition of the iron ore.

(b) *Quarterly Payment.* Royalty payments shall be due and payable quarterly on the fifteenth day of each calendar month following the last day of the calendar quarter in which the same shall have accrued. Royalty payments shall be made by SMI by cheque (mailed to the address of RoyaltyCo in the records of SMI), electronic funds transfer or wire transfer (to the account of RoyaltyCo as advised in writing by RoyaltyCo to SMI), and shall be accompanied by a settlement sheet (mailed to RoyaltyCo) (a "Quarterly Statement") showing

i. the quantities of iron ore produced, shipped and sold from the Property by SMI with respect to such quarter; ii. the calculation of the applicable Royalty payment;

iii. the calculation of Interest (as defined in Section 2.3(d) below) accrued on such Royalty payment, if any;

iv. the amount and method of calculation of any tax required to be withheld by SMI under applicable taxation legislation;

v. in the event of commingling as contemplated in Section 2.4(a), a detailed summary of the quantity of iron ore commingled; and

vi. any adjustments to any of the foregoing amounts resulting from the correction of estimates utilized in the compilation of a Quarterly Statement for a previous period or any prior advance Royalty payments made to RoyaltyCo.

(c) *Depository Bank.* Each RoyaltyCo may, by written direction to SMI, designate a bank or other nominee to act as that RoyaltyCo's agent to receive from SMI all Royalty payments payable to such RoyaltyCo. For greater certainty, RoyaltyCo may designate different banks or nominees to act as their respective agents. All charges of such depository bank or nominee shall be the sole expense of RoyaltyCo. Any payment to said depository bank or nominee for credit to RoyaltyCo shall constitute full payment of the amount thereof to RoyaltyCo.

(d) *Objections to Payments.* RoyaltyCo may object in writing to any Royalty payment amount within twelve (12) months of receipt of the relevant Quarterly Statement. If it is determined by agreement of the Parties or by arbitration that any Royalty payment has not been properly paid in full, the outstanding amount shall bear interest at the Prime Rate charged by the Toronto-Dominion Bank (determined as of the date on which the delinquent Royalty payment was property due) plus 2% per annum, commencing on the date on which the delinquent Royalty payment was properly due ("Interest"). SMI shall pay to RoyaltyCo the outstanding amount of the Royalty payment and accrued Interest thereon.

(e) *Offset of Overpayment.* If it is determined by agreement of the Parties or by arbitration that any Royalty payment was overpaid, SMI shall be entitled to offset such amount against the next Royalty payment.

(f) *Withholding for Taxes.* All Royalty payments, including Interest, if any, will be made subject to withholding or deduction in respect of, for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied on such Royalty payment by or on behalf of any governmental authority having power and jurisdiction to tax and for which SMI is obligated in law to withhold or deduct and remit to such governmental authority. SMI shall set out in each Quarterly Statement any amount so withheld.

(g) *No Deductions.* Subject to Sections 2.3(f) and (g), all Royalty payments shall be calculated without deduction or set off for costs of production, milling, processing,

transportation, taxes or other expenses whatsoever, except as may otherwise be provided in this Agreement.

(h) *Payment in Kind.* Notwithstanding anything contained in this Section 2.3 any RoyaltyCo may by notice in writing given to SMI prior to the commencement of any operating year, elect to receive payment of the Royalty for that forthcoming year by delivery to such RoyaltyCo at the Port of Sept Iles at the end of each operating year of such quantity of iron ore as would represent the value of Royalty otherwise payable in money for that year, calculated at SMI's average selling price for the year, provided that the physical arrangements and cost of such delivery in kind shall be the responsibility of and for the account of and RoyaltyCo.

2.4. Other Terms Related to the Royalty:

(a) ***Commingling of Ores***. SMI shall have the right of mixing or commingling any iron ore mined or extracted from any distinct part of the Property with any similar substances derived from any other distinct part of the Property or any other lands or properties of SMI or any of its affiliates, provided that SMI shall first calculate accurately based upon an acceptable surveyed volume of iron ore mined or extracted, the quantity of the iron ore mined or extracted from each distinct part of the Property before the same are so mixed or commingled.

(b) ***Books and Records***. SMI shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Property, including the mining and disposition of iron ore therefrom and the treatment, processing, transportation and sale or other disposition of iron ore, prepared in accordance with Generally Accepted Accounting Principles in Canada applicable to publicly accountable enterprises, consistently applied.

(c) ***Audit Rights.*** Subject to complying with the confidentiality provisions of this Agreement, a RoyaltyCo and/or its authorized representatives shall be entitled, upon delivery of thirty (30) Business Days advance notice, and during the normal business hours of SMI, to perform, or to cause to be performed by a certified or chartered accountant and/or qualified or professional mining industry advisor, audits or other examinations of SMI's books and records relevant to the calculation and payment of the Royalty at least once and no more than twice per calendar year. RoyaltyCo shall diligently complete any audit or other examination permitted hereunder.

All expenses of any audit or other examination permitted hereunder shall be paid by RoyaltyCo, unless the results of such audit or other examination disclose a deficiency in respect of any Royalty payments paid to RoyaltyCo in respect of the period being audited or examined in an amount greater than 5% of the amount of the Royalty properly payable and which is due to misrepresentations and/or incomplete disclosure or deficiency, in which event all expenses shall be paid by SMI.

(d) ***Access to Books and Records***. In performing such audit or other examination, RoyaltyCo and/or its agents shall have reasonable access to all sampling, assay, weighing, and production records, including all mining, stockpile and commingling records of SMI relating to the Property and any iron ore derived from the Property (and RoyaltyCo shall be allowed to make notes or a photocopy thereof). The books and

records shall be retained by SMI or the operator of the Property in accordance with good mining industry practice for the period of at least six (6) years.

(e) *Waste Rock, Spoil and Tailings.* All tailing, residues, waste rock, spoiled leach materials, and other materials (collectively the "**Materials**") resulting from SMI's operations and activities on the Property shall be the sole property of SMI, but shall remain subject to the obligation to pay the Royalty should the same be processed or reprocessed, as the case may be, in the future and result in Products. SMI shall have the right to dispose of Materials from the Property, whether on or off of the Property, and to commingle the same with Materials from other properties. In the event Materials are processed or reprocessed, as the case may be, the Royalty applicable thereto shall be determined on a *pro rata* basis as determined by using such reasonable and customary engineering and technical practices as are then available.

(f) *Access to Property.* Subject to the workplace rules and supervision of SMI, RoyaltyCo shall, upon reasonable notice and at reasonable times, and at its sole risk and expense, have:

i. a right of access to the Property and to any processing facilities used by SMI to process iron ore derived from the Property; and

ii. the right to monitor SMI's stockpiling of iron ore derived from the Property and to take samples from the Property or from any processing facility for purposes of assay verifications,

provided that such rights do not interfere with exploration, development, mining or processing work.

2.5 Conduct of Mining Operations.

All determinations with respect to: (a) whether ore from the Property will be beneficiated, processed or milled by SMI or sold in a raw state; (b) the methods of beneficiating, processing or milling any such ore; (c) the constituents to be recovered therefrom; and (d) the purchasers to whom any ore, minerals or mineral substances derived from the Property may be sold, shall be made by SMI in its sole and absolute discretion in accordance with good mining practice.

SMI will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Property and may suspend operations and production on the Property at any time it considers prudent or appropriate to do so.

SMI may, but will not be obligated to treat, screen, sort, concentrate, or otherwise process, beneficiate or upgrade the ores, and other Mineral Product at sites located on or off the Property, prior to sale, transfer, or conveyance to a purchaser, user, or consumer. SMI will not be liable for mineral values lost in processing under sound practices and procedures, and no Royalty will be due on any such lost mineral values.

SMI shall be entitled to temporarily stockpile, store or place ores, concentrates or other Mineral Product produced from the Property in any locations owned, leased, rented or otherwise controlled

by SMI or its Affiliates, provided the same are appropriately identified as to ownership and origin and secured from loss, theft, tampering and contamination.

SMI will owe RoyaltyCo no duty to explore, develop or mine the Property, or to do so at any rate or in any manner other than that which SMI may determine in its sole and unfettered discretion.

2.5 Interest in Land:

SMI agrees that RoyaltyCo may register this Agreement and the granting of Real Rights set out in this Agreement in the Register of Real and Immovable Mining Rights, maintained under the Mining Act (Quebec) (the Mining Register), and in the Land Registry as applicable.

The Parties agree that, subject to the provisions of section 3.3, the Real Rights will be a covenant running with the Property, will be enforceable as an *in rem* interest in land which shall run with the Property and will be binding upon and enure to the benefit of the Parties and their respective successors and assigns, provided that for any part of the Property that may comprise a Mining Lease; (i) the Royalty thereon will be a covenant running with SMI's leasehold interest in the Mining Lease for the entire term of the applicable lease and any and all renewals and extensions thereof; (ii) any assignment or sublease of the Mining Lease shall include a provision requiring the assignee or sublessee to pay the Royalty on the Mining Lease; and (iii) any conveyance by SMI of any part of the Property that is a mineral claim (other than a conveyance to the lessor under the Mining Leases) shall include a provision requiring the transferee to pay the Royalty on the Mineral Claim.

It is the intention of the Parties that to the extent permissible at law, the Royalty on the Real Rights shall be registerable or otherwise recordable in all public places where interests are recordable and SMI shall execute and deliver such further documents as may be necessary for the timely and effective recording or registration of a caution, notice or caveat in respect of the Real Rights created by this Agreement, in such public places.

2.8 Annual Report:

SMI shall deliver to RoyaltyCo on or before 60 days after the last day of each fiscal year of SMI an Annual Report detailing:

(i) the number of tonnes of Mineral Products produced from the Property, on a month by month basis, in the applicable year;

(ii) if applicable, the names and addresses of each Offtaker to which the Mineral Products referred to in subsection (i) were delivered or sold;

(iii) the Gross Revenue which has resulted or which is estimated to result from the Mineral Products referred to in subsection (i), on a month by month basis;

(iv) the amount of the Royalty which has been paid to RoyaltyCo with respect to the Mineral Products referred to in subsection (i) on a month by month basis, in accordance with the provisions of this Agreement.

With respect to any Annual Report, RoyaltyCo shall have the right to dispute any information of the kind referenced in Section 2.8 (i) to (iv) above included in the Annual Report in accordance with the provisions of this section. If RoyaltyCo disputes any of that information in an Annual Report:

(a) RoyaltyCo shall notify SMI in writing within 90 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the "**Audit Dispute Notice**");

(b) RoyaltyCo on the one hand and SMI on the other hand shall have 90 days from the date the Audit Dispute Notice is delivered by RoyaltyCo to resolve the dispute. If RoyaltyCo and SMI have not resolved the dispute within the said 90 day period, a mutually agreed independent third-party expert will be appointed to prepare a report with respect to the dispute in question (the "**Expert's Report**"). If RoyaltyCo and SMI have not agreed upon such expert within a further 10 days after the said 90 day period, then the dispute as to the expert shall be resolved by the dispute mechanism procedures set forth in Article 6;

(c) if the Expert's Report concludes that the amount of the Royalty which was to have been paid to RoyaltyCo was deficient by two percent or less from the Royalty set out in the Annual Report, then the cost of the Expert's Report shall be borne by RoyaltyCo;

(d) if the Expert's Report concludes that the amount of the Royalty which was to have been paid to RoyaltyCo was deficient by more than two percent from the Royalty set out in the Annual Report, then the cost of the Expert's Report shall be borne by LIM; and

(e) if RoyaltyCo or SMI disputes the Expert's Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert's Report, then such dispute shall be resolved by the dispute mechanism procedures set forth in Article 6.

If SMI does not deliver an Annual Report as required pursuant to this Article, RoyaltyCo shall have the right to perform or to cause its representatives or agents to perform, at the cost and expense of SMI, an audit of the books and records of SMI relevant to the Royalty in conjunction with the provisions of section 2.9. SMI shall grant RoyaltyCo and its agents access to all such books and records on a timely basis during normal business hours. In order to exercise this right, RoyaltyCo must provide not less than three Business Days' written notice to SMI of its intention to conduct the said audit. If within seven days of receipt of such notice, SMI delivers the applicable Annual Report, then RoyaltyCo shall have no right to perform the said audit. If SMI delivers the Annual Report before the delivery of the report prepared in connection with the said audit, the applicable Annual Report shall be taken as final and conclusive, subject to the rights of RoyaltyCo as set forth in Article 5. Otherwise, absent any manifest or gross error in RoyaltyCo's audit report, RoyaltyCo' s report shall be final and conclusive, subject to the provisions of Article 5.

2.9 Rights to Monitor Processing of Minerals:

Subject at all times to the workplace rules and supervision of SMI, RoyaltyCo shall at all reasonable times and upon reasonable notice and at its sole risk and expense, have:

(a) a right of access by its representatives to the Property and to any plant used by SMI to process Minerals derived from the Property (provided that in the event such plant is not

owned or controlled by SMI, such right of access shall only be the same as any such right of access of SMI); and

(b) the right:

(i) to monitor SMI's stockpiling and milling of ore or minerals derived from the Property and to take samples from the Property or from any mill or processor for the purposes of assay verifications; and

(ii) to weigh or to cause SMI to weigh or otherwise calculate the weight of all trucks transporting minerals from the Property to any plant processing Minerals from the Property prior to dumping of such ore and immediately following such dumping.

RoyaltyCo shall defend, indemnify and hold SMI harmless from and against any losses for damage to property or injury to or death of persons arising from any such inspection, or any inspection conducted pursuant to the provisions of section 2.11, except to the extent the same are caused by the gross negligence or wilful misconduct of SMI.

2.10 Covenant Regarding Senior Security:

SMI does hereby covenant and agree that it shall forthwith provide written notice to RoyaltyCo of SMI's receipt of any amendments, revisions and/or expansions with respect to the Property. SMI additionally covenants that it shall not, amend, supplement, waive, restate, supersede, terminate, cancel or release or otherwise consent to any change in the legal title of the Property without the prior written consent of RoyaltyCo, such consent not to be unreasonably withheld.

2.11 Covenant Regarding Title:

.SMI does hereby additionally covenant and agree that it shall forthwith provide written notice to RoyaltyCo of SMI's receipt of any amendments, revisions and/or expansions with respect to the Property. SMI additionally covenants that subject to the provisions of section 3.3, it shall not, amend, supplement, waive, restate, supersede, terminate, cancel or release or otherwise consent to any change in the legal title to the Property without the prior written consent of RoyaltyCo, such consent not to be unreasonably withheld.

2.12 Financing of Property Development:

SMI shall be entitled to grant a mortgage, charge or encumbrance over the Property in connection with a debt financing for the purpose of developing all or part of the Property.

SMI covenants to and in favour of RoyaltyCo that the terms of any financing arranged with respect to the Property shall not allow for the lenders to prohibit or interfere with any Royalty payments due to RoyaltyCo hereunder or allow for cash sweeps or payments of excess cash flow to the lenders in priority to any Royalty payments due to RoyaltyCo hereunder.

In connection with any such financing SMI shall obtain at the closing of such financing a certificate executed by an authorized officer of each lending institution or any other third party to the project financing, acknowledging the validity and existence of this Agreement and the Royalty obligations under this Agreement and agreeing that it will not object to or attempt to prohibit payment of any of the payments of the Royalty hereunder.

2.13 Nature of RoyaltyCo's Interest:

The Royalty payable to RoyaltyCo shall be payable only on production of Products from the Property, and not production from any other properties adjacent to or in the vicinity of the Property.

ARTICLE 3.

ASSIGNMENT AND SURRENDER

3.1. Transfer by SMI:

SMI, shall be entitled to assign, sell, transfer, lease, mortgage, charge or otherwise encumber its interests in the Property or any part thereof and its rights and obligations under this Agreement, subject to the following conditions, it being acknowledged that upon such conditions being satisfied in respect of any such assignment, sale or transfer SMI, as the case may be, shall be released from all obligations under this:

(a) the purchaser, transferee, lessee or assignee of the Property or this Agreement agrees in writing in favour of RoyaltyCo to assume the obligations and be bound by the terms of this Agreement including, without limitation, this section 6;

(b) the purchaser, transferee or assignee of this Agreement has simultaneously acquired SMI's right, title and interest in and to the Property or the relevant part thereof; and

(c) any mortgagee, chargee, lessee, assignee or encumbrancer of the Property agrees in writing in favour of RoyaltyCo to be bound by and subject to the terms of this Agreement in the event it takes possession of or forecloses on all or part of the Property and undertakes to obtain an agreement in writing in favour of RoyaltyCo from any subsequent purchaser, lessee, assignee or transferee of such mortgagee, chargeholder, lessee, assignee or encumbrancer that such subsequent purchaser, lessee, assignee or transferee will be bound by the terms of this Agreement including, without limitation, this article 3.

(d) Upon all applicable conditions under this Section 6.1 being satisfied, LIM shall be released from all obligations under this Agreement.

3.2 Assignment by RoyaltyCo: The Royalty and the benefits, rights, duties and obligations of RoyaltyCo may be assigned or transferred by RoyaltyCo in whole or in part provided that

i. each assignee shall agree with SMI, as the case may be, in writing and as a condition to such assignment or transfer being effective, to be bound by the terms and conditions of this Agreement including, without limitation, this article 3; and

ii. any such assignment other than to (i) a bona fide credit provider to RoyaltyCo as security for credit provided to RoyaltyCo; or (ii) a parent, affiliate or wholly-owned subsidiary company of RoyaltyCo shall be subject to a right of first refusal in favour of SMI exercisable within

thirty (30) days of RoyaltyCo giving notice to SMI of a proposed assignment or transfer (including the terms thereof); and.

iii. if the assignment or transfer to a third party is not completed within 180 days of RoyaltyCo giving notice to SMI, then RoyaltyCo shall again provide notice to SMI permitting it to exercise its right of first refusal in accordance with this Section.

3.3. Surrender of Claims and Reservation of Interest:

In the event that SMI decides to surrender, allow to expire, or otherwise abandon or not renew the Claims or all or part of the Property:

(a) SMI will provide three months' notice ("Notice") to RoyaltyCo of its intention and the description of Claims or the portion of the Property to be surrendered, allowed to expire, abandoned or not renewed (the "Surrendered Property") and the date of the proposed surrender, expiry or abandonment.

(b) RoyaltyCo will have the exclusive right, exercisable upon notice in writing delivered to SMI prior to expiry of the Notice, to require a transfer of the Surrendered Property to RoyaltyCo and SMI shall execute and deliver, at RoyaltyCo's expense, such transfer documentation as RoyaltyCo may request.

For greater certainty, upon SMI transferring to RoyaltyCo the Surrendered Property, SMI shall be released from all obligations under this Agreement applicable to the Surrendered Property, provided that at the time of surrender there is no environmental liability existing on or with respect to the Surrendered Property and SMI has not received any notice from any regulatory or governmental authority with respect to any environmental matter affecting the Surrendered Property.

(c) SMI will ensure that there are sufficient assessment work credits on the Surrendered Property, to keep such Surrendered Property in good standing for a further six months from the date of the proposed surrender, expiry or abandonment.

(d) If RoyaltyCo does not request a transfer of the Surrendered Property prior to expiry of the Notice, SMI may surrender or abandon the Property as it sees fit.

ARTICLE 4.

REPRESENTATIONS AND WARRANTIES

4.1. Mutual Representations and Warranties:

Each Party represents and warrants to the other Party that:

(a) the entering into or performance of this Agreement will not contravene any agreement or arrangement to which it is a party or by which it is bound;

(b) this Agreement has been duly executed and delivered and is valid and binding upon it and enforceable in accordance with its terms;

(c) it is a corporation duly incorporated under the laws of the jurisdiction in which it is incorporated, continued or amalgamated;

(d) it is qualified to do business in those jurisdictions where necessary in order to carry out the purposes of this Agreement;

(e) it has the capacity to enter into and perform its obligations under this Agreement and all transactions contemplated herein; and

(f) all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken.

4.2 Representations and Warranties of SMI:

SMI represents and warrants to RoyaltyCo that SMI is the sole beneficial owner of the Property known as the Malcolm Property free and clear of any liens, charge or encumbrance having priority over the Real Rights granted herein except for the Real Rights granted by SMI in connection with the Hollinger Royalty.

ARTICLE 5.

ARBITRATION

5.1. In this Article 5 only, "party" means either SMI, RoyaltyCo and "parties" means all three.

5.2. The parties will attempt to settle amicably all disputes. Any matter which has not been resolved by the parties within thirty (30) days of the delivery of notice by either party of such dispute may be referred to binding arbitration. Such referral to binding arbitration shall be to a single qualified arbitrator. The Civil Code of Quebec and the Quebec Code of Civil Procedure (collectively, the "Act") shall govern such arbitration proceedings in accordance with its terms. The parties shall select one qualified arbitrator by mutual agreement, failing which, such qualified arbitrator shall be determined in accordance with the provisions of the Act for selecting a single arbitrator. The determination of such qualified arbitrator shall be final and binding upon the parties hereto and the costs of such arbitration shall be as determined by the arbitrator. The parties covenant that they shall conduct such arbitration having regard to expediting the final resolution of such arbitration. The term "qualified arbitrator" as used herein shall refer to qualified professional person who has at least ten years of mining industry experience in the subject matter of the dispute and is independent of both parties.

ARTICLE 6

MISCELLANEOUS

6.1 Other Activities and Interests: This Agreement and the rights and obligations of the Parties hereunder are strictly limited to the Property. Save and except as herein specifically provided, each Party will have the free and unrestricted right to enter into, conduct and benefit from any and all business ventures of any kind whatsoever, whether or not competitive with the activities undertaken pursuant hereto, without disclosing such

activities to the other Party or inviting or allowing the other to participate therein including activities involving mineral claims or mineral leases adjoining the Property.

6.2 **Confidentiality:** All information, data, reports, records, analyses, economic and technical studies and test results relating to the Property (including but not limited to, the Annual Report referred to in subsection 2.8 above) and the activities of SMI or any other party thereon and the terms and conditions of this Agreement, all of which will hereinafter be referred to as "**Confidential Information**," will be treated by RoyaltyCo as confidential and will not be disclosed to any person not a party to this Agreement, except in the following circumstances:

(a) RoyaltyCo may disclose Confidential Information to its auditors, legal counsel, institutional lenders, brokers, underwriters and investment bankers, provided that such non-party users are advised of the confidential nature of the Confidential Information, undertake to maintain the confidentiality thereof and are strictly limited in their use of the Confidential Information to those purposes necessary for such non-party users to perform the services for which they were retained by RoyaltyCo;

(b) RoyaltyCo may disclose Confidential Information to prospective purchasers of RoyaltyCo's right to receive the Royalty, provided that each such prospective purchaser first agrees in writing to hold such information confidential in accordance with this section and to use it exclusively for the purpose of evaluating its interest in purchasing such Royalty right;

(c) In the event RoyaltyCo becomes a Public Company, RoyaltyCo and SMI may disclose Confidential Information where that disclosure is necessary to comply with such Public Company's disclosure obligations and requirements under any securities law, rules or regulations or stock exchange listing agreements, policies or requirements or in relation to proposed credit arrangements, and SMI agrees to provide to RoyaltyCo all such information as RoyaltyCo, acting reasonably, determines is necessary or desirable to fulfill RoyaltyCo's disclosure obligations and requirements under applicable securities laws, provided that

i. prior to making any such disclosure RoyaltyCo shall give SMI three Business Days' prior written notice and the opportunity to comment on such disclosure. Additionally, SMI agrees to use its reasonable efforts to ensure that a "qualified person" of SMI (for the purposes of National Instrument 43 101) reviews and comments upon all requisite securities documents of RoyaltyCo that contain and disclose scientific and technical information with respect to the Royalty or the Property, including without limitation, annual information forms and press releases and to ensure that RoyaltyCo may quote and rely upon such "qualified person" in any such document, all as required by requisite securities laws, provided that any additional cost incurred by SMI or such "qualified person" in any such review will be for the account of RoyaltyCo; and

ii. SMI assumes no liability to RoyaltyCo's shareholders or the shareholders of any Public Company which controls RoyaltyCo for the accuracy, reliability or completeness of any such disclosure; or

(d) with the prior written approval of SMI.

Any Confidential Information that becomes a part of the public domain by no act or omission in breach of this section will cease to be confidential information for the purposes of this section. RoyaltyCo agrees that any Confidential Information it discloses under section 6.2(c) shall be accompanied by public-company standard disclaimers regarding reliance on forward-looking statements.

6.3 **No Partnership:** This Agreement is not intended to, and will not be deemed to, create any partnership relation between the Parties including without limitation, a joint venture, mining partnership or commercial partnership. The obligations and liabilities of the Parties will be several and not joint and neither of the Parties will have or purport to have any authority to act for or to assume any obligations or responsibility on behalf of another Party. Nothing herein contained will be deemed to constitute a Party the partner, agent, joint venturer or legal representative of another Party.

6.4 **No Waivers:** No waiver of or with respect to any term or condition of this Agreement shall be effective unless it is in writing and signed by the waiving Party, and then such waiver shall be effective only in the specific instance and for the purpose for which given. No course of dealing between the Parties, nor any failure to exercise, nor any delay in exercising, on the part of a Party hereunder, any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any specific waiver of any right, power or privilege hereunder preclude any other or further exercise thereof of the exercise of any other right, power or privilege.

ARTICLE 7. GENERAL

7.1. Entire Agreement:

This Agreement, including the Schedules hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof, any and all previous representation, agreements and promises in respect thereto being hereby expressly rescinded and replaced hereby. There are no implied covenants contained herein. No modification or alteration of this Agreement will be effective unless in writing executed subsequent to the date hereof by both Parties.

7.2. Term of Agreement:

Unless terminated earlier in accordance with its terms, this Agreement and the Royalty shall continue in effect with respect to the Property and be binding upon the successors and assigns of SMI and the successors in title to the Property.

7.3. Notices:

Any notice required to be given or delivery of documents required to be made under this Agreement shall be in writing and shall be deemed to be well and sufficiently given if delivered, or if mailed, by registered mail, or sent by facsimile, email or any other electronic means, to the Parties at their addresses as follows:

If to SMI, at:

Schefferville Mines Inc.
Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention: John Kearney, Chairman
Email: kearney.j@labradorironmines.ca
Facsimile: 416-368-5344

If to RoyaltyCo:

Houston Iron Royalties Limited
c/o Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention:
Email:
Facsimile: ,

or to such other address as a Party may direct by written notice given in accordance with this subsection 7.3.

Any notice given as provided in this Section shall be deemed to have been given, if delivered, when delivered; or if sent by facsimile, email or any other electronic means, on the first business day after the date of transmission; or, if mailed, on the third business day after the date of mailing provided that if, between the time of mailing and the actual or deemed receipt of the notice there be a mail strike, slowdown or other labour dispute which might affect the delivery of such notice, then such notice shall only be effective if actually delivered.

7.4. Further Acts:

The Parties agree to do or cause to be done all acts or things reasonably necessary to implement and carry into effect this Agreement to the full extent, including the registration of this Agreement on title to the Property.

7.5. Governing Law:

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Québec.

7.6. Successors and Assigns:

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective administrators, successors and permitted assigns.

7.7. Severability:

If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other provision of this Agreement.

7.8. Language:

This Agreement has been drafted in English at the request of all the parties hereto. La présente entente a été rédigée en langage anglaise à la demande expresse des parties.

7.9. Execution in Counterparts:

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterpart thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date first set forth above.

IN WITNESS WHEREOF, the Parties have executed this Agreement this day of , 2016.

SCHEFFERVILLE MINES INC

By: _____

Name:

Title:

HOUSTON IRON ROYALTIES LIMITED,

By: _____

Name:

Title:

SCHEDULE "A" – THE CLAIMS

The Malcolm 1 property consists of 41 mineral claims covering approximately 1,210.7 hectares issued by the Ministry of Energy and Natural Resources, Province of Québec as follows:

Claim Nos.	Registered Owner	Area (ha.)
Malcolm:		
CDC-2317779	Schefferville	49.79
CDC-2298709	Schefferville	49.75
CDC-2233268	Schefferville	49.79
CDC-2233270	Schefferville	49.78
CDC-2188826	Schefferville	49.77
CDC-2298708	Schefferville	37.3
CDC-2317787	Schefferville	0.67
CDC-2317784	Schefferville	39.44
CDC-2375174	Schefferville	7.77
CDC-2298704	Schefferville	10.88
CDC-2298707	Schefferville	11.62
CDC-2183174	Schefferville	49.74
CDC-2375170	Schefferville	8.54
CDC-2375173	Schefferville	34.28
CDC-2375171	Schefferville	45.41
CDC-2233266	Schefferville	10.28
CDC-2375172	Schefferville	36.57
CDC-2233267	Schefferville	48.76
CDC-58048	Schefferville	47.86
CDC-2298706	Schefferville	36.79
CDC-2233269	Schefferville	37.6
CDC-2298705	Schefferville	1.7
CDC-2317786	Schefferville	3.61
CDC-2317782	Schefferville	28.74
CDC-2279509	Schefferville	48.55
CDC-2317781	Schefferville	49.78
CDC-2259638	Schefferville	49.77
CDC-2317785	Schefferville	21.59
CDC-2298702	Schefferville	17.22
CDC-2233265	Schefferville	11.63
CDC-2317783	Schefferville	4.01
CDC-2183173	Schefferville	49.74
CDC-2317780	Schefferville	32.37
CDC-2298703	Schefferville	40.99
CDC 58039	Schefferville	20.81
CDC 58040	Schefferville	4.44
CDC-58045	Schefferville	49.76

Claims subject to Hollinger Royalty

CDC 2386623	Schefferville	10.17
CDC 2386624	Schefferville	1.78
CDC 2386625	Schefferville	1.91

SCHEDULE E
UNAFFECTED CLAIMS

"Unaffected Claim" includes the following Claims and Post-Filing Claims, and such other Claims and Post-Filing Claims as may be designated in any plan of arrangement, compromise or reorganization as not being affected by that plan:

(a) Post-Filing Claims of the Monitor and its counsel, and Post-Filing Claims of the Applicants counsel;

(b) Post-Filing Claims for fees and disbursements or indemnification of any auditor or other professional retained by the Applicants in respect of these proceedings;

(c) Post-Filing Claims arising in the ordinary course with respect to the preservation and protection of the Applicants' business including, without limitation, payments for insurance, maintenance and security;

(d) Post-Filing Claims for amounts due for goods or services actually supplied to the Applicants;

(e) Claims and Post-Filing Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or any other taxation authority:

i. for any statutory deemed trust amounts which are required to be deducted from employees' wages, including amounts in respect of employment insurance, Canada Pension Plan, Quebec Pension Plan and income taxes;

ii. for goods and services or other applicable sales taxes accruing from and after the Commencement Date payable by the Applicants or their customers in connection with the sale of goods and services by the Applicants to such customers; and

iii. in respect of any environmental matters, but only to the extent of the charge granted under subsection 11.8(8) of the CCAA;

(f) Claims and Post-Filing Claims arising in the ordinary course of business against the Applicants solely to the extent of, and with recourse limited to coverage for those claims under any insurance policies.

SCHEDULE F
LABRADOR IRON MINES MANAGEMENT SERVICES AGREEMENT

ATTACHED

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT effective as of [ ], 2016.

BETWEEN:

LABRADOR IRON MINES LIMITED
A corporation incorporated under the laws of the Province of Ontario, Canada

(Hereinafter referred to as "**LIM**")

- and -

LABRADOR IRON MINES HOLDINGS LIMITED,
A corporation incorporated under the laws of the Province of Ontario, Canada

(Hereinafter referred to as "**LIMH**")

All of which are collectively hereinafter referred to as the "**Parties**".

WITNESSETH

WHEREAS LIM is engaged in the business of developing and commercially exploiting iron ore resources located in northeastern Québec and western Labrador, Canada near the town of Schefferville, Québec; and

WHEREAS, LIM, Schefferville Mines Inc. ("**SMI**") and LIMH (collectively referred to in these recitals as the "**Applicants**") commenced proceedings under the *Companies' Creditors Arrangement Act*, RSC1985, c.C-36 (the "**CCAA Proceedings**") to restructure their business and affairs and to seek acceptance of a plan of compromise and arrangement of their liabilities (the "**CCAA Plan**") pursuant to an initial order dated April 2, 2015 of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") as amended; and

WHEREAS the CCAA Plan was approved by the creditors of the Applicants on •, 2016 and sanctioned by the Court on •, 2016; and

WHEREAS the CCAA Plan provides, among other things, that

a) All of the issued shares of SMI, currently held by LIMH shall be transferred to LIM making SMI a wholly-owned subsidiary of LIM

b) Creditors with proven claims against LIM and SMI shall receive and hold, among other things, approximately 49% of the issued common shares of LIM; and

c) In consideration of its intercompany claim against LIM and Schefferville , LIMH shall become entitled to receive and hold, among other things, approximately 51% of the issued common shares of LIM; and

WHEREAS in accordance with the CCAA Plan, LIMH has agreed to provide to LIM all necessary management services and personnel for the continued operation of the business of LIM; and

WHEREAS the Parties have entered into this Agreement to establish the terms and conditions of the delivery of such services as a condition precedent to the implementation of the CCAA Plan.

NOW THEREFORE for good and valuable consideration, the nature, receipt and sufficiency of which is mutually acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this Agreement and in the Schedules attached hereto:

"Agreement" means this agreement and all amendments and modifications hereto, and all Schedules hereto, which are incorporated herein by this reference;

"Effective Date" means the date first set forth above;

"Management Services" has the meaning ascribed to such term in paragraph 3.2 below;

"LIM's Business" means the business of developing and commercially exploiting iron ore resources located in northeastern Québec and western Labrador, Canada near the town of Schefferville, Québec

"Party" means LIM or LIMH and **"Parties"** means all, including in both cases their respective successors and permitted assigns;

1.2 Currency and Dates: Except where otherwise specifically indicated, all amounts of money referred to in this Agreement are expressed in Canadian dollars. All days referred to in this Agreement shall indicate a calendar day. If the end date of delay falls on a

Saturday, Sunday or a public holiday in the City of Toronto, Province of Ontario, such end date shall be extended to the following business day.

ARTICLE 2
MANAGEMENT SERVICES

2.1 Engagement: LIM hereby engages LIMH to provide Management Services (as defined below) commencing as of the Effective Date in respect of the operation and development of LIM's Business upon the terms and conditions contained in this Agreement.

2.2 Management Services: For the purposes of this Agreement, "**Management Services**" means all necessary services, personnel and infrastructure as LIM may require in connection with LIM's Business including, but not limited to, the following:

a) executive and corporate services including strategic planning, capital projects and operational oversight, capital projects and operational budget development and oversight, regulatory compliance and corporate finance activities;

b) technical services including geological assessment, surveying, geotechnical engineering, mineral resource and reserve estimation, metallurgical test work, engineering design and implementation, mine planning, preparation and/or coordination of technical reports and technical/economic studies, transportation, product marketing including product testing and technical operations oversight;

c) environmental services including development and implementation of an environmental management system, including routine sampling required under regulatory approvals and monitoring of regulatory requirements. completion of environmental assessments, environmental impact statements, closure and reclamation plans and interactions with regulatory agencies in the acquisition and maintenance of regulatory approvals;

d) financial and accounting services including financial reporting and controls, bookkeeping, accounts payable and receivable and banking; and

e) corporate office infrastructure including head office premises and equipment;

2.3 Appointment of Officers of LIM: LIM agrees upon the request of LIMH to appoint such of the personnel provided to LIM hereunder as directors and or executive officers of LIM as the Parties deem necessary or advisable to provide such persons with the corporate and executive authority necessary for the efficient provision of the Management Services.

2.4 Operational Reports:

LIMH shall provide periodic reports to the board of directors of LIM concerning the delivery of Management Services hereunder including:

a) quarterly operational and financial reports;

b) annual budgets and strategic plans;

c) annual and quarterly financial reports as LIM may require for regulatory compliance purposes; and

d) such other reports as the board of directors of LIM may reasonably require.

2.5 Consultation with Operator LIMH shall, when requested, consult with the board of directors of LIM on all matters concerning the provision of Management Services hereunder including, but not limited to, the compensation and performance of any personnel provided to LIM hereunder, reporting protocols and long term strategic planning, financing and budgeting.

ARTICLE 3
MANAGEMENT COMPENSATION

3.1 Management Fees: In consideration for the provision of the Management Services provided by LIMH hereunder, LIM shall pay a fee (the "**Management Fee**") equal to the actual direct cost to LIMH of providing the Management Services plus all applicable sales or goods and services taxes. In the event that the services, facilities, personnel and infrastructure provided to LIM are also utilized by other parties including LIMH, LIMH in consultation with the board of directors of LIM shall make such allocation of costs to Management Services as the Parties determine to be reasonable.

3.2 Invoicing and Payment LIMH shall

a) prior to the recommencement of mining operations by LIM, provide LIM with quarterly invoices setting out the Management Services provided during such quarter and a calculation of the applicable Management Fee.

b) following the recommencement of mining operations by LIM s, provide LIM with detailed, monthly invoices setting out the Management Services provided during such month and a calculation of the applicable Management Fee, which invoices shall be due on receipt and any amounts remaining unpaid for more than 30 days shall bear interest at the prime rate of interest charged by the Toronto Dominion Bank in Toronto to its most creditworthy customers.

3.3 Books and Records LIMH shall keep true, complete and accurate books and records of all of the Management Services provided hereunder, prepared in accordance with Generally Accepted Accounting Principles in Canada applicable to publicly accountable enterprises, consistently applied.

3.4 Audit Rights Subject to complying with the confidentiality provisions of this Agreement, the board of directors of Operator and/or its authorized representatives shall be entitled, upon delivery of thirty (30) business days advance notice, and during the normal business hours of LIMH , to perform or to cause to be performed by a certified or chartered accountant and/or mining industry advisor, audits or other reviews and examinations of LIMH's books and records relevant to the provision of Management Services hereunder at least once and no more than twice per calendar year to confirm compliance with the terms of this Agreement. LIM shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by LIM, unless the results of such audit or other examination permitted hereunder disclose a discrepancy in respect of any invoices delivered to LIM hereunder in respect of the period being audited or examined in an amount greater than 5% of the amount properly chargeable with respect to such period, in which event all expenses of such audit or other examination shall be paid by LIMH.

ARTICLE 4
TERM AND TERMINATION

4.1 Term The engagement of LIMH hereunder shall be for a term ending March 31, 2018 (unless terminated sooner in accordance with sections 4.2 or 4.3 below) and shall automatically be renewed for a further one year term or terms (each a "**renewal term**") unless either LIM or LIMH gives written notice of non-renewal not less than three months prior to the end of the term or any renewal term.

4.2 Termination by LIMH This Agreement may be terminated by LIMH by written notice to LIM in accordance with Section 7.2 hereof upon the occurrence and, if applicable, continuation of any of the following events:

a) LIM ceases to carry on LIM's Business;

b) failure by LIM to pay any invoice for the Management Fee within 30 days following notice of non-payment having been given by LIMH to LIM in accordance with subsection 7.2 hereof;

c) failure by LIM to comply in all material respects with, or default by any of LIM in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement, which is not cured within five business days after the receipt of written notice of such failure or default;

d) LIM

i. becomes bankrupt, insolvent or otherwise unable to pay its liabilities as and when the same shall become due; or

ii. commences proceedings under any applicable legislation for the relief of insolvent debtors; and

e) LIMH, acting reasonably, determines that an event referred to in subsection 4.2 (d) is reasonably imminent or threatened.

4.3 Termination by LIM This Agreement may be terminated by LIM by written notice to LIMH in accordance with Section 7.2 hereof upon the occurrence and, if applicable, continuation of any of the following events:

a) failure by LIMH in any material respect to provide the Management Services in accordance with good business and mining practice or to comply in all material respects with any material term, condition, covenant or agreement set forth in this Agreement, which is not cured within five business days after the receipt of written notice of such failure or default;

b) LIMH

i. becomes bankrupt, insolvent or otherwise unable to pay its liabilities as and when the same shall become due; or

ii. commences proceedings under any applicable legislation for the relief of insolvent debtors; and

c) LIM, acting reasonably, determines that an event referred to in subsection 4.3 (b) is reasonably imminent or threatened.

4.4 Termination by Mutual Agreement Notwithstanding the foregoing, this Agreement and the obligations of all Parties hereunder may be terminated at any time by written agreement of the Parties.

4.5 Effect of Termination Upon termination of this Agreement under this Article 4, this Agreement shall be of no further force and effect and each Party hereto shall be released from its commitments, undertakings, and agreements under or related to this Agreement excepting only that the confidentiality obligations of the Parties under Article 7 hereof shall continue in full force and effect.

ARTICLE 5
ARBITRATION

5.1 Any matter in this Agreement in dispute between the Parties which has not been resolved by the Parties within thirty (30) days of the delivery of notice by either party of

such dispute may be referred to binding arbitration. Such referral to binding arbitration shall be to a single qualified arbitrator. The *Arbitration Act*, 1991 (Ontario) (as the same may be amended from time to time) (the "***Act***") shall govern such arbitration proceedings in accordance with its terms. The Parties shall select one qualified arbitrator by mutual agreement, failing which, such qualified arbitrator shall be determined in accordance with the provisions of the Act for selecting a single arbitrator. The determination of such qualified arbitrator shall be final and binding upon the Parties hereto and the costs of such arbitration shall be as determined by the arbitrator. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration. The term "qualified arbitrator" as used herein shall refer to qualified professional person who has at least ten years of mining industry experience in the subject matter of the dispute and is independent of both Parties.

ARTICLE 6
CONFIDENTIALITY

6.1 Disclosure of Confidential Information It is acknowledged and agreed by the Parties that each of the Parties (in this Article 6, the "**Disclosing Party**") will disclose to the other Party (in this Article 6, the "**Receiving Party**") certain confidential, technical and business information relating to the business and affairs of the Disclosing Party in the course of providing the Management Services.

6.2 Confidential Information In this Article 6, "**Confidential Information**" shall include any information of, or relating to the Disclosing Party that is disclosed to, or received by, the Receiving Party, either directly or indirectly, in writing, electronic form, orally, or by inspection of tangible objects, including, but not limited to, documents, maps, plans samples, drill logs, assay data, business plans, financial statements, financial and technical analyses, contact names, contact lists, technical and research data, inventions, processes, designs, drawings, engineering or hardware configuration information, hardware and software architectures, source code, object code and the Disclosing Party's strategic directions. Confidential Information shall not, however, include any information which the Receiving Party can establish:

i. was publicly known and made generally available in the public domain prior to the time of disclosure to the Receiving Party by the Disclosing Party;

ii. became publicly known and made generally available after disclosure to the Receiving Party by the Disclosing Party through no breach of this Agreement by the Receiving Party; or

iii. is lawfully in the possession of the Receiving Party, without an obligation of confidentiality or other restriction, at the time of disclosure.

6.3 Non-Use and Non-Disclosure The Receiving Party acknowledges that the Disclosing Party has and shall continue to have all right, title and interest in and to the Confidential Information. The Receiving Party agrees not to use the Confidential Information for any purpose except in connection with or as required for the provision of Management Services hereunder and to use the same degree of care as it uses to protect its own confidential information.

6.4 Exception Nothing herein contained shall prevent the Receiving Party from disclosing and Confidential Information if required by an order of court of competent jurisdiction or by the requirements of applicable laws or any regulatory authority having jurisdiction over the Receiving Party provided the Receiving Party agrees that in the event any such disclosure is required it will provide the Disclosing Party, if legally permissible, with as much advance notice of such imminent disclosure as is reasonably practicable

6.5 Termination Upon the earlier of: (i) a request made by the Disclosing Party; (ii) the termination of this Agreement, the Receiving Party shall return forthwith to the Disclosing Party, or as directed by it, all Confidential Information, and destroy forthwith any and all copies, including electronic copies, of the Confidential Information and any reports or data based thereon whether made by the Receiving Party or any other party and confirm to the Disclosing Party that this provision has been complied with.

6.6 Remedies The Receiving Party acknowledges that a breach of this Agreement will give rise to irreparable harm for which there may be no adequate remedy at law. Accordingly, the Disclosing Party may seek and obtain injunctive relief against the Receiving Party to restrain the breach or threatened breach of the foregoing provisions, in addition to any other legal remedies which may be available, and the Receiving Party hereby further agrees not to contest any such injunction and releases the Disclosing Party from the requirement to post a bond or other security in connection with same to the extent permitted by law, and to the extent permitted by law, the Receiving Party hereby stipulates and agrees to the entry of an *ex parte* injunction. The Receiving Party further acknowledges and agrees that the covenants contained herein are necessary for the protection of the Disclosing Party and are reasonable in scope and content.

ARTICLE 7
GENERAL

7.1 Entire Agreement: This Agreement and the documents to be executed hereunder constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof.

7.2 Notices: Any notice required to be given or delivery of documents required to be made under this Agreement shall be in writing and shall be deemed to be well and

sufficiently given if delivered, or if mailed, by registered mail, or sent by facsimile, email or any other electronic means, to the Parties at their addresses as follows:

If to LIM, at:

Labrador Iron Mines
Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention: John Kearney, Chairman
Email: kearney.j@labradorironmines.ca
Facsimile: 416-368-5344

If to LIMH, at

Labrador Iron Mines Holdings Limited
c/o Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention: John Kearney, Chairman
Email: kearney.j@labradorironmines.ca
Facsimile: 416-368-5344

Any notice given as provided in this Section shall be deemed to have been given, if delivered, when delivered; or if sent by facsimile, email or any other electronic means, on the first business day after the date of transmission; or, if mailed, on the third business day after the date of mailing provided that if, between the time of mailing and the actual or deemed receipt of the notice there be a mail strike, slowdown or other labour dispute which might affect the delivery of such notice, then such notice shall only be effective if actually delivered.

7.3 Applicable Law: This Agreement shall be construed in accordance with the laws of the Province of Ontario.

7.4 Successors and Assigns: This Agreement shall inure to the benefit of and be binding upon the Parties hereto, their respective successors and permitted assigns.

7.5 Severability: If any provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provisions and shall not in any manner affect or render invalid or unenforceable any other provision of this Agreement.

7.6 Execution in Counterparts: This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such

counterparts thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date first set forth above.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be duly executed by their authorized signatories hereunto duly authorized all as of the day and year first above written.

LABRADOR IRON MINES LIMITED

By: _____
Name:
Title:

LABRADOR IRON MINES HOLDINGS LIMITED

By: _____
Name:
Title:

SCHEDULE G
ROYALTYCO MANAGEMENT SERVICES AGREEMENT

ATTACHED

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT effective as of [ ], 2016.

BETWEEN:

HOUSTON IRON ROYALTIES LIMITED
A corporation incorporated under the laws of the Province of Ontario, Canada

(Hereinafter referred to as "**HIRL**")

- and -

LABRADOR IRON MINES LIMITED,
A corporation incorporated under the laws of the Province of Ontario, Canada

(Hereinafter referred to as "**LIM**")

All of which are collectively hereinafter referred to as the "**Parties**".

WITNESSETH

WHEREAS, LIM together with its Parent corporation, Labrador Iron Mines Holdings Limited ("**LIMH**") and its subsidiary, Schefferville Mines Inc. ("**SMI**") commenced proceedings under the *Companies' Creditors Arrangement Act*, RSC1985, c.C-36 (the "**CCAA Proceedings**") to restructure their business and affairs and to seek acceptance of a plan of compromise and arrangement of their liabilities (the "**CCAA Plan**") pursuant to an initial order dated April 2, 2015 of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") as amended (LIM together with LIMH and SMI are collectively referred to in these recitals as the "**Applicants**"); and

WHEREAS the CCAA Plan was approved by the creditors of the Applicants on •, 2016 and sanctioned by the Court on •, 2016; and

WHEREAS the CCAA Plan provides, among other things, that upon implementation of the CCAA Plan

a) Creditors with proven claims against LIM and SMI shall receive and hold, among other things, 100% of the issued common shares of HIRL; and

b) HIRL shall enter into agreements (the "**Royalty Agreements**") dated as of the Effective Date (as hereinafter defined) whereby HIRL will be granted the right to receive royalties (the "**Royalty**") from LIM and SMI equal to two percent (2.0%)

of "Gross Revenue", as defined in the Royalty Agreements, (FOB Port of Sept-Îles) received from the sale of iron ore from LIM's and SMI's Houston-Malcolm Property (as defined in the Royalty Agreements); and

c) LIM shall provide to HIRL all necessary management services, office infrastructure and personnel for the continued operation of HIRL's business; and

WHEREAS the Parties have entered into this Agreement to establish the terms and conditions of the delivery of such services as a condition precedent to the implementation of the CCAA Plan;

NOW THEREFORE for good and valuable consideration, the nature, receipt and sufficiency of which is mutually acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this Agreement and in the Schedules attached hereto:

"Agreement" means this agreement and all amendments and modifications hereto, and all Schedules hereto, which are incorporated herein by this reference;

"Effective Date" means the date first set forth above;

"Management Services" has the meaning ascribed to such term in paragraph 3.2 below;

"HIRL's Business" means the business of holding the Royalty, receiving any payments in respect of the Royalty and, where authorized by the board of directors of HIRL, paying dividends to the shareholders of HIRL;

"Party" means LIM or HIRL and **"Parties"** means all, including in both cases their respective successors and permitted assigns;

"Royalty" has the meaning set out in subparagraph b) of the third recital to this Agreement; and

"Royalty Agreements" has the meaning set out in subparagraph b) of the third recital to this Agreement.

1.2 Currency and Dates: Except where otherwise specifically indicated, all amounts of money referred to in this Agreement are expressed in Canadian dollars. All days referred to in this Agreement shall indicate a calendar day. If the end date of delay falls on a Saturday, Sunday or a public holiday in the City of Toronto, Province of Ontario, such end date shall be extended to the following business day.

ARTICLE 2
MANAGEMENT SERVICES

2.1 Engagement: HIRL hereby engages LIM to provide Management Services (as defined below) commencing as of the Effective Date in respect of the operation of HIRL's Business upon the terms and conditions contained in this Agreement.

2.2 Management Services: For the purposes of this Agreement, "**Management Services**" means all necessary services, personnel and infrastructure as HIRL may require in connection with HIRL's Business including, but not limited to, the following:

a) financial and accounting services and personnel including financial reporting and controls, bookkeeping, accounts payable and receivable, all necessary tax record keeping and reporting and banking;

b) administration services and personnel including human resources management and record keeping and regulatory reporting;

c) corporate office infrastructure including head office premises and equipment; and

d) such other services as the board of directors of HIRL may request and LIM may agree to provide, both acting reasonably.

2.3 Appointment of Officers of HIRL: HIRL agrees upon the request of LIM to appoint such of the personnel provided to HIRL hereunder as directors and or executive officers of HIRL as the Parties deem necessary or advisable to provide such persons with the corporate and executive authority necessary for the efficient provision of the Management Services.

2.4 Operational Reports:

LIM shall provide periodic reports to the board of directors of HIRL concerning the delivery of Management Services hereunder including:

a) quarterly operational and financial reports;

b) annual and quarterly financial reports as HIRL may require for regulatory compliance purposes; and

c) such other reports as the board of directors of HIRL may reasonably require.

2.5 Consultation with HIRL LIM shall, when requested, consult with the board of directors of HIRL on all matters concerning the provision of Management Services hereunder including, but not limited to, the compensation and performance of any

personnel provided to HIRL hereunder, reporting protocols and long term strategic planning, financing and budgeting.

ARTICLE 3
MANAGEMENT COMPENSATION

3.1 Management Fees: In consideration for the provision of the Management Services provided by LIM hereunder, HIRL shall pay a fee (the "**Management Fee**") equal to the actual direct cost to LIM of providing the Management Services plus all applicable sales or goods and services taxes In the event that the services, facilities, personnel and infrastructure provided to HIRL are also utilized by other parties including LIM, LIM in consultation with the board of directors of HIRL shall make such allocation of costs to Management Services as the Parties determine to be reasonable

3.2 Invoicing and Payment LIM shall

a) prior to the commencement of payment of the Royalty, provide HIRL with quarterly invoices setting out the Management Services provided during such month and a calculation of the applicable Management Fee.

b) following the commencement of payment of the Royalty, provide HIRL with detailed, quarterly invoices setting out the Management Services provided during such quarter and a calculation of the applicable Management Fee, which invoices shall be due on receipt and any amounts remaining unpaid for more than 30 days shall bear interest at the prime rate of interest charged by the Toronto Dominion Bank in Toronto to its most creditworthy customers.

3.3 Books and Records LIM shall keep true, complete and accurate books and records of all of the Management Services provided hereunder, prepared in accordance with Generally Accepted Accounting Principles in Canada applicable to publicly accountable enterprises, consistently applied.

3.4 Audit Rights Subject to complying with the confidentiality provisions of this Agreement, the board of directors of Operator and/or its authorized representatives shall be entitled, upon delivery of thirty (30) business days advance notice, and during the normal business hours of LIM , to perform or to cause to be performed by a certified or chartered accountant and/or mining industry advisor, audits or other reviews and examinations of LIM's books and records relevant to the provision of Management Services hereunder at least once and no more than twice per calendar year to confirm compliance with the terms of this Agreement. HIRL shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by HIRL, unless the results of such audit or other examination permitted hereunder disclose a discrepancy in respect of any invoices delivered to HIRL hereunder in respect of the period being audited or examined in an amount greater than 5% of the amount properly chargeable with respect to such period, in which event all expenses of such audit or other examination shall be paid by LIM.

ARTICLE 4
TERM AND TERMINATION

4.1 Term The engagement of LIM hereunder shall be for a term ending March 31, 2018 (unless terminated sooner in accordance with sections 4.2 or 4.3 below) and shall automatically be renewed for a further one year term or terms (each a "**renewal term**") unless either HIRL or LIM gives written notice of non-renewal not less than three months prior to the end of the term or any renewal term.

4.2 Termination by LIM This Agreement may be terminated by LIM by written notice to HIRL in accordance with Section 7.2 hereof upon the occurrence and, if applicable, continuation of any of the following events:

a) HIRL ceases to carry on HIRL's Business;

b) failure by HIRL to pay any invoice for the Management Fee within 30 days following notice of non-payment having been given by LIM to HIRL in accordance with subsection 7.2 hereof;

c) failure by HIRL to comply in all material respects with, or default by any of HIRL in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement, which is not cured within five business days after the receipt of written notice of such failure or default;

d) HIRL

   i. becomes bankrupt, insolvent or otherwise unable to pay its liabilities as and when the same shall become due; or

   ii. commences proceedings under any applicable legislation for the relief of insolvent debtors; and

e) LIM, acting reasonably, determines that an event referred to in subsection 4.2(d) is reasonably imminent or threatened.

4.3 Termination by HIRL This Agreement may be terminated by HIRL by written notice to LIM in accordance with Section 7.2 hereof upon the occurrence and, if applicable, continuation of any of the following events:

a) failure by LIM in any material respect to provide the Management Services in accordance with good business and mining practice or to comply in all material respects with any material term, condition, covenant or agreement set forth in this Agreement, which is not cured within five business days after the receipt of written notice of such failure or default;

b) LIM

   i. becomes bankrupt, insolvent or otherwise unable to pay its liabilities as and when the same shall become due; or

ii. commences proceedings under any applicable legislation for the relief of insolvent debtors; and

c) HIRL, acting reasonably, determines that an event referred to in subsection 4.3(b) is reasonably imminent or threatened.

4.4 Termination by Mutual Agreement Notwithstanding the foregoing, this Agreement and the obligations of all Parties hereunder may be terminated at any time by written agreement of the Parties.

4.5 Effect of Termination Upon termination of this Agreement under this Article 5, this Agreement shall be of no further force and effect and each Party hereto shall be released from its commitments, undertakings, and agreements under or related to this Agreement excepting only that the confidentiality obligations of the Parties under Article 6 hereof shall continue in full force and effect.

ARTICLE 5
ARBITRATION

5.1 Any matter in this Agreement in dispute between the Parties which has not been resolved by the Parties within thirty (30) days of the delivery of notice by either party of such dispute may be referred to binding arbitration. Such referral to binding arbitration shall be to a single qualified arbitrator. The *Arbitration Act*, 1991 (Ontario) (as the same may be amended from time to time) (the "***Act***") shall govern such arbitration proceedings in accordance with its terms. The Parties shall select one qualified arbitrator by mutual agreement, failing which, such qualified arbitrator shall be determined in accordance with the provisions of the Act for selecting a single arbitrator. The determination of such qualified arbitrator shall be final and binding upon the Parties hereto and the costs of such arbitration shall be as determined by the arbitrator. The Parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration. The term "qualified arbitrator" as used herein shall refer to qualified professional person who has at least ten years of mining industry experience in the subject matter of the dispute and is independent of both Parties.

ARTICLE 6
CONFIDENTIALITY

6.1 Disclosure of Confidential Information It is acknowledged and agreed by the Parties that each of the Parties (in this Article 6, the "**Disclosing Party**") will disclose to the other Party (in this Article 6, the "**Receiving Party**") certain confidential, technical and business information relating to the business and affairs of the Disclosing Party in the course of providing the Management Services.

6.2 Confidential Information In this Article 6, "**Confidential Information**" shall include any information of, or relating to the Disclosing Party that is disclosed to, or received by, the Receiving Party, either directly or indirectly, in writing, electronic form,

orally, or by inspection of tangible objects, including, but not limited to, documents, maps, plans samples, drill logs, assay data, business plans, financial statements, financial and technical analyses, contact names, contact lists, technical and research data, inventions, processes, designs, drawings, engineering or hardware configuration information, hardware and software architectures, source code, object code and the Disclosing Party's strategic directions. Confidential Information shall not, however, include any information which the Receiving Party can establish:

i. was publicly known and made generally available in the public domain prior to the time of disclosure to the Receiving Party by the Disclosing Party;

ii. became publicly known and made generally available after disclosure to the Receiving Party by the Disclosing Party through no breach of this Agreement by the Receiving Party; or

iii. is lawfully in the possession of the Receiving Party, without an obligation of confidentiality or other restriction, at the time of disclosure.

6.3 Non-Use and Non-Disclosure The Receiving Party acknowledges that the Disclosing Party has and shall continue to have all right, title and interest in and to the Confidential Information. The Receiving Party agrees not to use the Confidential Information for any purpose except in connection with or as required for the provision of Management Services hereunder and to use the same degree of care as it uses to protect its own confidential information.

6.4 Exception Nothing herein contained shall prevent the Receiving Party from disclosing and Confidential Information if required by an order of court of competent jurisdiction or by the requirements of applicable laws or any regulatory authority having jurisdiction over the Receiving Party provided the Receiving Party agrees that in the event any such disclosure is required it will provide the Disclosing Party, if legally permissible, with as much advance notice of such imminent disclosure as is reasonably practicable

6.5 Termination Upon the earlier of: (i) a request made by the Disclosing Party; (ii) the termination of this Agreement, the Receiving Party shall return forthwith to the Disclosing Party, or as directed by it, all Confidential Information, and destroy forthwith any and all copies, including electronic copies, of the Confidential Information and any reports or data based thereon whether made by the Receiving Party or any other party and confirm to the Disclosing Party that this provision has been complied with.

6.6 Remedies The Receiving Party acknowledges that a breach of this Agreement will give rise to irreparable harm for which there may be no adequate remedy at law. Accordingly, the Disclosing Party may seek and obtain injunctive relief against the Receiving Party to restrain the breach or threatened breach of the foregoing provisions, in addition to any other legal remedies which may be available, and the Receiving Party

hereby further agrees not to contest any such injunction and releases the Disclosing Party from the requirement to post a bond or other security in connection with same to the extent permitted by law, and to the extent permitted by law, the Receiving Party hereby stipulates and agrees to the entry of an *ex parte* injunction. The Receiving Party further acknowledges and agrees that the covenants contained herein are necessary for the protection of the Disclosing Party and are reasonable in scope and content.

ARTICLE 7
GENERAL

7.1 Entire Agreement: This Agreement and the documents to be executed hereunder constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof.

7.2 Notices: Any notice required to be given or delivery of documents required to be made under this Agreement shall be in writing and shall be deemed to be well and sufficiently given if delivered, or if mailed, by registered mail, or sent by facsimile, email or any other electronic means, to the Parties at their addresses as follows:

If to HIRL, at:

Houston Iron Royalties Limited
Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention: John Kearney, Chairman
Email: kearney.j@labradorironmines.ca
Facsimile: 416-368-5344

If to LIM, at

Labrador Iron Mines Holdings Limited
c/o Suite 1805, 55 University Avenue
Toronto, ON M5J 2H7

Attention: John Kearney, Chairman
Email: kearney.j@labradorironmines.ca
Facsimile: 416-368-5344

Any notice given as provided in this Section shall be deemed to have been given, if delivered, when delivered; or if sent by facsimile, email or any other electronic means, on the first business day after the date of transmission; or, if mailed, on the third business day after the date of mailing provided that if, between the time of mailing and the actual or deemed receipt of the notice there be a mail strike, slowdown or other labour dispute which might affect the delivery of such notice, then such notice shall only be effective if actually delivered.

7.3 Further Acts: The Parties agree to do or cause to be done all acts or things reasonably necessary to implement and carry into effect this Agreement to the full extent.

7.4 Applicable Law: This Agreement shall be construed in accordance with the laws of the Province of Ontario.

7.5 Successors and Assigns: This Agreement shall inure to the benefit of and be binding upon the Parties hereto, their respective successors and permitted assigns.

7.6 Severability: If any provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provisions and shall not in any manner affect or render invalid or unenforceable any other provision of this Agreement.

7.7 Execution in Counterparts: This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such

counterparts thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date first set forth above.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be duly executed by their authorized signatories hereunto duly authorized all as of the day and year first above written.

HOUSTON IRON ROYALTIES LIMITED

By: _____
Name:
Title:

LABRADOR IRON MINES HOLDINGS LIMITED

By: _____
Name:
Title:

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 SCHEFFERVILE MINES INC.

Court File No.: CV-15-10926-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

MONITOR'S NINTH REPORT (DECEMBER 9, 2016)

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