LABRADOR IRON MINES REPORTS
FISCAL 2020 YEAR END RESULTS


This News Release should be read in conjunction with the Company’s audited consolidated financial statements and Management’s Discussion and Analysis (“MD&A”) for the year ended March 31, 2020, which are available on the Company’s website at www.labradorironmines.ca or under the Company’s profile on SEDAR (www.sedar.com).

All currency references in this news release are expressed in Canadian dollars, unless otherwise indicated.

OVERVIEW

The Company, through its majority owned subsidiaries Labrador Iron Mines Limited and Schefferville Mines Inc., is engaged in the exploration and development of iron ore projects in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world, situated in the Menihek area in the Province of Newfoundland and Labrador and in the Province of Quebec, centered near the town of Schefferville, Quebec.

LIM commenced mining in 2011 and in the three-year period of 2011, 2012 and 2013 produced a total of 3.6 million dry metric tonnes of iron ore, all of which was railed to the Port of Sept-Îles and sold in 23 cape-size shipments into the China spot market. LIM has not undertaken mining operations since 2013, primarily due to volatile and generally unfavourable iron ore market conditions, but maintains its properties on a stand-by care and maintenance basis and, subject to securing financing, plans to resume mining operations as soon as economic conditions warrant.

LIM owns extensive iron ore resources as well as mineral exploration claims in Newfoundland and Labrador and in Quebec (collectively, the “Schefferville Projects”). LIM holds measured and indicated DSO mineral resources of approximately 55 million tonnes at an average grade of 56.8% Fe and inferred resources of 5.0 million tonnes at an average grade of 55.6% Fe on its Schefferville Projects. LIM also holds approximately 50 million tonnes in historical resources in various deposits.

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

LIM continues to conduct a variety of necessary operational activities with the objective of preserving its assets, maintaining its mineral properties on a standby basis and fulfilling environmental and regulatory obligations. Site activities consist mainly of property maintenance, site standby activities and reclamation programs. During the past year, LIM conducted an exploration program on its mineral licences in the Province of Newfoundland and Labrador, continued its site rehabilitation program and completed the sale of certain surplus assets.

A modest rehabilitation program of top-soil spreading with seeding and re-vegetation is planned for the summer of 2020. The schedule and timelines for this program will depend on the evolving Covid-19 pandemic and associated developments. LIM is following the instructions and advice of Provincial and Federal health authorities, as well as industry-wide best practice guidelines, to help limit the spread of Covid-19 and protect local communities.
Development of Houston, which is planned as LIM’s next direct shipping ore (DSO) project, is subject to the availability of development financing, and securing such development financing requires market confidence that an improved level of iron ore prices will be sustained.

OPERATIONS UPDATE

During the year ended March 31, 2020, LIM conducted an exploration program on its mineral licences in the Province of Newfoundland and Labrador, continued its site rehabilitation program and completed the sale of certain surplus assets.

Exploration Program

In the summer of 2019, LIM carried out its first exploration program in a number of years. The focus of the program was to:

• maintain the selected mineral licences in good standing;
• examine potential extensions to known mineralization; and
• identify the potential for buried iron ore deposits in areas of glacial till cover.

Exploration activities included reconnaissance soil, rock and till geochemistry and geological investigations, in part, at or near historical trenching and drilling sites. In addition to geological, the exploration program assessed the potential of locating buried, high-grade iron (± manganese) mineral potential on LIM’s mineral claims using soil and rock geochemistry.

The program’s conclusions included a recommendation to conduct further field exploration on various licences based on elevated iron content in rock and soil samples. The program also recommended carrying out trenching at certain licences and building a comprehensive petrographic and microprobe database to enhance LIM’s targeting parameters to explore for high-grade buried deposits.

Rehabilitation Program

In the fall of 2019 LIM substantially completed the rehabilitation of the former James Mine and Silver Yards plant site. The rehabilitation program consisted of dismantling and removing LIM’s wet processing plant, which was previously used to process ore from the James Mine but is not planned to be used for Houston. LIM contracted a Montreal-based demolition/recycling firm to complete the project, under the supervision of on-site LIM management. Nearby service buildings were also dismantled and all remaining debris (wood, concrete, etc.) from the surrounding area was removed and disposed.

Following demolition, approximately 1,500 tonnes of structural steel and scrap metal were transported from site by rail and recycled, with the proceeds subsidizing the project costs.

Following a government inspection performed after completion of the 2019 program, $0.51 million of restricted cash set aside as financial assurance for such rehabilitation was released to LIM. The released cash along with the sale of scrap metal covered most of the costs incurred in the 2019 rehabilitation program.

At the commencement of production from the James mine in 2010, the original estimated cost of rehabilitation of LIM’s Stage 1 mining operations and related infrastructure was approximately $3.5 million. Following completion of several years of progressive reclamation, including the 2019 program, the remaining estimated cost of rehabilitation of LIM’s Stage 1 mining operations and related infrastructure is now approximately $1.3 million. Of this amount, approximately $0.4 million relates to rehabilitation of mine sites and approximately $0.9 million relates to
rehabilitation of rail lines and camp infrastructure. The Company has approximately $1.4 million in restricted cash set aside as financial assurance for completion of such rehabilitation.

**Sale of Camp Equipment**

In October 2019 LIM completed the sale of its site accommodation camp for net proceeds of $0.05 million. The purchaser also agreed to take on responsibility for future site reclamation obligations in place of LIM. The purchaser intends to renovate the camp and recommence operation to service the accommodation needs of the mining industry in the area, including potentially LIM in the future. As a result of the sale LIM was relieved of the camp upkeep, security, and insurance obligations.

**Sale of Centre Ferro Facility**

In March 2020 the Company completed the sale of its Centre Ferro railcar repair facility in Sept-Iles, Quebec to Tshiuetin Railway. The sale price was $1.2 million, of which $1.0 million was received on closing and $0.2 million was placed in trust pending the performance of an independent Phase 2 environmental site assessment. In the event the Phase 2 assessment recommends mandatory reclamation of the property, the cost of such reclamation (up to a maximum of $0.2 million) will be funded from the funds in trust, with the unspent balance, if any, paid to LIM. The results of the Phase 2 assessment are expected later in the summer of 2020.

**Near-Term Company Focus**

Development of the Houston Project, which is planned as LIM’s next DSO project, is subject to the availability of development financing, and securing such development financing requires market confidence that the current level of iron ore prices will be sustained. As described further under the “Iron Ore Market Conditions” section below, some uncertainty exists about the iron ore market beyond 2020. LIM will continue to monitor iron ore market conditions as they relate to the availability of development financing.

In the summer of 2020 LIM plans to undertake further rehabilitation of the James mine area and the Silver Yards processing plant site, largely involving top-soil spreading and seeding and re-vegetation. Upon completion of this rehabilitation work LIM expects a further release of restricted cash set aside as financial assurance for such rehabilitation.

In June 2020, the Minister of Natural Resources announced measures to assist the mining, and mineral exploration industries in Newfoundland and Labrador during the Covid-19 global pandemic, including deferring rental and fee payments and waiving mineral expenditure requirements for 2020. The measures include deferral of rental and fee payments associated with land tenure issued under the Mineral Act until December 31, 2020 and waiver of mineral assessment expenditure requirements for mineral licences from March 18, 2020 to March 17, 2021. LIM’s obligations deferred as a result of this relief include mining and surface lease rentals and mineral licence renewal fees. Additionally, LIM’s mineral expenditure requirement planned for 2020 has been waived.

The Province of Quebec also announced Covid-related relief measures to assist the mining and minerals industry in Quebec. All claim renewals and work commitments have been waived for one year beginning April 9, 2020. This measure will waive Schefferville Mines Inc. expenditure requirements and will keep SMI’s mineral claims in Quebec in good standing until 2021.
IRON ORE PROJECTS

LIM’s Schefferville Projects now consist of the Houston Property and, subject to further exploration and development, other iron ore properties in the vicinity of Schefferville, including the Elizabeth Taconite Property.

Houston, which is LIM’s principal asset, is situated in Labrador about 25 kilometres southeast of the town of Schefferville, Quebec. Together with the Malcolm deposit, considered to be its northwest extension, Houston is estimated to contain a NI 43-101 resource of 40.6 million tonnes of direct shipping ore (DSO) grading 57.6% Fe.

The Houston development plan is based on lower-cost dry crushing and screening only. When in full production, Houston is expected to produce consistent saleable product of about 2 million tonnes per year, with an initial mine-life of about 10 years.

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

The proposed mining method for Elizabeth has been conceptualized as an open pit operating at 18 million tonnes per year producing approximately 5 million tonnes per year concentrate production over an expected 34-year mine life and with an expected grade of higher than 68% Fe, which would attract premium pricing in today’s iron ore market. Over the projected life of mine, total production would be approximately 172 million tonnes of iron ore concentrate.

Elizabeth is located in northwestern Labrador approximately four kilometres west of LIM’s former James Mine and is advantageously situated with direct access to existing roads, rail bed and power line corridor. The initial Elizabeth target measures approximately four km long and is made of magnetite and hematite dominant zones. There is significant potential for resource expansion as the deposit remains open along strike to the northwest and southeast.

FINANCIAL RESULTS – YEAR ENDED MARCH 31, 2020

The Company did not conduct any mining activities during the year ended March 31, 2020. Rather, the Company’s focus was on activities required to maintain its mineral properties in good standing, including site reclamation and exploration activities. The Company made no capital expenditures on property, plant and equipment on its mining properties during the year.

On a consolidated basis, the Company reported a net loss of $0.44 million during the year, or $0.00 per share, compared to a net loss of $0.56 million, or $0.00 per share, during the previous year.

The net loss of $0.44 million during the year was mainly attributable to site costs of $0.62 million and corporate and administrative costs of $0.58 million, offset by a $0.70 million gain on the sale of property and equipment and a rehabilitation provision recovery of $0.04 million. The net loss of $0.56 million in the previous year was mainly attributable to site costs of $0.45 million and corporate and administrative costs of $0.67 million, offset by a $0.45 million gain on the sale of property and equipment and a rehabilitation provision recovery of $0.12 million.

Site expenditures during the current year consisted mainly of reclamation and exploration activities. Site expenditures during the previous year consisted mainly of oversight of site standby activities, but did not include exploration activities. The Company’s environmental monitoring requirements, which consisted of monitoring water quality and fish habitat conditions in the lakes and tributaries surrounding the James Mine, concluded at the end of June 2018. Site costs in both the current year and the previous year were partly offset by third party income earned by the Company at its rail car repair facility in Sept-Iles, Quebec, which was sold.
Corporate and administrative costs continued to decline, reflecting a reduction in staff levels and a previous rationalization of office space and related costs.

At March 31, 2020, the Company had a working capital deficit of $0.14 million and no long term debt. The Company had current assets of $0.59 million, consisting of $0.25 million in unrestricted cash, $0.11 million in restricted cash and $0.23 million in accounts receivable. As at March 31, 2020, the Company also held $1.3 million in non-current restricted cash. LIM continues to conduct the expenditures required to maintain its core mineral claims in good standing.

Iron Ore Market Conditions

In 2019 the market experienced significant supply disruptions due to the suspension of several mines in Brazil for tailing dam safety reasons, which contributed to a rapid rise in the price of iron ore during the first half of the year. After beginning 2019 at US$70/tonne (62% Fe CFR China), the price rose to a five year high of US$126/tonne in early July, at which point it began to face headwinds which continued for the balance of the year. The Platts index for 62% Fe, CFR China ("62% Fe index"), averaged US$93 per tonne in 2019 compared to US$69 per tonne in 2018.

As the first half of 2020 unfolded, the emerging Covid-19 pandemic altered the market landscape. The immediate impact was a drop in the price of iron ore to US$80/tonne at the end of January, because of a curb in China's steel production as a result of measures introduced to contain the virus. This decline in China's steel production turned out to be short-lived. By mid-February, steel production in China began to increase again, based on both government stimulus programs and an improving domestic public health situation. In the spring the market experienced another Brazilian supply disruption. Brazil has been particularly hard-hit by Covid-19, which has significantly interrupted the country’s iron ore production. The net effect of Brazil's production disruption has been another supply deficit in the global iron ore market.

As a result, the price of iron ore once again started another upward climb driven by China demand. As part of plans to reinvigorate its economy, China announced plans to boost spending on infrastructure through an increase in local government borrowing. The average price for the Platts index for 62% Fe Iron Ore, increased 8% to US$89 per tonne in the first quarter of 2020 compared to the average price of US$83 per tonne in the first quarter of 2019. China’s imports of iron ore were up 10% in the first half of 2020 and climbed in June to the second highest on record.

Coupled with resurgent steel production, the price of iron ore rose to over US$100/tonne by June and reached above $112 per tonne in mid-July. The price has risen almost 21% in 2020. Iron ore has outpaced gold to rank as the best-performing major commodity to date in 2020.

As for the second half of 2020, much turns on how the Covid-19 pandemic unfolds, particularly as it may affect demand in China and production in Australia and Brazil. Chinese demand for iron ore has proven to be relatively robust, despite the impact of Covid-19 and the shutdown of significant sectors of the Chinese manufacturing industry. Analysts expect the sustainability of China’s demand to be the main factor determining the direction of prices in the second half of the year. It is not expected that Chinese demand will fall significantly though the ongoing decline of consumer spending in the OECD nations will increase the dependence of the Chinese steel industry on domestic stimulus measures.

As of July 2020, China’s steel production and Australia’s iron ore production continue to be strong, however Brazil’s iron ore production continues to be disrupted, with no immediate end in sight. The extent to which these conditions
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Persist is expected to determine market dynamics for the remainder of 2020. Beyond 2020, it is expected that iron ore prices may retreat as supplies are restored, though a significant global economic recovery expected in 2021 should create a supportive price floor for iron ore.

OUTSTANDING SHARE CAPITAL

The Company currently has 162,364,427 common shares issued and outstanding.

The common shares of the Company trade on the OTC Pink Open Market under symbol LBRMF.

The Company continues in good standing as a Reporting Issuer in all the Provinces of Canada, and in compliance with all of the requirements of the Securities Acts and Securities Regulations in Canada. All public filings of the Company may be inspected under the Company’s profile on SEDAR at www.sedar.com.

ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

Labrador Iron Mines is engaged in the exploration and development of its iron ore deposits located in the Schefferville/Menikew region of the prolific Labrador Trough. In the three-year period of 2011, 2012 and 2013 LIM produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the China spot market.

LIM’s current focus is on care and maintenance of the Company’s mineral properties and assets along with planning activities related to Houston Project development. Subject to securing development financing, LIM is positioned to resume mining operations when economic conditions warrant.

For further information, please visit LIM’s website at www.labradorironmines.ca or contact:

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Cautionary Statements:
The terms “iron ore” and “ore” in this document are used in a descriptive sense and should not be considered as representing current economic viability. A Feasibility Study has not been conducted on any of the Company’s Schefferville Projects.

Forward Looking Statement:
Some of the statements contained in this News Release may be forward-looking statements which involve known and unknown risks and uncertainties relating to, but not limited to, LIM’s expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties and assumptions regarding financing. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, delays in obtaining or failures to obtain required financing, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

Shareholders and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. LIM undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.