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## **LIM Announces Unit Equity Financing**

TORONTO, ONTARIO. January 17, 2013. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) (TSX:LIM) announces that it has filed an amended and restated preliminary short form prospectus in connection with an overnight marketed public offering (the “Offering”) of units of the Company (the “Units”) at a price of C\$1.05 per Unit (the “Offering Price”). Each Unit will consist of one common share of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company at an exercise price of C\$1.35 per common share for a period of 36 months following the date of closing of the Offering. The Offering will be conducted through a syndicate of underwriters led by Canaccord Genuity Corp. and including RBC Dominion Securities Inc., Scotia Capital Inc., Macquarie Capital Markets Canada Ltd., Jennings Capital Inc. and Raymond James Ltd. (the “Underwriters”).

The Company will also grant the Underwriters an over-allotment option to purchase up to that number of additional units (the “Over-Allotment Units”) equal to 15% of the Units sold pursuant to the Offering, exercisable at any time up to 30 days after and including the closing of the Offering at a price equal to the Offering Price.

The Company intends to use the net proceeds from the Offering to fund pre-stripping, mining, and processing costs, including payments to LIM’s mining contractors, and transportation costs, including tariff payments to TSH and QNS&L, in connection with the seasonal resumption of production operations in April 2013; capital and infrastructure expenditures on the Silver Yards processing plant including the connection to hydro power; and to supplement working capital and general and administrative costs for the remaining winter season.

The Offering is being made pursuant to a short form prospectus filed in each of the provinces of Canada other than Quebec. The Units and the Over-Allotment Units will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

*This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.*

### **About Labrador Iron Mines Holdings Limited (LIM)**

Labrador Iron Mines (LIM) is Canada’s newest iron ore producer with a portfolio of direct shipping (DSO) iron ore operations and projects located in the prolific Labrador Trough. Initial production commenced at the James Mine in June 2011, with the sale of 386,000 dry tonnes of iron ore

recorded in the first start-up year. The first full production season commenced in April 2012 and LIM sold ten shipments totalling approximately 1.6 million dry tonnes of iron ore. The tenth shipment was sold at the end of November and contained 103,000 dry tonnes of iron ore.

The James Mine is connected by a direct rail link to the Port of Sept-Îles, Québec. The project also benefits from established infrastructure including the town, airport hydro power and railway service. Starting with the James Mine and leading to the development of the expanding Houston flagship project, our objective is to provide shareholders with long-term value with a plan to increase production towards 5 million tonnes per year from a portfolio of 20 iron ore deposits in Labrador and Quebec, all within 50 kilometres of the town of Schefferville.

LIM is currently the only independently-owned Canadian iron ore producer listed on the Toronto Stock Exchange and trades under the symbol LIM.

For further information, please visit LIM's website at [www.labradorironmines.ca](http://www.labradorironmines.ca) or contact:

John F. Kearney  
Chairman and Chief Executive  
Officer  
Tel: (647) 728-4105

Rodney Cooper  
President and Chief Operating  
Officer  
Tel: (647) 729-1287

Keren Yun  
Vice President, Investor  
Relations and Communications  
Tel: (647) 725-0795

### **Cautionary Statements:**

*Some of the statements contained herein may be forward-looking statements which involve known and unknown risks and uncertainties. Without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of the Company are forward looking statements that involve various degrees of risk. The following are important factors that could cause the Company's actual results to differ materially from those expressed or implied by such forward looking statements: changes in the world wide price of iron ore and steel, general market conditions, the uncertainty of future profitability and access to additional capital, risks inherent in mineral exploration and risks associated with development, construction and mining operations, delays in obtaining or failures to reach agreements with any potentially impacted aboriginal groups or to obtain required governmental, environmental or other project approvals. There can be no assurance that the Company will be successful in reaching any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company's properties or may be impacted by the Schefferville Area project. Caution should be exercised on placing undue reliance on forward looking information. The historical resources referred to in this press release are based on work completed and estimates prepared by the Iron Ore Company of Canada (IOC) prior to 1983 and were not prepared in accordance with NI 43-101. The Company is not treating any historical resource estimate as a defined current resource verified by a Qualified Person and the historical resource estimates should not be relied upon. However, the historical resource estimates are still considered relevant.*