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## **LIM Announces C\$25.2 Million Underwritten Equity Financing**

TORONTO, ONTARIO. January 18, 2013. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) (TSX:LIM) reports that in connection with its previously announced amended overnight marketed public offering on January 17, 2013 (the “Public Offering”), it has entered into an underwriting agreement with 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”) to sell 24,000,000 units of the Company (the “Units”) at a price of C\$1.05 per Unit (the “Offering Price”) for aggregate gross proceeds of C\$25,200,000. 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 Public Offering.

The Company has also granted the Underwriters an over-allotment option to purchase up to 3,600,000 additional Units (in whole or in part), exercisable at any time up to 30 days after and including the closing of the Public Offering at the Offering Price for additional gross proceeds of up to C\$3,780,000.

Anglesey Mining plc (“Anglesey”), a major shareholder and insider of the Company which currently holds 19.2 million shares or approximately 19.5% of the Company’s currently outstanding shares, has agreed to purchase on a non-brokered private placement basis (the “Private Placement”) an aggregate of 3,000,000 Units at a price of C\$1.065 per Unit for gross proceeds of C\$3,195,000, subject to certain conditions, including regulatory approvals described below. Completion of the Public Offering is not conditional on the Private Placement, and purchasers of Units under the Public Offering should not rely on the fact that Anglesey has agreed to increase its present investment in common shares of LIM.

The Company intends to use the net proceeds from the Public 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. Proceeds from the Private Placement are intended to be used to supplement the Company’s working capital and for general corporate purposes.

The Public Offering is scheduled to close on or about February 5, 2013 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities. Closing of the

Private Placement is subject to several conditions which include (i) all necessary regulatory approvals being obtained including that of the Toronto Stock Exchange; (ii) Anglesey securing financing to fund the subscription price; and (iii) the completion of the Public Offering. It is anticipated that this Private Placement will close contemporaneously with or no later than 30 days after the closing of the Public Offering.

The Public Offering is being made pursuant to a short form prospectus filed in each of the provinces of Canada other than Quebec. The Units sold pursuant to the Public Offering 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 in this Press Release may be forward-looking statements which involve known and unknown risks and uncertainties relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe",*

*“expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in 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 expected results. There can be no assurance that the Company will be successful in maintaining any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company’s properties or may be impacted by the Schefferville Projects. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders 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. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.*