

LABRADOR IRON MINES ANNOUNCES RESTRUCTURING UNDER CCAA

Toronto, Ontario, April 2, 2015. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) today announced that it is initiating a Court-supervised restructuring process under the Companies’ Creditors Arrangement Act (“CCAA”) in order to facilitate a restructuring and refinancing of its business operations.

LIM did not resume mining operations in the 2014 or 2015 operating seasons, due to the deteriorating iron ore market conditions and particularly in the context of LIM’s previous high operating costs. In 2014, the price of iron ore declined nearly 50% to approximately US\$66.00 per tonne by late December 2014. The iron ore price has continued its decline in 2015, dropping to approximately US\$50 per tonne by the end of March, primarily as a result of excess supply from the large Australian producers to the China market.

At December 31, 2014, LIM had, and currently has a very significant working capital deficit and has not met certain financial obligations. LIM needs to complete a financial restructuring in order to continue as a going concern and preserve the long-term value of its assets.

The CCAA proceedings will, among other things, provide LIM with the time and stability to restructure its business, negotiate a restructuring plan with stakeholders, compromise creditor claims, restructure key operating contracts, secure new financing, and otherwise consider restructuring and refinancing options. An Initial Order from the Ontario Superior Court of Justice (Commercial List) (the “Court”) under the CCAA was obtained today by the Company.

Concurrently, LIM also announced today that it has completed a transaction pursuant to the provisions of its Joint Venture Agreement with Tata Steel Minerals Canada (TSMC) whereby TSMC has acquired LIM’s remaining interest in the Howse Project for \$5.0 million. The sale proceeds will be used to fund ongoing operating and stand-by costs, and care and maintenance expenses, and to finance the restructuring.

CCAA Restructuring

Under the CCAA proceedings, LIM’s principal objectives are to restructure its debt obligations, preserve the value of its mineral properties and restructure operating costs, including key operating contracts. The Company has no current or long-term bank debt and its liabilities consist of accounts payable and a deferred revenue obligation. Most of these liabilities have been outstanding since the end of LIM’s operating season in 2013. The creditors have been largely supportive of LIM’s efforts to restructure its affairs and many have, for a period of more than one year and to date, continued to provide goods and services and have not sought to enforce payment or other remedies.

LIM intends to develop and implement a comprehensive restructuring plan, which may require the Company to monetize certain non-core assets to fund its operating costs and other expenses or secure interim debtor-in-possession financing. LIM is seeking to complete these proceedings as quickly as responsibly possible in order to minimize restructuring costs and the impact on its business operations.

LIM will continue negotiating a potential support arrangement with RBRG Gerald Metals, an existing creditor and offtake customer, that, if successfully entered into, could provide working capital financing to fund LIM’s ongoing corporate and standby activities and, as a separate component, potential future project development financing.

LIM is confident that if its current debts and key operating contracts can be restructured, the Company will be able to preserve its key assets, including the flagship Houston Project, pending a recovery in the price of iron ore, and secure the necessary development financing to resume operations in a profitable and responsible fashion for the benefit of all stakeholders and local communities.

Duff & Phelps Canada Restructuring Inc. (“Duff & Phelps”) has been appointed as the monitor of the Company in these proceedings. Duff & Phelps is a premier global corporate restructuring and debt advisor, with expertise in financial advisory services, including restructuring, insolvency and refinancing.

The Court has granted an initial Order for a period of 30 days, expiring May 1 2015, to be extended thereafter as the Court deems appropriate. LIM will continue to provide further updates as developments occur.

The Order and related Court documents may be viewed on the Monitor’s website at <http://www.duffandphelps.com/intl/en-ca/Pages/RestructuringCases.aspx>.

Sale of LIM’s Interest in the Howse Project

LIM also reported today that it has completed a transaction pursuant to the provisions of its Joint Venture Agreement with Tata Steel Minerals Canada (TSMC) whereby TSMC has acquired LIM’s remaining interest in the Howse Project for \$5.0 million.

Under the Howse Joint Venture Agreement entered in September 2013, TSMC had the right to purchase LIM’s interest in the joint venture for fair market value in certain circumstances including the taking of any proceedings with respect to a compromise or arrangement, or a change in control of LIM.

TSMC has exercised its rights under the terms of the Joint Venture Agreement to acquire LIM’s remaining interest. LIM believes the agreed sale price of \$5.0 million is a fair consideration in the current market circumstances and that this transaction was the best available way to monetize a non-core asset.

Since March 2013, the two companies have been co-operating with each other through various multi-part co-operation agreements in the areas of logistics, property rationalization and various ancillary mutual support arrangements.

As part of the logistics agreements, LIM and TSMC formalized arrangements for construction of a new rail line that extends the rail line from LIM’s Silver Yards facility to TSMC’s new Timmins Area processing plant. This new rail line, which was completed during 2014, is now operational and connects both companies to the TSH main rail line. Going forward, LIM and TSMC will continue to co-operate in various aspects of their respective iron ore operations in the Schefferville area.

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About Labrador Iron Mines Holdings Limited

Labrador Iron Mines (LIM) is engaged in the mining, exploration and development of its direct shipping (DSO) deposits located in the Schefferville/Menihek region of the prolific Labrador Trough. Production commenced at the James Mine and Silver Yards plant in 2011 and through to the end of its third operating year, the Company sold approximately 3.6 million dry tonnes (3.8 million wet tonnes) in 23 shipments of iron ore into the Chinese spot market.

LIM’s current focus is completing its financial restructuring and seeking additional financing. The Company is also working on development of its Houston Mine, to be in a position to complete construction and begin mining operations from Houston when market conditions permit, subject to completion of financing and negotiation of major contracts.

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 Press 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 expected results. There can be no assurance that LIM will be successful in maintaining any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects LIM'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. 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.