

Labrador Iron Mines Announces Resumption of Full-Scale Operations

Blockade in Schefferville Removed

Toronto, Ontario, July 9, 2012. **Labrador Iron Mines Holdings Limited** ("LIM" or the "Company") (TSX: LIM) is pleased to report that full-scale operations have resumed at Schefferville after a five-day blockade was removed at the end of last week. The blockade, set up by a group of local residents, restricted road access from the town of Schefferville to LIM's mining operations in Labrador.

During this period, operations were minimally impacted as LIM continued to load trains and transport iron ore to the Port of Sept-Îles. Mining of direct rail ore continued throughout the week while plant operations at the Silver Yards Processing Facility were temporarily halted. Full-scale mining operations will now ramp up to a full production rate over the next few days and the exploration team has resumed its fieldwork program. There has been no impact to the Company's 2012 saleable production target of 2 million tonnes of iron ore.

LIM is pleased that the barricade has been removed by agreement and without incident. As this was a collaborative effort by all parties, LIM wishes to acknowledge Chief Real McKenzie of the Innu Matimekush-Lac John and Chief Louis Einish of the Naspaki Nation of Kawawachikamach, as well as their respective Band Councils, for their leadership, efforts and support during this time. LIM also wishes to thank the members of the community, as well as our local employees at site and the employees in the communities of Schefferville Lac Jean and Kawawachikamach who all worked together towards reaching a positive outcome.

LIM will continue to work with the residents of Schefferville and the local aboriginal groups to ensure open and honest dialogue to maintain long-term and mutually-beneficial positive relationships with all stakeholders.

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About Labrador Iron Mines Holdings Limited (LIM)

Labrador Iron Mines (LIM) is Canada's newest iron ore producer. We own a portfolio of direct shipping (DSO) iron ore operations and projects located in the prolific Labrador Trough. Initial production commenced at our 100%-owned James Mine in June 2011 and we recorded the sale of 400,000 tonnes of iron ore in our first start-up season. The first full production season commenced on April 2, 2012, with a sales target of 2 million tonnes of iron ore for the 2012 year.

LIM is focused on a strategic and robust growth plan arising from our portfolio of 20 iron ore deposits in Labrador and Quebec, all within 50 kilometres of the town of Schefferville. The James Mine is connected by a direct rail link to the Port of Sept-Iles, Québec. The area 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 as we ramp up production and sales towards 5 million tonnes per year by 2015.

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

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

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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.