

LABRADOR IRON MINES COMPLETES JOINT VENTURE WITH TATA STEEL MINERALS CANADA TO DEVELOP HOWSE DEPOSIT

\$30 million Cash Injection to LIM; Howse Exploration Program Commences

TORONTO, ONTARIO, September 18, 2013. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) (TSX: LIM) is pleased to report that the previously announced joint venture with Tata Steel Minerals Canada Ltd. (“TSMC”) for the exploration and development of LIM’s Howse iron ore deposit in the Schefferville region of the Labrador Trough has been completed.

The Howse Deposit is located in Labrador about 25 kilometres north of LIM’s currently producing James Mine and Silver Yards processing facility and adjacent to TSMC’s Timmins Area mines and new processing plant. The Howse Deposit has a historical resource of 28 million tonnes at a grade of 58% Fe (natural basis).

Under the terms of the joint venture agreement, TSMC and LIM have agreed to form an unincorporated joint venture (the “**Joint Venture**”) pursuant to which Howse Minerals Limited, a wholly owned subsidiary of TSMC (“HML”), has acquired an initial 51% participating interest in the Howse Property for a total cash consideration of \$30 million.

As part of the Joint Venture, LIM will conduct a \$5 million exploration program on the Howse Property over the course of the 2013 calendar year. The exploration program will comprise a targeted 70 holes with up to 10,000 metres of drilling. The objective of the drill program is to convert the historical resources to National Instrument 43-101 (“NI 43-101”) compliant mineral resources by spring 2014 and to collect metallurgical, geotechnical, hydrogeological, and hydrology information to advance Howse towards production.

Following completion of LIM’s \$5 million exploration program, and the calculation of a new NI 43-101 resource, HML shall contribute the next \$23.5 million to the Joint Venture and thereby increase its participating interest in the Howse Deposit to 70%. It is currently planned to complete a feasibility study by July 2014, with a target for commencement of mine development in 2015 and commercial production in 2016.

“Completion of the Howse joint venture agreement with TSMC is an important step forward for LIM and will significantly fast track the development timeline for this new mine” commented **John Kearney, LIM’s Chairman and Chief Executive Officer**. *“We are very pleased to be cooperating with Tata Steel, one of the world’s major steel companies, in this venture and we look forward to working with TSMC to advance the Howse project into production.”*

Originally part of LIM’s planned Stage 3, the Howse Deposit was expected to be developed about 2020. The Joint Venture with TSMC is expected to expedite the start of production by 2016 and should also result in significant cost savings and synergies due to the accessibility of the Howse Deposit to TSMC’s year round processing plant.

Summary Terms of Joint Venture Agreement

*The following is a summary of the principal terms of the joint venture agreement (the “**Agreement**”) among LIM and its wholly-owned subsidiary, Labrador Iron Mines Limited (collectively “**LIM**”), and TSMC and its wholly-owned subsidiary, HML (collectively “**TSMC**” and, collectively with LIM, the “**Parties**”), pursuant to which the Parties have agreed to form the Joint Venture for the purpose of developing the Howse Deposit.*

TSMC acquired a 51% participating interest in the 39 staked mineral claims identified as License Numbers 021314M and 021315M that together comprise the Howse iron ore deposit (the “**Howse Deposit**” or the “**Property**”) for an initial purchase price of \$30 million. TSMC shall be the initial operator of the Joint Venture (the “**Operator**”).

LIM will conduct a \$5 million exploration program on the Property over the course of the 2013 calendar year.

After the exploration program is completed, TSMC will earn an additional 19% participating interest in the Property by contributing \$23.5 million to the Joint Venture in any number of installments, such that the Property will then be held 70% by TSMC and 30% by LIM.

After TSMC has earned its 70% participating interest in the Property, each Party shall be obligated to contribute funds in response to any cash call by the Operator that is approved by the management committee (the “**Management Committee**”) in proportion to their respective participating interests. To the extent that a Party does not fund a cash call, its participating interest will be reduced accordingly. If a Party’s interest becomes less than 10%, such Party shall be deemed to have withdrawn from the Joint Venture and shall be deemed to have transferred its entire participating interest to the other Party.

The Management Committee will consist of between two and four members, with one to two members appointed by each of LIM and TSMC. The chairman of the Management Committee shall be appointed by the Party having the greater participating interest. Certain decisions shall require the approval of 85% or more of the participating interests.

The Operator shall commence a feasibility study as directed by the Management Committee, which will set forth a plan for the optimization by the Operator of the costs and logistics in connection with the mining, processing and transportation of iron ore product from the Property.

The Parties will negotiate in good faith an agreement for the beneficiation of the iron ore produced by the Joint Venture at TSMC’s plant located at the Timmins Area and such agreement would be on mutually agreed terms on an arm’s length basis.

If the Property is not in commercial production by June 1, 2017, LIM shall have the right, subject to certain conditions, to require TSMC to sell to LIM, at the price defined in the Agreement, such portion of TSMC’s participating interest such that each of the Parties would own a 50% participating interest, following which LIM shall replace TSMC as the Operator.

The Agreement contains various rights often found in joint venture agreements of this nature, including rights of first refusal and first offer, drag-along rights and certain call rights, including: a right of first refusal in favour of TSMC in the event that LIM receives an offer from a third party to purchase its participating interest; a right of first offer in favour of LIM in the event that TSMC wants to sell its participating interest; and, in the event that TSMC proposes to transfer all of its participating interest to any arm’s length third party, a drag-along right whereby TSMC may require LIM to transfer all of LIM’s participating interest on the same terms and conditions as TSMC’s proposed transfer.

In the event of a change in control of LIM, TSMC shall have the call right to require LIM to sell to TSMC all of LIM’s participating interest or the put right to require LIM to purchase from TSMC all of TSMC’s participating interest, in each case at fair market value. Once TSMC has earned its 70% participating interest, the TSMC call and put rights will only be available to TSMC as a result of an acquisition of control of LIM by a strategic competitor of TSMC.

The above summary of the principal terms of the Agreement is a summary only and is not an exhaustive description of all of the terms and conditions of the Agreement. A redacted copy of the Agreement will be filed on SEDAR.

Cooperation Arrangements

As part of the strategic relationship between LIM and TSMC that was announced on March 12, 2013, the two companies have been cooperating with each other in various aspects of their respective iron ore operations in the Labrador Trough. The strategic relationship includes multi-part cooperation agreements in areas of logistics, property rationalization and various ancillary mutual support and potential off-take arrangements.

As part of the logistics agreements, the companies have formalized arrangements for construction of the new rail line that will extend LIM's current rail line from Silver Yards to TSMC's new Timmins Area processing plant and thus connect both companies to the TSH main rail line.

The construction of the rail line between TSMC's Timmins Area processing plant to LIM's Silver Yard is already underway. Pending the construction of the new rail line to the Timmins Area plant, TSMC is loading iron ore trains at LIM's Silver Yards rail facility and the two companies are sharing iron ore rail cars and rail locomotives.

About Tata Steel Minerals Canada Ltd. (TSMC)

Tata Steel Minerals Canada Ltd. is 80% owned by Tata Steel Limited, one of the largest steel producers in the world, and 20% by New Millennium Iron Corp (TSX: NML). Both LIM and TSMC operate adjacent direct shipping ("DSO") iron ore projects in the Province of Newfoundland and Labrador and in the Province of Quebec, near Menihek, Labrador and Schefferville, Quebec.

About Labrador Iron Mines Holdings Limited (LIM)

Labrador Iron Mines (LIM) is Canada's newest iron ore producer with a portfolio of DSO iron ore operations and projects located in the prolific Labrador Trough. Initial production commenced at the James Mine in June 2011, and through 2012, iron ore sales have totalled 2.0 million dry tonnes in 13 shipments into the Chinese spot market.

Now in its third year of operations, LIM is targeting the sale of 1.7 million tonnes of iron ore products in 10 shipments in 2013.

The James Mine is connected by a direct rail link to the Port of Sept-Îles, Québec. The operation 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, LIM's objective is to provide shareholders with long-term value with a plan to increase production towards five million tonnes per year from its 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 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.

Historical Resources:

The historical resources estimates in this Press Release are based on work completed and estimates prepared by Iron Ore Company of Canada ("IOC") prior to 1983, they are not current and were not prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. A qualified person has not done sufficient work to classify the historical estimates as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration. However, the historical estimates should not be relied upon.

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, 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.