

## ANNUAL MEETING OF SHAREHOLDERS

- CORPORATE UPDATE

Toronto, Ontario, September 20, 2016. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) held its Annual Meeting of Shareholders today in Toronto, Canada.

At the meeting, LIM’s **Chairman and Chief Executive Officer, John Kearney**, provided shareholders with an update on the Company’s activities, the status of the CCAA process, the potential development of the Houston Mine and the outlook for the iron ore market.

### OVERVIEW

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LIM did not undertake mining operations in the 2015 or 2016 operating seasons, due to a combination of low iron ore prices and a continuing need for start-up working capital and development financing for the Company’s Houston Project.

The price of iron ore averaged US\$56 per tonne in 2015 (62% Fe fines on a CFR China basis), compared to an average price of US\$97 per tonne in 2014 and US\$135 per tonne in 2013. Iron ore exports from Australia to China have risen significantly as the world’s top iron ore producers have substantially increased production, contributing to a growing global surplus of iron ore, coincident with an economic slowdown in China and other parts of Asia. Nevertheless, some indications of a medium term recovery are beginning to emerge.

In April 2015, LIM initiated proceeds for a financial restructuring under CCAA to provide an opportunity for the orderly restructuring of its business and financial affairs. We believe that an orderly CCAA process that enables the restructuring of the Company’s debts and certain of its operating contracts is in the best interest of all stakeholders.

### CARE AND MAINTENANCE OPERATIONS

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LIM’s current focus is on care and maintenance of the Company’s mineral properties and assets with planning activities related to Houston Project development and corporate activities related to communications with the Company’s creditors and stakeholders and pursuing revised commercial terms of major service and supply contracts.

Notwithstanding the challenging iron ore price environment during the past several years, LIM continues to conduct a variety of necessary operational and corporate activities with the objective of preserving its assets, maintaining its Schefferville mineral properties on a standby basis, fulfilling all environmental and regulatory obligations, controlling costs and completing a financial restructuring.

Other than fulfilling such field work required for claims maintenance purposes, all capital expenditure and exploration programs continue to be suspended for cash conservation purposes. A number of non-core mineral claims have been dropped or surrendered. We are currently completing the 2016 field program required to maintain its mineral claims in good standing.

Progressive rehabilitation work at the James Mine is being undertaken during the summer and fall of 2016. The rehabilitation work includes placement of overburden and organic material on the settling pond area, waste rock stockpile and treat rock stockpile. The James Mine open pit is now flooded with natural water, as planned, and water is discharging by way of a reclaimed tributary. We are also continuing its vegetation work in the James Mine area and completing a geotechnical study to assess the waste rock stockpile stability. Upon completion and satisfactory inspection of this required rehabilitation work, we anticipate a release of restricted cash resulting from a reduction of related financial assurance for reclamation.

From a corporate perspective, LIM continues to focus on cost reduction and financial restructuring efforts. In addition to suspending all capital expenditure and exploration activities, we have significantly reduced corporate overhead and, combined with the limited cost of site maintenance and standby activities, have succeeded in reducing its ongoing costs significantly.

## **HOUSTON PROJECT**

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### **Mr. Kearney reviewed LIM's Houston Project:**

Planning for the development of the Houston Project continues, although such planning is limited to the use of internal resources.

Houston is planned to form the core of LIM's activities for the foreseeable future. Houston is situated in Labrador about 15 kilometers southeast of the James Mine and Silver Yards rail yard. Together with the Malcolm Deposit, considered to be its northwest extension, the Houston deposits are estimated to contain a National Instrument 43-101 ("NI 43-101") resource of 40.6 million tonnes grading 57.6% iron. When in full production, the Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year, with an initial mine-life of 8 to 10 years.

The capital investment to put Houston into production is relatively modest, and the lead time for development relatively short, compared with most other iron ore projects under development in the Labrador Trough. The resumption of mining operations at Houston, with its projected eight to ten year mine-life, will be of significant economic and social benefit to LIM's stakeholders, including the various local communities.

## **FINANCIAL RESTRUCTURING**

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On April 18, 2016, LIM initiated a claims process to identify and assess all claims against the Company along with a process for the resolution of any claim disputes. Claims totaling approximately \$93.4 million were filed by the Claims Bar Date of May 31, 2016, of which claims totaling approximately \$24.3 million are still under review. These claims are in addition to approximately \$292.7 million of existing group intercompany claims.

On June 30, 2016 the Court granted an extension of the Company's CCAA status until September 30, 2016, subject to further extension. During this period of time LIM is attempting to resolve remaining claim disputes, finalize a restructuring plan and conduct a creditor meeting to approve the plan. The plan of arrangement must be approved by the Company's creditors and the Court prior to it being given effect.

We are working towards submitting a plan of arrangement to creditors in October, 2016. LIM's goal is to successfully exit the CCAA process with ownership and value of the Company's business and core assets preserved, with the ability to recommence commercial production pending an improvement in the iron ore price environment.

## **IRON ORE MARKET CONDITIONS**

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**Mr. Kearney's remarks also included his views on current iron ore market conditions and the longer-term outlook for iron ore.**

The price of iron ore averaged US\$56 per tonne in 2015 (62% Fe fines on a CFR China basis), compared to an average price of US\$97 per tonne in 2014 and US\$135 per tonne in 2013. Iron ore exports from Australia to China have risen significantly as the world's top iron ore producers have substantially increased production, contributing to a growing global surplus of iron ore, coincident with an economic slowdown in China and other parts of Asia, displacing higher cost, lower grade domestic production and leading to the shutdown of numerous iron ore mines in China.

Nevertheless, some indications of a medium term recovery are beginning to emerge. In 2016 an increase in China's steel demand lifted the price of iron ore to US\$70 per tonne in late April 2016 before falling back to the current level of approximately US\$55 per tonne.

In 2015 China imported 953 million tonnes of iron ore, an increase of 2.1% over the 933 million tonnes of iron ore imported in 2014. China's trend of increased reliance on imported iron ore is continuing in 2016.

China's demographics and maturing economic structure offer some optimism for growth in steel consumption, and therefore seaborne iron ore demand growth, over the next 20 years. Over a quarter billion Chinese citizens will move into urban environments. As well, an ever-growing middle class will translate into higher per capita accumulated steel stock in use, according to informed market observers such as BHP, Global Insight, World Steel and Wood MacKenzie.

China currently has a steel intensity of use of around 6 tonnes per capita, but is anticipated to require nearly 11 tonnes of steel per capita by 2035. This growth, while only 1 percent per annum, implies an increase in imported seaborne iron ore of nearly one billion tonnes per annum over that period of time.

**In his closing remarks, John Kearney commented:**

All iron ore producers in the Labrador Trough have felt the impact of lower iron ore prices. In 2015, Cliffs Natural Resources has closed its Wabush and Bloom Lake mines, following a period of sustained operating losses, and initiated CCAA proceedings relating to its Eastern Canadian operations.

In May 2016 Iron Ore Company of Canada (IOC) announced its decision to defer the proposed development of its "Wabush 3" mine area, which was planned to significantly extend the life of the IOC mining operation.

On July 26, 2016 the Government of Quebec announced the award of a government financial contribution of \$175 million to Tata Steel Minerals Canada to support the achievement at Schefferville of a direct shipping iron ore project (DSO project) in which Tata Steel Group has invested an amount in excess of \$1 billion. The financial contribution from the Government of Quebec includes an equity stake of \$125 million through the Capital Mining Hydrocarbons Fund and a loan of \$ 50 million from Investissement Québec, acting as an agent of the Government.

In announcing the award the Quebec Ministers said "The support for this important project confirms our commitment to stimulate the growth of the Quebec mining industry, particularly in the Northern parts of Quebec, and encourage the responsible exploitation of our resources" and "Our Government is proud to support this project which will help the Plan Nord succeed by promoting, amongst others, transshipment activities in the Port of Sept-Îles where Tata Steel Minerals Canada is the first mining company to use the rail and port assets of the Pointe Noire area, recently acquired by the Societe du Plan Nord."

LIM owns extensive iron ore resources, processing plants and equipment and rail infrastructure and facilities in its Schefferville Projects and the large investment by the Government of Quebec in the adjacent iron ore mining operations of Tata Steel in the Schefferville area is a very positive development and can only be good for LIM.

LIM's objective is to successfully exit the CCAA process before the end of 2016 with ownership and value of the Company's business and core assets preserved and be in a position to complete development and begin mining operations from its Houston direct shipping iron ore project, when market conditions permit.

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To view Mr. Kearney's full remarks as presented at the Annual Meeting held on September 20, 2016, please visit the Company's website at [www.labradorironmines.ca](http://www.labradorironmines.ca).

## MATTERS OF THE AGM

### *Election of Directors*

All of the nominees for election as director: Messrs. John Kearney, William Hooley, Matthew Coon Come, Eric Cunningham, Gerry Gauthier and Danesh Varma, were unanimously re-elected as directors by a show of hands, to serve until the next annual general meeting of shareholders or until their successors are elected or appointed. The detailed results of the proxies submitted for the vote on the election of directors are as follows:

Director	Votes For	% of Votes For	Votes Withheld	% of Votes Withheld
John F. Kearney	22,545,978	95.30%	1,112,000	4.70%
D. William Hooley	23,655,978	99.99%	12,000	0.05%
Matthew Coon Come	23,655,978	99.99%	12,000	0.05%
Eric Cunningham	23,655,978	99.99%	12,000	0.05%
Gerry Gauthier	23,368,578	98.77%	290,400	1.23%
Danesh Varma	23,368,578	98.77%	290,400	1.23%

### *Re-Appointment of Auditors*

McGovern Hurley Cunningham LLP Chartered Accountants were re-appointed as the Company's Auditors for the current year and the directors were authorized to fix the remuneration of the Auditors.

## 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. LIM commenced mining operations in 2011 and in the three year period of 2011, 2012 and 2013 produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the China spot market.

LIM's current focus is on care and maintenance of the Company's mineral properties and assets with planning activities related to Houston Project development and corporate activities related to communications with the Company's creditors and stakeholders and pursuing revised commercial terms of major service and supply contracts. The Company's objective is to be in a position to complete construction and begin mining operations from Houston when market conditions permit, subject to completion of financing and restructuring efforts.

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

**Cautionary Statements:**

*Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves.*

*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.*

**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.*