

## Labrador Iron Mines Completes 2012 Exploration Program

On track to complete resource estimates and resource conversions by March 31, 2013

Toronto, Ontario, December 18, 2012. **Labrador Iron Mines Holdings Limited** ("LIM" or the "Company") (TSX: LIM) is pleased to announce the completion of its 2012 exploration field program totalling 14,000 metres ("m") of diamond and reverse circulation ("RC") drilling. **This represents the largest exploration program ever completed by the Company.** LIM's field crew is now working on several of its Schefferville area iron ore projects in both Newfoundland and Labrador and Québec towards the completion of geological core logging and sampling in early 2013 and LIM anticipates several new and updated National Instrument 43-101 ("NI 43-101") compliant resource estimates on its deposits for completion by the end of its fiscal year.

### Exploration Program Highlights

- During the 2012 field season, LIM completed 14,000 m of diamond and RC drilling, a 40% increase over the planned 10,000 m.
- LIM is on track to complete by March 31, 2013, updated resource estimates for two major deposits: i) the James Deposit (currently in production), including the James South Extension and, ii) the Houston deposits (currently 22.9 million tonnes of Measured and Indicated mineral resources – see press release dated May 31, 2012).
- LIM is also on track to complete new and initial mineral resource estimates on the Malcolm deposit (nearby Houston), the historic crushed ore stockpiles in both Québec and Labrador and its first inferred mineral resource estimate on the Elizabeth Lake Taconite.
- Drill results at Malcolm-1 returned ore-type intersections (grading >50% Iron ("Fe")) in 11 of the 14 holes. Highlights include hole RC-M026, which intersected 21 m at 60.8% Fe and hole RC-M018, which intersected 18 m at 58.8% Fe.
- During the 2012 exploration program, LIM also acquired geological information through the use of diamond drilling, which successfully recovered core samples for the first time. These samples will now provide better bulk density, geotechnical, metallurgical and hydrogeological interpretations required for detailed mine planning.

"In our 2012 drilling season, our exploration team demonstrated their experience and competence by successfully delivering the most ambitious program in our Company's history" commented Rod Cooper, LIM's President and COO. "As a result, we are on track to complete several new and updated resource estimates by the end of our fiscal year. Equally as important, the field information collected this year will not only contribute to the development and delineation of our resource base, but will also provide valuable technical information for strategic mine planning. Preparation work has now commenced for another ambitious exploration program in fiscal 2014, scheduled to commence in April 2013."

### 2012 Exploration Work Program Details

LIM used two exploration drill contractors during the 2012 field season: Cabo Drilling Corp. carried out the RC drilling and Major Drilling Group International Inc. carried out the diamond drill work. In previous seasons, LIM used RC drilling exclusively. The 2012 exploration program was successful in generating core samples through the use of traditional diamond drilling, a significant technical achievement. LIM obtained a high level (85%+) of core recovery with the use of highly-skilled personnel and special drilling additives and more than 8,300 m of HQ3 core (61.1 mm diameter) were recovered by the end of the program in mid-November. Logging and core splitting is ongoing on site and the exploration team is expected to complete its sampling in early 2013 to allow the inclusion of all new data and assay results in the next series of mineral resource estimates.

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LIM is anticipating new mineral resource estimations on the James Deposit (including the James South Extension), Malcolm-1, Houston 1, 2 and 3 and on the historic crushed ore stockpiles. An initial mineral resource estimation will also be provided on the Elizabeth Lake Taconite. Refer to Figure 2 and Table 2 in the appendix for the location of these properties and total metres drilled in 2012.

The 2012 exploration program also successfully tested a system for geophysical down-hole bulk density determinations in the James and Houston orebodies, which promises to yield a valuable contribution to the resource estimation efforts in the future.

### Malcolm-1 Drill Results

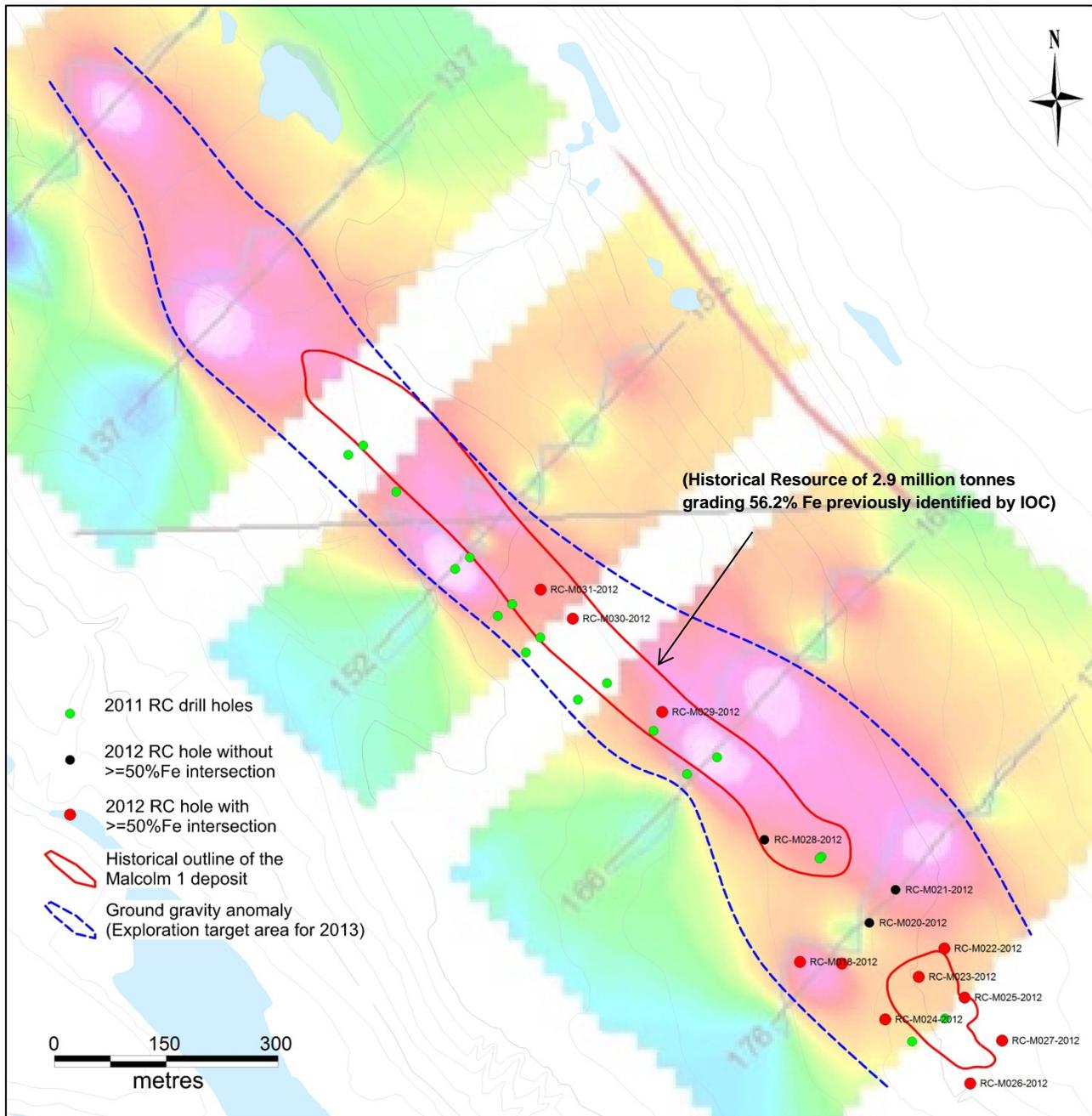
The Malcolm-1 area lies approximately 3 kilometres northwest from the Houston orebodies. Initial work on this property was carried out by LIM in 2011 and returned ore-type intersections in 14 of 18 holes drilled (see press release dated May 31, 2012). In 2012, RC drilling on the Malcolm-1 property consisted of 14 holes totalling 1,600 m and 11 of the 14 holes returned ore-type intersections. Figure 1 outlines the hole locations from the 2011 and 2012 drill programs, as well as the historical resource previously identified by the Iron Ore Company of Canada ("IOC"). The historical (non NI 43-101 compliant) mineral resource is 2.9 million tonnes grading 56.2% Fe. A manganese resource was also identified by IOC, totalling 422,000 tonnes at a grade of 51.4% Fe. LIM expects to report a new NI 43-101 compliant mineral resource for the Malcolm-1 deposit by the end of its fiscal year.

Table 1 below summarizes the intercepts from the 2012 drill program. True thickness (ETT) is estimated using an average bedding dip of 45 degrees and vertical drilling dips for every RC hole.

**Table 1: 2012 Malcolm-1 Drill Hole Intercepts**

Hole_ID	From (m)	To (m)	Length (m)	ETT (m)	Fe (%)	Mn (%)	P (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)
RC-M018-2012	3	21	18	13	58.8	1.9	0.06	3.3	0.5
RC-M019-2012	3	36	33	23	52.0	0.5	0.08	12.4	2.5
	42	51	9	6	58.9	0.8	0.07	5.9	0.5
RC-M022-2012	21	33	12	8	50.1	0.0	0.01	27.8	0.0
RC-M023-2012	12	27	15	11	54.1	0.1	0.05	16.5	0.0
RC-M024-2012	24	30	6	4	50.6	1.3	0.09	15.8	0.1
RC-M025-2012	18	30	12	8	53.1	0.1	0.06	16.6	0.1
RC-M026-2012	42	75	33	23	56.2	0.5	0.06	12.1	0.2
RC-M027-2012	27	36	9	6	56.7	0.6	0.04	14.8	0.1
RC-M029-2012	33	54	21	15	50.1	0.2	0.06	26.0	0.4
	99	108	9	6	52.2	4.9	0.04	17.5	0.0
	120	129	9	6	52.3	4.0	0.17	13.8	0.8
RC-M030-2012	93	102	9	6	51.1	0.4	0.03	25.0	0.7
RC-M031-2012	147	156	9	6	51.0	3.1	0.12	10.5	2.7

Figure 1: Compilation surface plan of Malcolm-1 property



### **Other Exploration Work Program Details**

LIM was also able to increase the capacity of the mine site sample preparation facilities to allow a better turnaround time in the receipt of assays from off-site laboratories. Actlabs remained as independent managers of the site preparation laboratory and all reduced and pulverized exploration samples were airfreighted to its analytical laboratory in Ancaster, Ontario for multi-element X-ray fluorescent (XRF) assays including Actlabs internal Quality Assurance / Quality Control (QA/QC) procedures.

**Ground Geophysical Surveys:** Geosig Inc., a Quebec-based geophysical consulting firm carried out a series of ground magnetometer and gravity surveys over several main targets including the Gagnon and Elizabeth taconites and over the James, the Houston, the Malcolm-1 and the Howse direct shipping (DSO) iron ore deposits. The gravity survey covered 48 line-kilometres (line-km) and 1,130 gravity stations were collected. The magnetic survey covered 31.4 line-km and 40,326 measurements were recovered. These surveys have confirmed the validity of airborne gravity anomalies, located the extensions of known ore bodies and suggested the presence of new exploration targets.

### **Experienced Technical Team**

The exploration program has been carried out by LIM's experienced geological team led by Chief Project Geologist Howard Vatcher, supported by Senior Resource Geologist Erick Chavez, Senior Field Geologist Tara Schrama, Senior Project Geologist Adewara Odewande, Project Geologist Shawn Duquet, all under executive supervision of Michel Cormier, Vice President, Exploration.

### **Qualified Person**

This release has been prepared under the supervision of Michel Cormier, Vice President, Exploration of the Company and a Qualified Person within the meaning of NI 43-101.

### **Quality Assurance / Quality Control (QA / QC)**

From the beginning of the 2008 RC drilling and trenching programs, LIM initiated a quality assurance and quality control protocol. The procedure includes the systematic addition of in-house blanks, in-house reference standards, field duplicates, and preparation laboratory duplicates to approximately each 25 sample batch sent for analysis at Actlabs facilities.

### **Historical Resources**

The historical resources referred to in this press release are based on work completed and estimates prepared by IOC prior to 1983 and were not prepared in accordance with NI 43-101. The Company is not treating any historical resource estimate as a defined current resource verified by a Qualified Person and the historical resource estimates should not be relied upon. However, the historical resource estimates are still considered relevant.

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News Release

TSX: LIM

### 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:

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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.*

Figure 2: Location Map for 2012 Exploration Program

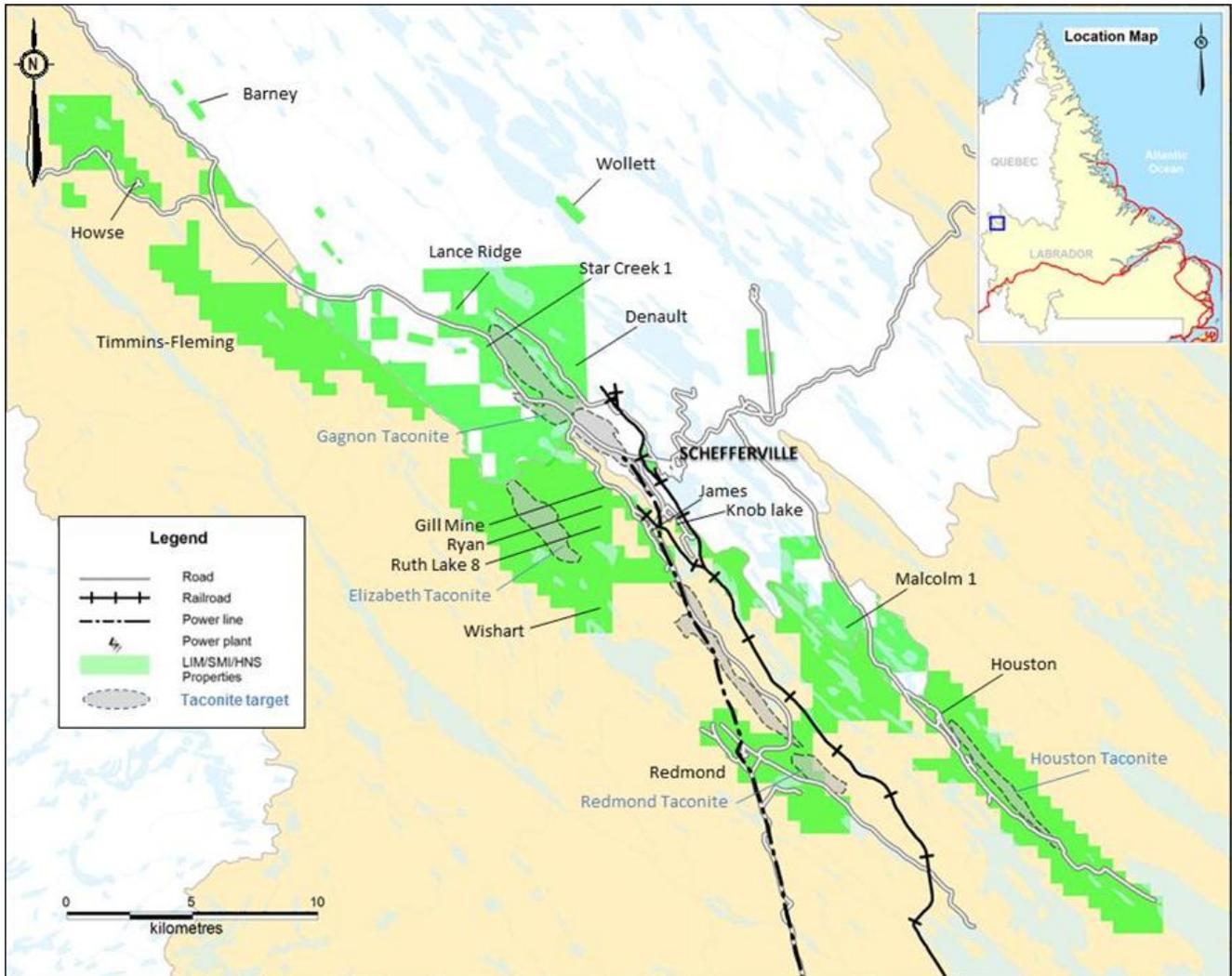


Table 2: 2012 Total Metres Drilled

A summary table for 2012 exploration drill program is shown below.

Province	Property	Diamond Drilling	RC Drilling	Total Drilling
		(m)	(m)	(m)
Newfoundland & Labrador (NL)	James Mine + South	2,086	–	2,086
	Houston 1-2-3	4,504	1,468	6,121
	NL Stockpiles	–	2,552	2,552
	Elizabeth Taconite	1,728	–	1,728
Quebec (QC)	Malcolm 1	–	1,599	1,599
	<b>TOTAL</b>	<b>8,318</b>	<b>5,619</b>	<b>13,937</b>