



LIM signs Impact Benefits Agreement with Innu Matimekush-Lac John

For Immediate Release

Schefferville, Quebec. June 7, 2011. **Labrador Iron Mines Holdings Limited** (“LIM”) or (the “Company”) (TSX: LIM) is pleased to announce that it has signed a landmark Impact Benefits Agreement with the Nation Innu Matimekush–Lac John of Schefferville, Quebec (“MLJ”), with regard to LIM’s Schefferville Area direct shipping iron ore mining projects in the Province of Newfoundland and Labrador and in the Province of Quebec.

The historic life-of-mine Agreement, which was approved by resolution of the Band Council of Matimekush-Lac John signed by the Chief and Band Council, and endorsed by community referendum, recognizes that LIM and MLJ wish to work together to establish a long-term, cooperative, respectful and mutually beneficial positive relationship, based on confidence, trust and certainty.

Under the IBA Agreement, LIM has agreed to the equitable participation of the Innu Matimekush-Lac John in its Schefferville Area Projects through employment, training, contract opportunities and financial benefits, including some community infrastructure projects, and has agreed to take certain social and environmental protection measures to mitigate the impact of the Projects on MLJ families and traditional activities.

MLJ, by entering into this Agreement, has given its consent to the Company’s iron ore Projects proceeding in accordance with the Agreement and has agreed to provide LIM continuing and unobstructed access to and quiet enjoyment of the iron ore projects and its properties.

In a public signing ceremony, held in the presence of members of the MLJ community, on Monday, June 6, 2011 in the Schefferville Arena, (recently refurbished with assistance from LIM), **John Kearney**, LIM’s Chairman & CEO, commented on this ground-breaking event:

“This agreement is a very significant step for LIM and for the Innu Community of Matimekush-Lac John, paving the way for the development of a project that will provide opportunities for the local community at Schefferville, and particularly its youth, and will at the same time protect the environment and Innu traditional and cultural activities.”

“LIM recognizes that its iron ore projects may have an impact upon the Innu of Matimekush and their traditional lands, and has agreed to take positive steps towards developing a respectful relationship with MLJ in recognition of these impacts. LIM is committed to an environmentally and socially responsible development of the iron ore Projects in a way that respects, addresses and, if necessary, mitigates the environmental, cultural, economic and spiritual concerns of MLJ.”

“LIM understands the importance of our iron ore mine projects to the people of the Matimekush-Lac John and is committed to the maximization of associated benefits — including education, training, employment, business opportunities, financial participation and economic development — and is committed to providing fair opportunities to the Members of MLJ to participate in, and benefit from, LIM’s iron ore projects,” added **Mr. Kearney**.

LIM and MLJ have agreed to implement training programs with a view to encouraging and assisting MLJ Members to receive the education and training required to maximise their opportunities for employment, retention and advancement on LIM's iron ore projects. LIM has also agreed, in conjunction with Tata Steel Minerals Canada Ltd. and the Government of Quebec, to make certain contributions for the improvement and renovation of the Schefferville Arena facility, to be accessible to the general public.

“LIM acknowledges the assistance of the Government of Quebec, the Government of Newfoundland and Labrador and the Federal Minister of Indian and Northern Affairs in discussions with the Innu of Matimekush-Lac John and in working towards the resolution of certain issues relating to the development of mining projects in the Schefferville Area;” added Mr. Kearney.

LIM has also signed an Agreement in Principle with the Innu community of Uashat Mak Mani-Utenam in December 2010 under which the Uashaunnuat gave their consent to the Projects and which stipulated the principal terms to be included in a Final Agreement. The terms of the Final Agreement have been negotiated and settled between the parties and it is expected that the Final Agreement will be submitted for ratification to the community of Uashat Mak Mani-Utenam later in 2011.

LIM has previously entered into impact benefits agreements with the Innu Nation of Labrador and with the Naskapi Nation of Kawawachikamach.

About Nation Innu Matimekush-Lac John:

The Nation Innu Matimekush-Lac John, is an Indian Band legally known as Montagnais de Schefferville, located in Schefferville Quebec. MLJ claims Indian title and aboriginal rights to certain lands in the provinces of Quebec and Newfoundland and Labrador, including various pieces of land where LIM's Iron Ore Projects are located.

The Agreement has no effect on any existing or potential duties that Canada, Quebec, and Newfoundland and Labrador may have towards MLJ or its Members or their rights to be consulted and accommodated, and is without prejudice to any MLJ comprehensive land claims in the provinces of Quebec or Newfoundland and Labrador.

About Labrador Iron Mines Holdings Limited (LIM):

LIM's Schefferville Area projects involve the development of twenty direct shipping iron ore deposits in western Labrador and north-eastern Quebec near Schefferville, Quebec. The Company's properties are part of the historic Schefferville area iron ore district where mining of adjacent deposits was previously carried out by the Iron Ore Company of Canada (IOC) from 1954 to 1982. LIM's new iron ore project marks the first time in 30 years that the Schefferville area will be again producing iron ore since the IOC ceased operations in 1982.

Mining has already commenced on LIM's James Deposit. Commissioning of the Silver Yards processing plant was completed at the end of May and the first ore was fed into the plant on June 1, 2011. Rail locomotives and rail cars are being positioned to Silver Yards and the first iron ore train is expected to depart Silver Yards for the Port of Sept-Iles towards the end of June. The first shipment of iron ore from Sept-Iles is expected to be loaded in July.

For further information, please view the Company'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.