



LIM Signs Rail Transportation Agreement with QNS&L

For Immediate Release

Toronto, Ontario. March 10, 2011. **Labrador Iron Mines Holdings Limited** (TSX: LIM) is pleased to announce that it has entered into a life of mine Confidential Rail Transportation Contract with Quebec North Shore and Labrador Railway Company Inc. (“QNS&L”), a wholly owned subsidiary of the Iron Ore Company of Canada, for the transportation of iron ore from LIM’s DSO iron ore projects near Schefferville.

The Contract provides that QNS&L will carry LIM’s iron ore from Emeril Junction, Newfoundland and Labrador, to Sept-Îles Junction, Quebec, on the QNS&L Railway. The QNS&L Railway already carries iron ore for each of the Iron Ore Company of Canada; Wabush Mines and Consolidated Thompson (Cliffs Resources) Bloom Lake Mine. The Port of Sept-Îles is the largest iron ore export port in Canada and in 2010 about 30 million tonnes of iron ore were shipped to customers all over the world.

The Confidential Rail Transportation Contract provides for a confidential tariff, with various capacity and volume commitments on the part of each of QNS&L and LIM. The iron ore will be delivered from LIM’s Silver Yards Plant, near Schefferville, to Emeril Junction by Tshiuetin Rail Transportation Inc. (“TSH”) (see LIM Press Release dated February 24, 2011).

The haulage railcars will be provided by LIM and the locomotives supplied and operated by QNS&L. LIM has agreed to make advance payments to QNS&L to secure the locomotive equipment and infrastructure capacity to meet LIM’s service needs under the Contract. LIM will advance \$5 million to QNS&L upon commencement of the Contract, with a further \$5 million advance payable in October 2011 and a final advance payment of \$15 million in June 2012 to secure the locomotives required to haul LIM’s anticipated increases in production and shipment volumes.

These advance payments will be repaid by QNS&L to LIM by means of a special credit of \$3.50 per tonne against all tonnes hauled, commencing July 2012, until all advance payments have been repaid in full.

John Kearney, Chairman and Chief Executive of Labrador Iron Mines Holdings Limited said: *“We are very pleased to have signed a life of mine rail transportation contract with QNS&L which, together with our recent agreement with TSH Rail, will ensure transportation for LIM’s iron ore to the Port of Sept Iles.”*

“Signing of this rail transportation agreement is a significant milestone in the development of our Schefferville Area iron ore projects in western Labrador and northeastern Quebec and we look forward to a long term business relationship with QNS&L, the major rail transport operator of most of the iron ore in the Labrador Trough,” added Mr. Kearney.

About Labrador Iron Mines Holdings Limited (LIM)

LIM's Schefferville Area project involves 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 from 1954 to 1982.

Labrador Iron Mines contemplates mining in stages, the first phase of Stage 1 comprising the James and Redmond deposits, which are located in close proximity to existing infrastructure, and for which all operating permits have been issued and plant construction and mine development is nearing completion.

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.