



Labrador Iron Mines Holdings Limited

PRESS RELEASE

LIM receives environmental approval for Stage 2 Houston Project

For Immediate Release

Toronto, Ontario. March 28, 2012. **Labrador Iron Mines Holdings Limited** (TSX: LIM) is pleased to announce that it has received environmental approval and project release from the Government of Newfoundland and Labrador for its Houston iron ore mining project in Western Labrador.

On March 26, 2012, the Minister of Environment and Conservation informed LIM that, in accordance with the *Environmental Protection Act*, the Houston 1 and 2 Deposits Mining Project is released from further environmental assessment, subject to a number of conditions.

LIM Chairman and Chief Executive Officer **John Kearney** commented, “*Receiving Environmental approval from the Government of Newfoundland and Labrador for our Stage 2 Houston Project represents another major step in the Company’s development plans. We are pleased that our efforts in planning the proper development of the Houston Project, recognizing the requirements of sound environmental management and social responsibility, and addressing the regulations and policies of the Province of Newfoundland and Labrador, have been acknowledged and accepted by this release and approval*”.

The announcement may be viewed in the Environmental Assessment Bulletin on the website of the Department of Environment and Conservation at <http://www.gov.nl.ca/env>.

The Houston deposits are situated in Labrador about 15 km southeast of LIM’s currently operating James Mine and Silver Yards Processing Plant and approximately 20 km from Schefferville, Québec. The Houston deposits have a combined measured and indicated resource of 22.1 million tonnes at an average grade of 57.3% Fe, (*Technical Report – Mineral Resource estimation of the Houston Property mineral deposit for Labrador Iron Mines Limited prepared by SGS Canada Inc. dated March 25, 2011*).

This environmental release of the Houston Project will allow the Company to complete the applications for permits and regulatory approvals required for the construction of mine infrastructure and related facilities to enable the commencement of development and construction at the Houston deposits planned for summer of 2012.

Subject to permitting, it is expected that initial mine development at the Houston deposit, including construction of a haulage road, a railway siding and pre-stripping of the ore will commence in the summer and fall of 2012, leading to commencement of production of ore, including in-pit dry crushing and screening, in the second half of 2013.

About Labrador Iron Mines Holdings Limited (LIM)

LIM is engaged in the production and development of its 100% owned Schefferville Area direct shipping iron ore (DSO) properties in the Labrador Trough of western Labrador and north-eastern Quebec. The Company commenced production from the James Mine in June 2011, following the successful construction and commissioning of the mine and Silver Yards processing plant earlier in the year, and recorded its first sales of iron ore in the fall of 2011.

LIM contemplates mining in stages. The first phase of Stage 1 comprises the James Mine and the Silver Yard processing plant which is connected by a rail spur to the main Schefferville to Sept-Iles railway.

Through a phased expansion program, LIM plans to grow its iron ore production through the subsequent development of adjacent deposits. Stage 2 comprises the development of the Houston deposits, which has now completed environmental assessment and is moving to the permitting, development and construction phase.

For further information, please view the Company's website at www.labradorironmines.ca or e-mail: info@labradorironmines.ca:

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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.