LIM starts up 2012 production season at James Mine
First train shipments to Port of Sept Iles

For Immediate Release


On April 4, 2012 the first loaded iron ore train departed Silver Yards for the Port of Sept-Iles travelling over the TSH and QNS&L railways.

Mining Commenced at James Mine

Ore mining operations at the James Mine commenced on April 2, 2012 and will continue throughout 2012, with planned total ore mined of between 2.5 to 3.0 million tonnes, together with approximately 3.5 million tonnes of waste.

It is expected that mining operations at James North and James South deposits will continue for the season until November, at a planned mining rate of approximately 15,000 tonnes of ore per day, using conventional open-pit mining methods and, where necessary, employing standard drilling and blasting practices.

As in 2011, iron ore mined from the James Mine will be classed into two types, direct rail (DRO) and plant feed, with the plant producing both lump ore and sinter fine resulting in the production of three saleable iron ore products, direct rail, lump and sinter, (collectively DSO).

The Silver Yards processing plant is expected to re-start for the season in early May 2012. The planned annual seasonal processing schedule will cover a period of seven months, or approximately 210 days, from May to November, depending on weather conditions.

Procurement and construction are well advanced for the Phase 3 expansion of the Silver Yards processing plant, designed to increase production capacity to about 2 million tonnes per year. It is expected that the planned plant expansion will be in place by mid 2012. This expansion is intended to increase plant throughput to 12,000 tonnes per day and improve weight recovery to above 75%.

LIM expects that between 1.8 and 2.0 million tonnes (DMT) of ore, including material from stockpiles, will be treated in the Silver Yards plant in 2012 which is expected to yield between 1.25 and 1.5 million tonnes (DMT) of saleable product. In addition, it is expected that between 500,000 and 750,000 tonnes of direct rail ore from both 2011 stockpiles and from 2012 mining operations will also be available for shipment in 2012, for a total 2012 saleable production target of approximately 2.0 million tonnes (DMT) of iron ore.
**Expanded train service started April 4, 2012**

The first ore train of the 2012 season, loaded with direct rail ore, departed Silver Yards for Sept-Iles on April 4, 2012. This first train represents the planned early start to the 2012 season compared to last year, when the first train ran on June 30, 2011. During 2011, LIM operated one train throughout the summer and added a second train in September. LIM has commenced the 2012 railing season with three trains, and expects to add a fourth train by early summer.

To enable increased railing capacity in 2012, LIM has introduced two additional trains, for a total of four trains consisting of 120 railcars each. To achieve this, and to provide an adequate allowance for repairs, LIM plans to have 555 railcars in service during 2012. Included in this figure are 400 railcars purchased in 2011, of which only 260 were in service in 2011, 10 leased railcars, and 145 used railcars that were recently purchased earlier in 2012 and are expected to be in operation by early summer 2012. LIM has established its Centre Ferro railcar maintenance and repair facility in Sept-Iles which is now operating on a full time basis to maintain LIM's enlarged fleet of railcars.

**2012 Sales of Iron Ore**

In February, 2012, LIM entered into an agreement with the Iron Ore Company of Canada (“IOC”) for the sale of all of LIM’s 2012 iron ore production. Under the 2012 confidential sales contract with IOC, the iron ore will be sold by IOC's marketing organization on the spot market for delivery to Asian markets.

IOC is Canada's largest iron ore producer from its mines located in Western Labrador and is a leading global supplier of iron ore pellets and concentrates. IOC's major shareholder and operator is the international mining group Rio Tinto which has activities in more than 40 countries throughout the world. IOC owns 100% of the Quebec North Shore and Labrador (“QNS&L”) railway and, at the port of Sept-Iles, owns established storage and ore handling facilities, including its ship dock capable of taking ocean going vessels up to 240,000 (dwt) tonnes. LIM's iron ore sales agreement with IOC for 2012 enables utilization of Cape Size Ocean going ships, where current freight rates are lower than the alternative Panamax vessels.

**Qualified Person**

Information of a scientific or technical nature contained in this release has been prepared by or under the supervision of Rod Cooper, P.Eng., President and Chief Operating Officer of the Corporation and a Qualified Person within the meaning of National Instrument 43-101 of the Canadian Securities Administrators.

**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 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.
LIM 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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