
LABRADOR IRON MINES CCAA PLAN OF ARRANGEMENT

SANCTIONED BY COURT

Toronto, Ontario, December 14, 2016. **Labrador Iron Mines Holdings Limited (“LIMH”)** reports that its Plan of Compromise and Arrangement (the “**Plan**”) under the Companies’ Creditors Arrangement Act (“**CCAA**”), having been approved by creditors at meetings held on December 6, 2016, was today sanctioned by the Ontario Superior Court of Justice – Commercial List (the “**Court**”) in Toronto.

The Sanction Order of the Court marks the final legal milestone in the Company’s financial restructuring process, with implementation of the Plan scheduled for Monday, December 19th, 2016.

The Plan was approved unanimously by creditors of LIMH who voted in person or by proxy and by approximately 95% in value of creditors of LIMH’s wholly owned subsidiaries Labrador Iron Mines Limited (“**LIM**”) and Schefferville Mines Inc (“**SMI**”), with only one creditor with a contested claim voting against approval.

The principal results of implementation of the Plan are to convert the debts of LIMH into equity in LIMH and convert the debts of LIM and SMI into equity in LIM.

In addition, creditors of LIM and SMI will receive shares in Houston Iron Royalties Limited (“**RoyaltyCo**”), a newly-formed corporation that will have the right to receive a royalty equal to 2% of the sales proceeds (FOB Port of Sept-Îles) received by LIM from sales of iron ore from LIM’s Houston and SMI’s Malcolm properties.

As a result, creditors of LIMH will hold, as a group, approximately 22% of the shares of LIMH and creditors of LIM and SMI will hold, as a group, a 49% equity interest in LIM and a 100% interest in RoyaltyCo.

Under the Plan, creditors with claims of \$5,000 or less, or creditors with larger claims who elected to reduce their claims to \$5,000, will be paid in full, in cash, and will not receive any equity interest.

The Plan implements a restructuring of LIM’s business to preserve its mining assets, continue its mine site activities in a care and maintenance standby mode and position LIM to refinance an orderly resumption of its iron ore mining activities when economic conditions warrant, while providing creditors with an equity participation in LIM’s assets and business.

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KSV Kofman Inc. has overseen the Company's CCAA proceedings as the court-approved Monitor. The Plan, the Sanction Order and related Court documents may be viewed on the Monitor's website at:

<http://www.ksvadvisory.com/insolvency-cases/labrador-iron-mines-holdings-limited/>.

About Labrador Iron Mines Holdings Limited

Labrador Iron Mines (LIM) is engaged in the mining, exploration and development of its direct shipping (DSO) deposits located in the Schefferville/Menihek region of the prolific Labrador Trough. LIM commenced mining operations in 2011 and in the three year period of 2011, 2012 and 2013 produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the Chinese spot market.

LIM's current focus is completing its financial restructuring and seeking additional financing.

LIM is also working on development of its Houston Mine, to be in a position to complete construction and begin mining operations from Houston when market conditions permit, subject to completion of financing and negotiation of major contracts.

For further information, please visit LIM's website at www.labradorironmines.ca or contact:

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Forward Looking Statement:

Some of the statements contained in this Press Release may be forward-looking statements which involve known and unknown risks and uncertainties relating to, but not limited to, LIM's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties and assumptions regarding financing. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, delays in obtaining or failures to obtain required financing, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. There can be no assurance that LIM will be successful in maintaining any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects LIM's properties or may be impacted by the Schefferville Projects. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. LIM undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.