

LABRADOR IRON MINES CCAA EXTENDED TO JANUARY 27, 2017, PROVIDES RESTRUCTURING PLAN UPDATE

Toronto, Ontario, September 30, 2016. **Labrador Iron Mines Holdings Limited** (the "Company") reports that the Ontario Superior Court of Justice has granted an extension to January 27, 2017 of the Company's Court-supervised restructuring process under the Companies' Creditors Arrangement Act ("CCAA") in order to complete a restructuring of the Company's business.

CCAA Extension

On April 2, 2015, the Company instituted proceedings in the Ontario Superior Court of Justice (the "Court") for a financial restructuring by means of a plan of compromise or arrangement under CCAA and was granted an order (the "Court Order"), as amended and extended on April 30, 2015, July 28, 2015, December 16, 2015, June 30, 2016 and September 30, 2016, providing creditor protection until January 27, 2017, subject to further amendment and extension.

The Company initiated proceedings under CCAA to provide an opportunity for the orderly restructuring of its business and financial affairs. The Company believes that the latest extension will provide the Company sufficient time to resolve all remaining claims, finalize its restructuring plan, obtain creditor and Court approval and exit CCAA proceedings.

Upon exiting CCAA, the Company expects to emerge with ownership and value of the Company's business and core assets preserved, positioned to recommence commercial production pending an improvement in the iron ore price environment.

Progress in Contract Suspensions and Claims Settlement

The Company has now resolved and finalized the claim amounts of almost all creditor claims and is actively engaged in negotiations with respect to the few remaining unresolved claims.

The Company has also now completed the suspension of most of its major commercial contracts and agreements. In general, these other contracts and agreements have not been terminated, but rather the ongoing financial commitments have been suspended until the Company's mining operations resume.

Update on Plan of Arrangement

The Company is in the final stages of developing a plan of arrangement ("Plan") to be presented to creditors to settle the Company's liabilities subject to compromise under CCAA.

The Plan is intended to restructure the Company's business to preserve its mining assets, permit the Company to continue its site activities in a standby mode in the near term and to position the Company to refinance an orderly resumption of its iron ore mining activities when economic conditions warrant.

The Company expects to finalize the Plan in October and seek Plan approval at a creditors' meeting in November. As the Company has been developing the Plan in consultation with its major creditors, the Company expects to receive strong creditor support.

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KSV Kofman Inc. is overseeing the Company's CCAA proceedings as the court-approved Monitor.

The Court 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. The Company 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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Cautionary Statements:

The terms "iron ore" and "ore" in this document are used in a descriptive sense and should not be considered as representing current economic viability. A Feasibility Study has not been conducted on any of the Company's Schefferville Projects.

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.