



# Labrador Iron Mines Holdings Limited

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## LIM announces equity financing

TORONTO, ONTARIO. February 28, 2012. Labrador Iron Mines Holdings Limited (TSX:LIM) (the “**Company**” or “**LIM**”) announces that it has filed a preliminary short form prospectus in connection with an overnight marketed public offering (the “**Offering**”) of the Company’s common shares (“**Common Shares**”) and flow-through common shares (the “**FT Shares**”, and together with the Common Shares the “**Underwritten Shares**”). The Offering will be conducted through a syndicate of underwriters led by Canaccord Genuity Corp. (the “**Underwriters**”). The Company will also grant the Underwriters an over-allotment option to purchase up to that number of additional common shares (the “**Over-Allotment Common Shares**”, and together with the Common Shares and FT Shares, the “**Offered Securities**”) equal to 15% of the Underwritten Shares sold pursuant to the Offering, exercisable at any time up to 30 days after and including the closing of the Offering at a price equal to the offering price of the Common Shares.

The Offering will be priced in the context of the market with final terms of the Offering to be determined at the time of pricing.

The Company intends to use the net proceeds from the Offering for upgrades and expansion of its Silver Yards project, additional rail equipment and upgrades of its transportation infrastructure, development of its Houston project, exploration of the Company’s mineral properties, and for general corporate and working capital purposes.

The Offering is being made pursuant to a short form prospectus to be filed in each of the provinces of Canada other than Quebec. The Offered Securities will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

*This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.*

### **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 is currently undergoing environmental assessment and planning.

For further information, please view the Company's website at [www.labradorironmines.ca](http://www.labradorironmines.ca) or e-mail: [info@labradorironmines.ca](mailto:info@labradorironmines.ca):

John F. Kearney  
Chairman and Chief Executive Officer  
Tel: (647) 728-4105

Rodney Cooper  
President and Chief Operating Officer  
Tel: (647) 729-1287

***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.*