



PRESS RELEASE

LIM signs Impact Benefit Agreement with the Innu from Uashat Mak Mani-Utenam

For Immediate Release

Toronto, Ontario. February 16, 2012. **Labrador Iron Mines Holdings Limited** (“LIM”) or (the “Company”) (TSX: LIM) and **Innu Takuaikan Uashat Mak Mani-Utenam** of Sept-Iles, Quebec, (“ITUM”) are pleased to announce that they have signed an Impact Benefits Agreement with regard to LIM’s Schefferville Area direct shipping iron ore mining projects in the Province of Newfoundland and Labrador and in the Province of Quebec.

The life-of-mine agreement, which follows the earlier Agreement in Principle signed in December 2010, was approved by resolution of the Innu Takuaikan Uashat Mak Mani-Utenam and signed by the Chief and Band Council. This new agreement recognizes that LIM and ITUM wish to work together to establish a long-term, mutually beneficial, cooperative and respectful positive relationship based on confidence, trust and certainty.

Under the IBA Agreement, LIM has agreed to the equitable participation of the Uashaunnuat in its Projects through employment, training, contract opportunities, social, and financial benefits, including environmental protection measures in the Papateu (Howell River) and Kautaitnat (Irony Mountain) areas to mitigate any impact of the Projects on Uashaunnuat families and traditional activities.

In consideration of benefits associated with the IBA, ITUM has given its consent to the Company's iron ore Projects on the conditions expressed in the Agreement.

In a signing ceremony, held in the presence of members of the ITUM community, on Monday, February 13, 2012 in the Band Council offices in Sept-Iles, **John Kearney**, LIM’s Chairman & CEO commented:

“LIM recognizes that the activities of its iron ore Projects may have an impact upon members of the Uashat and Mani-Utenam communities, and particularly the Uashaunnuat families most directly

affected, and their traditional lands, and wishes to develop a respectful relationship with ITUM, which will help mitigate these potential impacts. LIM acknowledges the cooperation and support received to date from ITUM and is committed to developing its iron ore Projects in an environmentally and socially responsible way that respects and, where necessary, addresses the environmental, cultural, economic and spiritual concerns of the Uashaunnuat”.

*“LIM understands the importance of our iron ore mining Projects to the Innu from Uashat Mak Mani-Utenam and is committed to the maximization of associated benefits to ITUM — including education, training, employment, business opportunities, financial participation and economic development— and is committed to providing fair opportunities to the Uashaunnuat to participate in, and benefit from, LIM’s iron ore Projects, including our operations in the Sept-Iles port area,” added **Mr. Kearney**.*

Innu Takuaikan Uashat Mak Mani-Utenam Chief Georges-Ernest Grégoire stated, *“This is a significant step for the Innu Community of Uashat Mak Mani-Utenam towards the establishment of a long and meaningful partnership with Labrador Iron Mines, based on mutual respect and benefits.”*

“This IBA, along with other agreements, signed by ITUM sends a signal to the mining industry operating in the Quebec-Labrador peninsula that our rights as Indigenous Peoples under the U.N. Declaration on the Rights of Indigenous Peoples and the Canadian Constitution cannot be ignored. Any form of mining development, including exploration work, respecting our natural resources or our traditional lands must benefit our communities and requires our consent.”

*“This IBA agreement with Labrador Iron Mines will provide opportunities for our community, and particularly our youth, and will at the same time protect the environment and our traditional lands and cultural activities,” added **Chief Grégoire**.*

LIM and ITUM have agreed to implement training programs with a view to encouraging and assisting ITUM members to receive the education and training required to maximize their opportunities for employment, retention and advancement on LIM’s iron ore projects.

LIM has also agreed to make annual contributions to an Aboriginal Traditional Activities Fund to be created for the benefit of the traditional activities of the Uashaunnuat and other Innu, including the Uashaunnuat families. The Fund may also be used for the benefit of the traditional activities of members of other First Nations in the vicinity of Schefferville.

It is intended that the Fund shall be used for the purposes of traditional, cultural and subsistence activities and the protection and preservation of aboriginal values and shall contribute to the aim of protecting the rights and interests of the Uashaunnuat, their lifestyle, their relationship with the land and their traditional activities.

The IBA signed with the Uashaunnuat is without prejudice to the territorial rights of the Uashaunnuat and the rights asserted by any other aboriginal group relating to the area of the Projects. LIM has previously entered into impact benefits agreements with the Innu Nation of Labrador, the Innu of Matimekush-Lac John (Schefferville) and the Naskapi Nation of Kawawachikamach (for Labrador only), and recently signed a cooperation agreement with the NunatuKavut Community Council (Southern Inuit of Labrador).

About TakuaiKAN Uashat Mak Mani-Utenam:

The Uashaunnuat are a distinct society of the Innu Nation (Quebec and Labrador) and comprise the two communities of Uashat and Mani-Utenam and include the INNU BAND OF UASHAT MAK MANI-UTENAM, a traditional band and a band within the meaning of the Indian Act. ITUM is the band council of such band. The Uashaunnuat assert Indian title, aboriginal rights and treaty rights to certain lands located in Quebec and Labrador, including in the area of LIM's Projects, and affirm that the Projects require their consent.

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 northeastern 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 began shipping iron ore to China 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.

For further information, please view the Company's website at www.labradorironmines.ca or contact:

John F. Kearney
Chairman and Chief Executive
Tel: (647) 728-4105
E-mail: info@labradorironmines.ca

Rodney Cooper
President and COO
Tel: (647) 729-1287

For further information on Innu TakuaiKAN Uashat Mak Mani-Utenam

Armand MacKenzie
Director of Public Affairs & Communications
Senior Advisor on Negotiations
Tel: 1-418-409-5626

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.