Labrador Iron Mines Holdings Limited

PRESS RELEASE

LIM Reports Third Quarter Financial Results and 2012 Production Outlook

For Immediate Release

Toronto, Ontario. February 15, 2012**. Labrador Iron Mines Holdings Limited** (TSX: LIM) reports that it has filed its unaudited financial statements and MD&A for the third quarter and nine months ended December 31, 2011. The documents are available under the Company's profile at www.sedar.com and on LIM's website at www.labradorironmines.ca. A webcast and conference call will be held today at 11:00am ET (Wednesday, February 15, 2012) – see end of this release for details.

During the third quarter ended December 31, 2011, LIM continued mining operations from its James Mine and treating material through its Silver Yards processing facility. Transport of iron ore by rail to the Port of Sept-Iles accelerated during the quarter and LIM completed the sale of its first three shipments of iron ore. A stockpile of product is held at the Port awaiting shipment in the new fiscal year.

Highlights for the start-up operating period from June 1, 2011 to December 31, 2011:

- 1.2 million tonnes of ore mined including 438,000 tonnes of DRO at an average grade of 64.9% iron
- 570,000 tonnes of ore fed to the Silver Yards plant, yielding approximately 230,000 tonnes of lump and sinter fine product
- 564,000 tonnes hauled to the Port of Sept-Iles, of which 386,000 tonnes were sold to IOC and shipped to China
- Stockpile of approximately 178,000 tonnes of DRO remains at the Port for shipping in the 2012 season
- Silver Yards Phase 2 plant expansion completed; Phase 3 construction underway to increase processing capacity and improve recoveries

These results are for the operating period beginning June 1, 2011 since mining operations commenced at the James Mine and commissioning of the Silver Yards processing plant was completed. All references in this press release to tonnes are dry metric tonnes, unless otherwise indicated, and all references to years are calendar years, unless otherwise indicated. The Schefferville Project is not yet considered to have reached commercial production.

Results of Operations

During the third quarter, the Company received proceeds totalling $26.6 million from the sale of its first two iron ore shipments from pre-commercial production. The proceeds from the sale of the third shipment of iron ore are included in accounts receivable at quarter end.

Approximately $30.7 million was expended in mineral property interests, the investment during the quarter relating mainly to development and operating expenditures on the James deposit. This compares with the corresponding quarter of the prior year of $4.0 million which did not include any operating expenditures.

Also during the third quarter, the Company invested approximately $14.6 million in property, plant and equipment, compared to approximately $2.6 million invested in the same quarter of the prior year. Of this total of $14.6 million, approximately $7.8 million was invested in capitalized stripping and dewatering the James deposit; approximately $4.5 million was invested in the beneficiation plant, including the completion of Phase 2 and the commencement of Phase 3 of the Silver Yards processing plant; and approximately $2.3 million was invested in transportation infrastructure and equipment.

For the quarter ended December 31, 2011, the Company reported a loss of $1.7 million, or $0.03 per share, compared to a loss of $1.3 million, or $0.03 per share, during the same quarter of the previous year. The variance in the results of operations compared to the same quarter of the previous year relates largely to transportation related start-up costs of approximately $0.5 million combined with an increase of $0.3 million in depreciation due to an increase in property, plant and equipment in use, offset by a foreign exchange gain of $0.3 million.

For the nine months ended December 31, 2011, the Company reported a loss of $13.3 million, or $0.25 per share, compared to a loss of $3.4 million, or $0.08 per share, during the same period of the previous year. The variance in the results of operations relates largely to transportation related start-up costs of approximately $9.6 million expensed during the first nine months of the current fiscal year and an increase of $1.0 million of depreciation due to an increase in property, plant and equipment in use, offset by a $0.7 million reduction in corporate administration and a foreign exchange gain of $0.3 million.

Also during the nine months ended December 31, 2011, the Company invested approximately $61.5 million in property, plant and equipment, compared to approximately $11.0 million invested in the same period of the prior year. Of this total of $61.5 million, approximately $17 million was invested in the Silver yards beneficiation plant, including, in part, the purchase, transportation and installation of Phase 2 and Phase 3 equipment; approximately $24.8 million was invested in capitalized stripping and dewatering the James deposit; approximately $18.2 million was invested in transportation infrastructure and equipment; and approximately $1.5 million was invested in buildings and office equipment.

As at December 31, 2011, the Company had current assets of $58.3 million, including inventories with a carrying value of $15.5 million and accounts receivable and prepaid expenses of $19 million and had working capital of $25.6 million. At December 31, 2011, the Company had a total of $29.3 million in cash and cash equivalents, including $21.8 million in unrestricted cash and cash equivalents and $7.5 million in restricted cash. The Company remains debt-free.

Operations

In its start-up pre-commercial production period, LIM successfully demonstrated that mining activities and railing of lump ore to port could be extended into the winter months.

From June 2011 into early December 2011, mining operations at the James Mine reached an average rate of approximately 16,000 tonnes per day with a total of 1.2 million tonnes of ore and about 3 million tonnes of waste mined during the year. Of the total production to the end of December, approximately 440,000 tonnes were direct rail ore, at an average grade of approximately 65% iron, of which approximately 340,000 tonnes had been railed directly to Sept-Iles without further processing.

The grade of the James ore encountered in the upper benches of the mine has been, on average, in excess of expectations, while the bulk density of the ore appears to be lower. Indications to date are that the James deposits appear to be of higher grade but lower tonnage than predicted by geological resource models. Mining is anticipated to resume in March 2012 with the commencement of a waste stripping program.

Following commissioning and start-up in June 2011, the Silver Yards processing plant gradually improved its performance and frequently achieved over 8,000 tonnes per day in September and October prior to its seasonal shutdown. By the end of the 2011 operating season, approximately 570,000 tonnes of ore had been fed to the plant, yielding approximately 230,000 tonnes of lump and sinter fine products. Ramp up of the plant was slower than planned, due primarily to a larger percentage of fine material than originally forecast which had tended to blind the fine screens in the plant and necessitated a reduced throughput rate.

The Phase 2 expansion of the Silver Yards plant was completed during the fall of 2011, designed specifically for fine material, and has resulted in an improved throughput and recovery rate that took effect later in the year. A third phase of the plant designed to recover ultra-fine material is under construction as planned, and is expected to be operational by the end of June 2012. This expansion is intended to increase plant throughput to 12,000 tonnes per day and improve weight recovery to above 75%.

Rail

To the end of December 2011, approximately 564,000 tonnes had been railed to the Port of Sept-Iles. Railway operations were discontinued in mid-December.

LIM added a second train during the second fiscal quarter and had four locomotives in operation. With the introduction of a second train and more railcars, the tonnage transported to the Port of Sept-Iles increased significantly during the third fiscal quarter. As previously reported, the buildup in rail shipments was slower than originally planned but continued to improve by the end of the 2011 operating season.

Iron Ore Sales

In 2011, approximately 386,000 tonnes of iron ore was sold to the Iron Ore Company of Canada ("IOC"), pursuant to a confidential sales contract, and delivered to Asian markets and sold by IOC's marketing organization on the spot market. The sale price for iron ore sold to IOC was based on the actual realized prices to Chinese customers, less participation for handling, loading, shipping and sales costs. LIM believes that the benefits associated with the sales to IOC, together with the benefits of the utilization of larger Cape Size vessels, resulted in the most efficient shipping and sales arrangement in 2011.

On February 14, 2012, LIM announced that it had entered into a new agreement with IOC for the sale of all of LIM's 2012 iron ore production. This 2012 confidential sales contract with IOC is similar, in operational and financial terms, to LIM's 2011 sales agreement with IOC.

Exploration and Development

With the Houston and Malcolm deposits as the main focus, the 2011 exploration program was successfully completed and analytical results are continuing to be received. Three drill rigs were in operation during the program as 11,500 metres of reverse circulation drilling was completed by the end of November. In addition, 650 metres of trenching, 65 test pits and air-borne geophysics were also completed during the season.

Outlook for 2012

Mining will continue at the James North and James South deposits in 2012, with planned total ore mined of between 2.5 to 3.0 million tonnes, together with approximately 3.5 million tonnes of waste.

Subject to final operating plan and budget approval, it is now expected that between 1.8 and 2.0 million tonnes of ore, including material from stockpiles, will be treated in 2012, expected to yield up to 1.5 million tonnes of saleable product. In addition, it is expected that about 500,000 tonnes of direct rail ore from both the 2011 stockpile and from 2012 mining operations will also be available for shipment in 2012, for a total 2012 production target of approximately 2.0 million tonnes of iron ore.

Procurement and construction is well advanced for the Phase 3 expansion of the Silver Yards processing plant to increase its production capacity to about 2 million tonnes per year. It is expected that the planned plant expansion will be in place by mid-2012. The total revised Phase 3 project budgeted cost is approximately $20 million, of which approximately $15 million has yet to be expended. In addition, a camp expansion, storage building walls on the Silver Yards plant, establishing grid power and various water management enhancements are anticipated during 2012 at an additional investment of approximately $20 million.

A drilling and exploration budget of $12 million is planned for 2012, including exploration drilling and sampling of $7.5 million, together with a geotechnical and metallurgical drilling program of $4.5 million.

Development of Stage 2 Houston Deposits

The Company is also evaluating the development of a new separate Stage 2 operation for the Houston deposits (South Central Zone) including in pit dry crushing and screening which could be operated year round.

LIM has submitted an application to the Government of Newfoundland and Labrador for the development of the Houston #1 and #2 deposits, including a haul road and railway siding. The Company anticipates regulatory approval of this application in early 2012, followed by construction leading to commencement of production of ore in 2013. Subject to permitting, it is expected that initial mine development at the Houston deposit will commence, including construction of a haulage road, a railway siding and pre-stripping of the ore in the summer and fall of 2012. In addition, a dedicated processing plant, likely to be located at Redmond, will be evaluated in 2012 with a goal to submit permit applications in 2013.

As of March 2011, the Houston deposits have a combined measured and indicated resource of 22.1 million tonnes at an average grade of 57.3% Fe (Technical Report – Mineral Resource estimation of the Houston Property mineral deposit for Labrador Iron Mines Limited, prepared by SGS Canada Inc.- March 25, 2011).

The Company is in the process of preparing detailed mine plans and detailed capital and operating estimates for the development of the Houston deposits. Development costs for the first phase of the Houston project are estimated to be up to approximately $35 million, with all mine operating equipment supplied by the mining contractor. Additional capital expenditures will be required in future years as the other Houston deposits are developed into production. These estimates do not include the capital cost of a new dedicated processing plant, which is not planned for the Houston project in the immediate term.

Increased Rail Capacity

To enable increased railing capacity in 2012, two additional trains will be introduced, for a total of four trains consisting of 120 railcars each. LIM will commence the 2012 railing season in April with three trains, and is expected to add a fourth train by the early summer. To achieve this, and to provide an adequate allowance for repairs, the Company plans to have 555 railcars in service during 2012. Included in this figure are 400 previously purchased railcars, 10 leased railcars, and 145 used railcars that were purchased in January 2012 and are expected to be in operation by early summer 2012. The Company has established its Centre Ferro maintenance and repair facility in Sept-Iles and it is now operating on a full time basis to maintain the fleet of rail cars.

Proposed new Multi-User Deep Water Dock at Sept-Iles

The port handling arrangements for future years beyond 2012 remains subject to ongoing evaluation and finalization. LIM has an agreement with the Sept-Iles Port Authority for the potential use of the Pointe aux Basques terminal for handling and ship loading of LIM's iron ore in future years. On February 13, 2012, the Government of Canada announced that it will invest up to $55 million and will contribute to the construction to a new multi-user deep water dock in the Port of Sept-Iles, equipped with two ship loaders as well as two conveyer lines, that meet with new loading standards in the iron ore industry. This project will make it possible to improve the performance, capacity and competitiveness of the port facilities. The new multi-user deep water dock is expected to be completed by March 31, 2014.

Iron Ore Price Outlook

There has been a period of great volatility in the iron ore market in recent months. Forecasts for prices in 2012 and beyond remain somewhat mixed. The economic situation in Europe will continue to have a significant effect, particularly if the German and French economies slow further and reduce European demand. Chinese growth continues though perhaps at a slower rate in 2012 than previously anticipated. The supply-demand balance is not yet clear for 2012, though a number of analysts are forecasting a price in the USD$140 to USD$150 range per tonne CFR China for the first half of the year, rising to the USD$150 to USD$160 per tonne CFR China range in the second half of the year for 62% Fe sinter product. With the current level of price volatility observed in the market, established producers in the Labrador Trough have a lower risk profile than companies advancing projects at an earlier stage.

Qualified Persons

Scientific and technical information disclosed herein has been prepared under the supervision of Terence N. McKillen, M.Sc., P.Geo., Executive Vice President and a director of the Company, who acts as the Company's qualified person within the meaning of National Instrument 43-101 ("NI 43-101").

Conference Call

The Company's senior management will host a **Conference Call on Wednesday, February 15, 2012 at 11:00 am (ET)** to discuss the Q3 financial results and production outlook for the 2012 operating year (fiscal 2013).

Via Webcast: A live audio webcast of the meeting will be available on the Company's website homepage at *www.labradorironmines.ca*.

Via Telephone: For those preferring to listen by telephone, please dial 416-340-2218 or Toll-free 1-866-226-1793. To ensure your participation, please call at least five minutes prior to the scheduled start of the call.

Replay Archive: Please dial 905-694-9451 or the Toll-free access number 1-800-408-3053, passcode 7310804#. The conference call replay will be accessible for two weeks to February 29, 2012.

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.

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:

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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.