



Labrador Iron Mines Holdings Limited

PRESS RELEASE

LIM signs Iron Ore Sale Agreement with IOC

For Immediate Release

Toronto, Ontario. August 15, 2011. **Labrador Iron Mines Holdings Limited** (TSX: LIM) is pleased to report that it has entered into an agreement with the Iron Ore Company of Canada (“IOC”) for the sale and shipping of all of LIM’s 2011 iron ore production.

Iron ore from LIM’s new James Mine in northwest Western Labrador is currently transported by rail from its Silver Yards rail head, near Schefferville, via the TSH railway and the Quebec North Shore and Labrador (QNS&L) railway, to the Port of Sept-Iles where the ore is unloaded and stockpiled adjacent to LIM’s Point-aux-Basques dock facilities leased from the Port of Sept-Iles.

Under the confidential sales contract with IOC, the iron ore will be delivered to Asian markets and resold by IOC’s marketing organization on the spot market. The sale price for iron ore sold to IOC will be based on the actual realized prices to Chinese customers, less an allocation for handling, loading, shipping and sales costs.

IOC is Canada’s largest iron ore producer from its mines located in Western Labrador and is a leading global supplier of iron ore pellets and concentrates. IOC’s major shareholder and operator is the international mining group Rio Tinto which has activities in more than 40 countries throughout the world. IOC owns 100% of the QNS&L railway and, at the Port of Sept-Iles, owns established storage and ore handling facilities, including its ship dock capable of taking ocean going vessels up to 240,000 (dwt) tonnes.

LIM has previously entered into a life of mine, confidential rail transportation contract with QNS&L for the rail transportation of LIM’s products on the QNS&L railway. This contract provides for a confidential tariff, with capacity and volume commitments on the part of each party.

LIM’s agreement with IOC will enable utilization of Cape Size Ocean going ships, where current freight rates are lower than for the alternative but smaller Panamax vessels, for the shipment of LIM’s iron ore.

LIM believes that the benefits associated with this arrangement, together with the benefits of the utilization of larger ships, will ensure that the maximum possible tonnage of LIM’s iron ore will be efficiently shipped and sold during the remainder of 2011.

About Labrador Iron Mines Holdings Limited

LIM's Schefferville Projects involve the development of twenty direct shipping iron ore deposits in western Labrador and north-eastern Quebec near Schefferville, Quebec. The properties are part of the historic Schefferville area iron ore district where mining of adjacent deposits was previously carried out by the Iron Ore Company of Canada from 1954 to 1982.

Labrador Iron Mines 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. Full scale mining and processing operations commenced in June 2011 and the first train departed LIM's Silver Yards for Sept-Iles on June 29, 2011. To the end of July, about 50,000 tonnes of direct shipping iron ore had been delivered to the Port of Sept-Iles where it is stockpiled awaiting shipment.

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.