Labrador Iron Mines:

Canada's New Iron Ore Producer

Q1 Conference Call (for the quarter ended June 30, 2012)

Date: August 15, 2012



John Kearney, Chairman & CEO

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LIM

Forward Looking Information

Labrador Iron Mines Holdings Limited ("LIM") has prepared this presentation for information purposes only. The information contained herein was prepared by management on a best efforts basis and is believed to be accurate. It contains forward-looking statements about the Company's plans for the mining, development and exploration of its properties.

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. 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, 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.

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LIM Q1 Operating Highlights

Achieved excellent **mine operating results at James**	✓
Railed **532,000 tonnes of ore** to the Port of Sept-Îles	✓
Sold **3 shipments** totalling **486,000 tonnes** (weighted average of $122/tonne, CFR China)	✓
Recognized revenue of **$38.0 million**	✓
Commenced **commercial production**	✓


Image: James Mine

LIM Recent Developments

Enhanced long-term port access

New Multi-user berth

Participation in development of new multi-user berth; 5 million tonne capacity reserved

CN Feasibility Study

Collaboration with CN on feasibility study for new multi-user rail line and port terminal handling facility

Image: Potential new multi-user dock at Port of Sept-Iles

LIM Q1 Financial Results

($ millions, except per share data)	Three months ended June 30, 2012
Net income (loss)	$ (10.6)
per share	(0.16)
Cash and cash equivalents (unrestricted)	22.0
Accounts receivable and prepaids	49.1
Inventory	16.5
Total assets	374.9
Total long-term liabilities	5.5

- **Proceeds from first three shipments in 2012 (486,000 tonnes): $38.0 million**
- Net loss includes $9.8 million amortization charge
- Invested $19.0 million in property, plant and equipment
- Cash and cash equivalents of $22.0 million and $7.6 million in restricted cash

LIM James Mine

- **Excellent operating results achieved in Q1**
- Mined 668,000 tonnes at 62.6% Fe
  - » 483,000 tonnes of DRO
  - » Overall mass yield of 88%
- **Mine currently performing at enhanced operating rate of 32,000 tpd day (ore + waste)**
- Mobilized in-pit dry crushing and screening equipment to process lump and sinter fines

On track for 2012 Sales: 2 Mt of iron ore

Mine Sequence

DRO

April – July
Mine high-grade >60% Fe while process plant is commissioned

Plant Feed

Summer – Fall
Mine lower grade ~50% Fe plant feed (lump and sinter)

Lump

Late Fall
Rail and ship lump material; (lower moisture content)

LIM Product Mix and Dry Process Stream

Current Product Mix

- DRO: ~30%
- Lump: ~10%
- Sinter: ~60%

Future Product Mix

Exclusively lump and sinter

No DRO

Dry Process Stream

- **Added dry classifying system** (crush and screen) to produce lump and sinter fines
- 1,000 tonnes/hour design capacity
- **Mass yield approaching 100%**
- **Supplements mining sequence and enhances product yield**

LIM Silver Yards

- Silver Yards re-started in mid-May
- **Commissioned in five weeks**
- 127,000 tonnes of 55.6% Fe fed to the plant
  (from mid-May to end of June)
  - » 52,000 tonnes lump and sinter fines
- 50% throughput capacity; 41% product yield
- **Approaching design capacity:**
  - » July throughput 4,300 tpd and product yield 58%
- **Phase 3 (~end of August 2012)**

Phase 3: 12,000 tpd capacity and increasing recoveries to over 75%

LIM Other Operational Highlights

✓ Camp

- Bean Lake accommodation camp expansion completed

✓ Port

- Doubling capacity of off-loading equipment at the Port
- Participation in new multi-user berth

✓ Houston

- Tree clearing access road completed; tree clearing rail siding route commenced
- Awarded contract for road work
- Permitting ongoing

✓ Community Relations

- IBA Implementation Meetings with First Nations held at site

LIM Rail Update

- 532,000 tonnes railed to Port in Q1
- **Additional 240,000 wet tonnes railed in July**
- Signed life-of-mine agreement with TSH

Strategies

Short-term

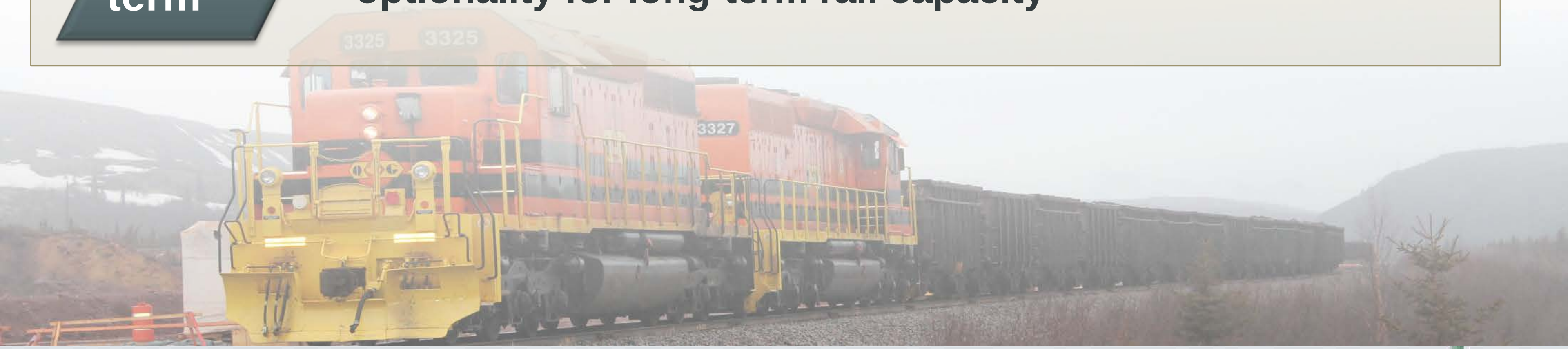
Expected to increase rail volumes for balance of 2012

» **Lengthened train sets** (increase capacity by 30%)

» Adding a **fifth train set** in September

Long-term

» **Potential new CN rail line in Labrador Trough provides optionality for long-term rail capacity**



LIM Sales & Operating Costs

- **Sold 3 shipments in Q1:** 486,000 tonnes (515,000 wet tonnes)
  - Weighted average price of US$122 per tonne CFR China
- **Recognized revenue of $38.0 million**
- **Operating costs $72 per tonne sold**
  - Includes $7.50 in non-recurring charges
  - **Excluding these charges: operating costs of $64.50 per tonne sold**

June and July operating costs within 2012 guidance of $60 - $65 per tonne sold, unloaded at Port

Iron Ore Market Conditions and Outlook

Iron ore spot prices

- Iron ore prices declined in Q2
- Decline continues in Q3: reached US$111 per tonne in August, CFR China basis

Challenging market conditions

- Squeezing operating margins for Chinese steelmakers
- China port inventories remain high and traders liquidating inventories
- Many spot cargos offered for sale receiving few or no bids
- Sales by some companies revoked or prices re-negotiated
- Products withdrawn for lack of buyer interest

Outlook

- Current iron ore spot price is **below** assumed marginal cost of Chinese production.
- Market commentators are speculating a bottom this quarter

Anticipate prices to recover to US$130–US$140 later in year

LIM's Enhancement Plans

Opportunities to improve margins immediately

1	DRO	✓ Phase out shipment of DRO and produce lump and sinter exclusively
2	Silver Yards	✓ Phase 3 expansion targeting completion ~end of August)
3	Rail & Port	✓ Rail and port efficiencies to support higher sales volumes

Over the longer term, increase in sales volumes and rail/port developments will further reduce costs

Review of Capital Spending

- Review of capital spending underway to manage cash requirements under challenging iron ore market conditions
- Potential deferral of certain capital programs
- Evaluating potential working capital and debt facilities

Value Creation through Exploration

$8.6 million exploration program commenced in June

- First diamond drill hole successfully completed on Houston 3
- 2 drill rigs mobilized on site; **2,000+ m of RC and diamond drilling completed to end of July**
- 2 additional drill rigs by end of August; **total 2012 drill program of 11,000 m**
- Ground geophysical surveys carried out to determine drill target locations on **Gagnon and Elizabeth taconites**
- **Bulk sampling of historic stockpiles** (~10 Mt crushed >50% Fe) to commence in August
- **Identified a positive gravity anomaly extending ~400 m SE of James South**

LIM Delivering Results in 2012

Upcoming Catalysts

Sales: 12 – 13 ships (sales) anticipated for 2012	May - December
Silver Yards: Phase 3 complete	~ End of August
Rail: Fifth train set to expand rail capacity	Fall
Houston: permitting ongoing	Fall
Capital Investment: Potential debt financing options	Q3 / Q4
Exploration: Drill programs, resource conversion, blue-sky potential	Ongoing 2012

Question & Answer Session