LABRADOR IRON MINES
HOLDINGS LIMITED

News Release

TSX: LIM

LABRADOR IRON MINES REPORTS SECOND QUARTER RESULTS

Includes Non-cash Asset Impairment Charges

Toronto, Ontario, November 17, 2014. **Labrador Iron Mines Holdings Limited** ("LIM" or the "Company") (TSX: LIM) today reports its operating and financial results for the second quarter and six months ended September 30, 2014. Full details of the results can be found in the Company's Management's Discussion & Analysis and unaudited financial statements for the quarter and six months ended September 30, 2014.

Fiscal Second Quarter Overview

- LIM did not conduct any mining operations and did not recognize any revenue during the quarter or six months ended September 30, 2014.
- For the fiscal second quarter, LIM reported a net loss of $204.7 million, or $1.62 per share, which included non-cash asset impairment charges of $198.2 million. The impairment of long-lived assets largely results from the significant decline of iron ore prices in 2014 to date and the current adverse market conditions for iron ore. Excluding impairment charges, the net loss of $6.5 million during the quarter was mainly attributable to site standby and development costs, depreciation and depletion, corporate and administrative costs and an unrealized foreign exchange loss.
- At September 30, 2014, LIM had a significant working capital deficit and requires additional financial resources in order to meet its financial obligations and to fund its planned business objectives.
- LIM is currently seeking to negotiate a potential support arrangement with RBRG Gerald Metals, an existing creditor and offtake partner, that, if successfully entered into, is expected to provide working capital financing to fund the Company's ongoing activities and potential future project development financing and continue as a going concern.
- LIM continues to focus on the development of the Houston Mine and advancing the Howse Project. During the quarter, LIM also completed a number of activities at its mine sites to maintain the integrity of its projects and environmental responsibility and to remain in compliance with regulatory obligations.

SECOND QUARTER FINANCIAL REVIEW

LIM did not recommence mining operations for the 2014 operating season, due to a combination of the prevailing low price of iron ore and an assessment of the current economics of its iron ore projects and did not recognize any net revenue from mining operations during the quarter.

Since January 2014, the spot price of iron ore has fallen 45% to almost US$75 per tonne today, compared to an average price of US$135 per tonne in 2013 (62% Fe fines on a CFR China basis). Iron ore exports from Australia to China rose significantly in 2014 as the world's top iron ore producers substantially increased production, pushing prices to the lowest levels in five years and contributing to a growing global surplus.

In view of the prevailing iron ore price outlook, and based on our experience over the past three operating seasons, LIM made a strategic shift in corporate focus towards establishing a lower cost operating framework, while concurrently re-negotiating the commercial terms of major contracts and seeking additional capital investment and working capital.

For the fiscal second quarter, LIM reported a net loss of $204.7 million, or $1.62 per share. The net loss during the quarter included non-cash impairment charges of $198.2 million related to mineral property interests, property, plant and equipment, inventories, accounts receivable and prepaid expenses, and advances.

The net loss during the quarter, excluding impairment charges, of $6.5 million is mainly attributable to site standby and development costs, depreciation and depletion, corporate and administrative costs and an unrealized foreign exchange loss. Site standby costs were reduced significantly compared to previous quarters, reflecting the fact that dewatering activities have been discontinued.

As indications of impairment exist, particularly the significant decline in the price of iron ore in 2014 to date and the current adverse market conditions for iron ore, LIM carried out an impairment assessment as at September 30, 2014, in accordance with the Company's accounting policies using current iron ore prices, current mining and transportation contract terms and current ocean freight from eastern Canada to China, and recorded non-cash impairment charges of long-lived assets in the amount of $198.2 million as at September 30, 2014. These non-cash accounting charges do not impact the Company's financial liquidity or any future operations and the adjustments to the book value of these long-lived assets is more reflective of the Company's current market capitalization.

Significant judgments and assumptions are required in making estimates of fair value and valuations are subject to variability in key assumptions including iron ore prices, currency exchange rates, discount rates, production, operating and capital costs. Any change in one or more of the assumptions used could result in a change in fair value. This fair value estimate does not give any value to higher iron ore prices, the potential to re-negotiate current contracts or reduce operating costs, the substantial in-situ resource or the exploration potential of the Company's properties.

During the quarter, LIM invested $0.8 million in property, plant and equipment, related mainly to an expansion of the Silver Yards rail siding and the construction of a landfill. The expansion of the Silver Yards rail siding was entirely funded by Tata Steel Minerals Canada ("TSMC").

As at September 30, 2014, LIM had current assets of $5.5 million, consisting of $2.7 million in unrestricted cash and cash equivalents, $1.2 million in current restricted cash, inventories with a carrying value of $0.1 million and accounts receivable and prepaid expenses of $1.5 million. LIM's cash and cash equivalents are invested in an investment grade short-term money market fund and deposits with a major Canadian bank.

Current liabilities, consisting of accounts payable and accrued liabilities, finance lease obligations, rehabilitation provisions, a rail construction advance and deferred revenue, were in aggregate $64.6 million at September 30, 2014.

At September 30, 2014, LIM had a working capital deficit of $59.1 million compared to a working capital deficit of $8.7 million at March 31, 2014, including a deferred revenue liability of $22.4 million.

Potential Financing and Restructuring

At September 30, 2014, LIM had a very significant working capital deficit and has not met certain financial obligations. LIM urgently needs to secure additional financing arrangements in order to fund or restructure its current working capital deficit and to fund its continuing operations, planned development programs and corporate administration costs so as to continue as a going concern. A financial restructuring and refinancing is required.

LIM is currently seeking to negotiate a potential support arrangement with RBRG Gerald Metals, an existing creditor and offtake partner, that, if successfully entered into, is expected to provide working capital financing to fund the Company's ongoing corporate and standby activities and, as a separate component, potential future project development financing. It is expected that the conditions of this potential support arrangement and potential financing will include a requirement for the Company to restructure its existing liabilities, potentially by means of a plan of arrangement under the federal Companies' Creditors Arrangement Act, and to successfully negotiate more favourable commercial terms of major supply and service contracts and to suspend or defer commitments that have or otherwise would come due.

Subject to concluding this potential support arrangement, and successfully meeting the conditions thereof, LIM believes it will secure sufficient working capital to operate over the next 12 months and continue as a going concern. There are no assurances that LIM will be successful in entering into this potential support arrangement or in successfully meeting the conditions thereof. There are no assurances that LIM will be successful in obtaining any required financing, or in obtaining financing on a timely basis, or on reasonable or acceptable terms, or at all.

LIM's direct shipping iron ore projects were conceived and developed in 2010 and 2011 in an environment of much higher iron ore prices than today. For example, when certain service and supply contracts were signed in March 2011, the price of iron ore was around US$190 per tonne CFR China compared to the price on November 10, 2014 of about US$75 per tonne CFR China. To have a viable economic operation in today's iron ore price environment, LIM needs to "re-set" its projects.

LIM is pursuing longer term strategic initiatives aimed at necessary permanent structural reductions in operating costs and revenue deductions. These include: focusing on dry processing only for its DSO projects, maintaining product quality, improving recoveries, alternative port arrangements at Sept-Îles, sharing facilities with other companies and developing alternative destination markets with lower freight for the Company's products.

LIM is currently seeking to negotiate revised commercial terms with its major contractors and suppliers. Operating cost saving initiatives are required all across the board, including with respect to mining costs, rail transportation, fuel procurement, aviation services, hydro-electric power, human resources and manpower and corporate and administration costs. However, although such savings are considered essential to ensure the longer term economic viability of LIM's operations, there can be no guarantee that these strategic initiatives will be concluded successfully or on a timely basis.

If LIM is unable to complete a potential financial restructuring and obtain adequate additional financing on a timely basis, which may require commercial relief on certain major contracts, the Company will be required to curtail all its operations and development activities and may be required to liquidate its assets under a formal process. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

OPERATIONS SUMMARY

LIM did not conduct any mining, processing or railing activities during the quarter. The Company's focus during the quarter was on corporate activities related to seeking additional capital investment and working capital and negotiating the commercial terms of major service and supply contracts.

During the fiscal second quarter, a number of site activities were completed to maintain the integrity of LIM's projects and environmental responsibilities and to remain in compliance with regulatory obligations.

At the James Mine, a rehabilitation program was completed. Perimeter berms were constructed at all accessible locations around the open pit and the settling ponds area has been reclaimed. Diversion ditches were also built to better manage surface water run-off in the area.

A new dry materials landfill was constructed near the Redmond Mine after a Certificate of Approval was issued by the Minister of Environment and Conservation. Construction of the dry materials landfill is expected to reduce future reclamation costs. LIM also completed seeding of the Redmond Creek fish habitat facility, a 1500 m^2 spawning and rearing habitat for brook trout.

LIM also completed an expansion and modifications of its Silver Yards rail siding. The expansion, which was fully funded by joint venture partner Tata Steel Minerals Canada (TSMC), will facilitate larger loading capacity and ensure that Silver Yards remains independent of the run-through rail line extension to the Timmins area and the Howse Project.

Houston Project

LIM is currently focused on developing the Houston Mine, to be in a position to begin mining production from Houston when market conditions permit, subject to completion of financing and negotiation of major contracts.

The development plan for Houston is relatively simple. The major component consists of constructing an 8 km gravel road, including a bridge over a river crossing. The new road will connect to an existing road located near Redmond Mine, which leads to the Silver Yards facility. The overall one-way distance by road from Houston to Silver Yards is approximately 20 km. Including initial mine development, the initial capital investment to develop the Houston Mine is expected to be approximately $20 million.

When in full production, the Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year, with an initial mine life of 8 to 10 years.

Exploration Update: Howse Deposit

During the quarter, LIM reported results from its $5.0 million Howse exploration program, which commenced in late 2013 and comprised of 19 drill holes: six diamond and 13 reverse circulation ("RC") holes totaling 2,014 metres ("m"). Of the 19 holes drilled, 17 holes returned ore-type intersections, with consistent results over the entire area drilled. Of note, hole HW-DD14-05 returned 84.1 m grading 65.9% Fe and HW-DD13-01A returned 79.5 m grading 64.52% Fe (cut-off grade of 58.0% Fe), demonstrating significant widths of high-grade direct shipping hematite mineralization.

Following the suspension of the 2013 exploration program in the winter, a second exploration program commenced in the summer of 2014 in order to maximize the collection of technical data under the current budget. A further 3,500 m of diamond and RC drilling is currently being completed. LIM's remaining financial commitment for the 2014 Howse exploration program is fully funded by TSMC.

Iron Ore Market Conditions

Iron ore exports from Australia to China increased significantly in the first half of 2014, pushing spot prices to the lowest levels in five years and contributing to a growing global surplus. Inventories at Chinese ports reached record levels increasing supply and leading to lower prices.

The explanation for the increase in supply is that the world's big four iron ore producers significantly increased production this year. Iron ore output from Vale, Rio Tinto, BHP Billiton and Fortescue is forecast to rise 15% this year, adding about 130 million tonnes and port inventories in China have risen to over 100 million tonnes.

There was significant price volatility in iron ore prices over the past few years. We are seeing this again in 2014 due to increased supply and changes in Chinese inventory levels, and there will likely be further volatility in the future. Demand for steel, and thus for iron ore, is expected to remain strong in China and will increase in the rest of the world. Meanwhile, higher cost Chinese production will close and outside China many fourth quartile projects will shut down.

The immediate market outlook for iron ore is uncertain. Chinese steel mills and traders are being pressed to sell inventories as banks demand loan repayments. Chinese steel production continues to increase and China will need to import more iron ore to replace the shutdown of domestic production, which should help iron ore price stability.

Growth in iron ore demand has been dominated by China, whose steel production and consumption has been steadily increasing over the past decade. The country's rapidly increasing steel intensity (steel usage per capita) has been driven by rapid economic growth and continued urbanization, leading to significant increases in the rate of residential construction, public infrastructure development and durable goods production. Economic growth in China will continue unabated, even if from time to time China uses economic policies to avoid overheating. This continuing growth in demand, coupled with the expected flat supply position by 2016-2017, should return supply-demand to a balanced situation similar to the situation prevailing throughout 2013 when iron ore prices averaged around US$135 per tonne.

In the longer-term, the cost curve plays an integral role in establishing an effective 'floor' for iron ore prices. Higher marginal cost Chinese capacity is needed to meet growing iron ore demand in China in the medium term. Lower prices will force the closure of higher cost domestic Chinese producers. As higher-cost mines in China close, demand for seaborne supply will also increase.

To compete globally with the rest of the world, it will be necessary to bring down costs of Canadian iron ore production. Canada is on the opposite side of the world from the main iron ore market in China. Australia not only has a huge ocean freight advantage shipping to China, but Australian operating costs are generally lower than Canadian costs. It is difficult to compete globally if more than two thirds of operating costs are incurred on power, transport and ocean freight. To operate economically in this market environment, iron ore projects in Canada, including the Company's projects, need to reduce costs to be competitive.

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This press release should be read in conjunction with LIM's Management's Discussion and Analysis (MD&A) and unaudited financial statements for the quarter and six months ended September 30, 2014, available on the company's website at www.labradorironmines.ca, under the "Financials" section, or on SEDAR (www.sedar.com).

Unless otherwise noted, all references to 'years' in this press release are 'calendar years', all dollar amounts are stated in Canadian dollars and all tonnes are stated in dry metric tonnes.

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About Labrador Iron Mines Holdings Limited (LIM)

Labrador Iron Mines (LIM) is a leader in the reactivation of the iron ore industry in the Schefferville/Menihek region, engaged in the mining, exploration and development of its portfolio of 20 direct shipping (DSO) deposits located in the prolific Labrador Trough. Production commenced at the James Mine and Silver Yards plant in 2011 and through to the end of its third operating year, the Company sold approximately 3.6 million dry tonnes (3.8 million wet tonnes) in 23 shipments of iron ore into the Chinese spot market.

LIM has not recommenced mining operations for the 2014 operating season due to a combination of the prevailing low price of iron ore in 2014, an assessment of the current economics of its deposits and a strategic shift in corporate focus towards establishing a lower cost operating framework, while concurrently negotiating the commercial terms of major contracts. The Company's focus for the remainder of 2014 is on seeking additional working capital and capital investment.

For further information, please visit LIM's website at www.labradorironmines.ca or contact:

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Cautionary Statements:

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves.

The terms "iron ore" and "ore" in this document are used in a descriptive sense and should not be considered as representing current economic viability.

Forward Looking Statement:

Some of the statements contained in this Press Release may be forward-looking statements which involve known and unknown risks and uncertainties relating to, but not limited to, LIM's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. 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 and assumptions regarding financing. 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, delays in obtaining or failures to obtain required financing, 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. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. There can be no assurance that LIM will be successful in maintaining any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects LIM's properties or may be impacted by the Schefferville Projects. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. LIM undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.