LABRADOR IRON MINES REPORTS THIRD QUARTER RESULTS


This News Release should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and Management’s Discussion & Analysis (“MD&A”) for the quarter and nine months ended December 31, 2017, which are available on the Company’s website at www.labradorironmines.ca, or under the Company’s profile on SEDAR (www.sedar.com).

OPERATIONS SUMMARY

Labrador Iron Mines is engaged in the exploration and development of direct shipping iron ore projects in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world, situated in the Menihek area in the Province of Newfoundland and Labrador and in the Province of Quebec, centered near the town of Schefferville, Quebec.

Through its 51% owned consolidated subsidiary Labrador Iron Mines Limited (“LIM”) the Company owns extensive iron ore resources, processing plant equipment and rail infrastructure and facilities in its Schefferville Projects.

LIM has not undertaken mining operations since 2014, primarily due to a low iron ore price environment and a continuing need for start-up working capital and development financing for the Company's Houston Project.

Notwithstanding the challenging environment during the past several years, LIM continues to conduct a variety of operational and corporate activities with the objective of preserving its assets, maintaining its mineral properties on a standby basis, fulfilling environmental and regulatory obligations and controlling costs.

Progressive rehabilitation work at the James Mine continues to be carried out. During 2017 LIM completed a geotechnical assessment of the waste rock disposal areas associated with the James Mine. At Silver Yards, assessments for contaminated materials were completed and a minor amount of soil was removed for disposal at a registered facility. As part of LIM’s asset disposal program the dry processing plant was completely removed from site and some wet processing plant equipment was also dismantled and shipped by rail to Sept-Iles for sale.

LIM’s environmental monitoring activities relate principally to monitoring water quality and fish habitat conditions in the lakes and tributaries surrounding the James Mine. At Redmond Creek, in addition to monitoring fish population and food supply, the physical stability of the natural habitat is also being monitored. Results to date are positive with Brook trout using the habitat for spawning, rearing and overwintering. The sampling program at Redmond Creek concluded at the end of 2017 which resulted in the release of the restricted cash securing this rehabilitation program in early 2018.
LIM's Schefferville Projects now consist of the Houston property and, subject to further exploration and development, other iron ore properties in the vicinity of Schefferville, including the Elizabeth taconite deposit.

Houston, which is LIM's principal asset, is situated in Labrador about 25 kilometres southeast of the town of Schefferville, Quebec. Together with the Malcolm deposit, considered to be its northwest extension, Houston is estimated to contain a NI 43-101 resource of 40.6 million tonnes grading 57.6% iron ("Fe").

The capital investment to put Houston into production, with a projected ten-year mine life, is relatively modest, and the lead time for development relatively short, compared with most other iron ore projects under development in the Labrador Trough. Subject to securing development financing, LIM is now positioned to resume mining operations as soon as economic conditions warrant.

Planning for the development of the Houston Project continues, although such planning is limited to the use of internal resources. The revised development plan is based on lower-cost dry crushing and screening only. When in full production, the Houston Project is expected to produce consistent saleable product of about 2 million tonnes per year, with an initial mine-life of about 10 years.

**IRON ORE MARKET CONDITIONS**

The iron ore market continues to be very volatile. Driven by increased Chinese demand, the price of iron ore more than doubled in 2016 and continued to rise in early 2017, peaking at US$97 per tonne in February. During the remainder of 2017 the price declined to a low of US$55 per tonne at mid year before recovering to US$75 per tonne by the end of the year. The current price in February 2018 is US$77 per tonne (62% Fe) with a premium paid for high quality (65% Fe) of about US$15 per tonne.

Fundamental demand for steel within China continues to be high, driven by investment in railways and other infrastructure. China consumed a record volume of iron ore in 2017, averaging approximately 100 million tonnes per month. Since 2014, worldwide production of iron ore has generally exceeded demand, particularly as a result of significant production increases in Australia and Brazil. This situation is expected to continue in 2018 and 2019, with equilibrium expected to be reached again in 2020.

As a result of expected continuing supply surpluses, the consensus forecast price for 2018-2020 is in the low US$60 per tonne range, below the current price. The longer term forecast is in the mid US$70 range, after supply and demand equilibrium is reached in 2020. While analysts generally expect steel production and steel margins to remain robust, which should provide strong underlying demand fundamentals for iron ore, supply dynamics continue to be the major wildcard, as the world's largest iron ore producers have a history of demonstrating poor production discipline, sacrificing price and revenue on the altar of market share.

Premiums for high grade iron ore products have increased over the past two years in response to a number of factors including a focus on pollution control in China, which encourages steel plants to use higher grade ore to improve efficiency, and the relative availability of high vs. low grade ores in the market. As a result, high grade iron ore products are currently commanding high premiums to commodity grade (62% Fe) while sub-commodity grade (<60% Fe) with high silica is suffering increasing penalties, resulting in a widening divergence in actual market sale prices.
FINANCIAL RESULTS – QUARTER ENDED DECEMBER 31, 2017

The Company reported a net loss of $0.2 million, or $0.00 per share during the quarter ended December 31, 2017, compared to net income of $72.1 million, or $0.55 per share, in the same quarter of the previous year.

The net loss of $0.2 million in the current quarter was mainly attributable to corporate and administrative costs of $0.2 million. The net income of $72.1 million in the same quarter of the previous year was mainly attributable to impairment reversals of $25.5 million and a restructuring recovery of $47.1 million in connection with implementation of the Plan under the Company’s CCAA proceedings, offset by site costs of $0.3 million and corporate and administrative costs of $0.4 million.

Corporate and administrative costs continue to decline, reflecting a reduction in staff levels and a previous rationalization of office space and related costs.

At December 31, 2017 LIM had working capital of $0.9 million and no long term debt. LIM made no capital expenditures on property, plant and equipment or its mining properties during the quarter and LIM continues to conduct the expenditures required to maintain its mineral claims in good standing.

ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

Labrador Iron Mines is engaged in the mining, exploration and development of its direct shipping (DSO) deposits located in the Schefferville/Menihek region of the prolific Labrador Trough. In the three-year period of 2011, 2012 and 2013 LIM produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the China spot market.

LIM’s current focus is on care and maintenance of the Company’s mineral properties and assets along with planning activities related to Houston Project development. Subject to securing development financing, LIM is now positioned to resume mining operations as soon as economic conditions warrant.

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

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Cautionary Statements:

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. A Feasibility Study has not been conducted on any of the Company’s Schefferville Projects.

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.