LABRADOR IRON MINES REPORTS FISCAL 2018 YEAR END RESULTS


This News Release should be read in conjunction with the Company’s audited consolidated financial statements and Management’s Discussion & Analysis (“MD&A”) for the year ended March 31, 2018, 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 and facilities in its Schefferville Projects and holds mineral exploration claims to numerous exploration properties in Newfoundland and Labrador and in Quebec (the “Schefferville Projects”).

LIM’s Schefferville Projects comprise 20 different iron ore deposits of varying sizes, divided into two separate portions, one within the Province of Newfoundland and Labrador and the other within the Province of Quebec, which were all part of the original Iron Ore Company of Canada (“IOC”) direct shipping operations which produced about 150 million tonnes of direct shipping iron ore from 1954 to 1982, and formed part of the 250 million tonnes of historical resources previously identified by IOC which remained unmined when IOC terminated its Schefferville operations in 1982.

LIM holds NI 43-101 compliant measured and indicated mineral resources of approximately 54.8 million tonnes at an average grade of 56.8% Fe and inferred resources of 5.0 million tonnes at an average grade of 55.6% Fe on its Schefferville Projects. LIM also holds approximately 80 million tonnes in historical resources previously identified by IOC. Approximately 28% of these original deposits have been upgraded or converted into NI 43-101 compliant resources through contemporary work programs, leaving 58 million tonnes as historical IOC estimates. LIM also holds the Elizabeth Taconite Project (“Elizabeth”), which has a NI 43-101 compliant inferred mineral resource estimate (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe.

LIM commenced mining operations from its James Mine in 2011 and in the three year period of 2011, 2012 and 2013 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 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 its 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. 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 have consisted primarily of monitoring water quality and fish habitat conditions in the lakes and tributaries surrounding the James Mine. LIM’s water quality monitoring program was successfully completed at the end of June 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**

Despite strong demand, primarily from China, the price of iron ore in recent years has been characterized by extreme price volatility, as seaborne supply has often exceeded demand. In fact, worldwide production of iron ore has generally exceeded demand since 2014, largely due to significant production increases in Australia and Brazil. Analysts expects this trend to continue in 2018 and 2019, with equilibrium finally being reached again in 2020.

The current price of iron ore in July 2018 is US$65 per tonne (62% Fe) with an additional 30% premium paid for high quality (65% Fe) iron ore. As a result of expected continuing supply surpluses, the consensus forecast price for the remainder of 2018 until 2020 is in the low US$60 per tonne (62% Fe) range, below the current price. While analysts generally expect steel production to remain relatively steady, which should provide strong underlying demand for iron ore, supply dynamics continue to be a 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.

In recent years there has been a substantial shift in the iron ore market favouring higher grade products. This has been particularly noticeable in China, where recent policy measures focused on environmental protection have driven demand for higher grade iron ore. Policy initiatives have included the closure of induction furnaces, shuttering of excess steel-making capacity and winter steel production cuts in the Beijing-Tianjin area. These measures, coupled with a general strengthening of Chinese industrial demand have put pressure on the remaining steel plants to increase their efficiency, which has, in turn, driven the demand and price for high grade imported iron ore.
These environmental and market pressures have led to an increase in the premium paid for iron ore with a higher iron content, lower deleterious element content (particularly with respect to phosphorous, silica, alumina and manganese) and higher lump component relative to the benchmark 62% Fe sinter fine product. Conversely, value-in-use penalties have increased for iron ore considered inferior to the benchmark 62% Fe sinter fine product.

This has resulted in the development of three distinctly different markets for iron ore, being (i) an out-of-favour lower quality ~58% Fe product which now sells at a substantial discount; (ii) a standard commodity grade 62% Fe product at the benchmark price; and (iii) a heavily in-demand high quality ~65% Fe product which commands a substantial premium. A global decline of high grade iron ore reserves without offsetting developments has resulted in a glut of lower quality ~58% Fe product and a shortage of the ~65% Fe premium product. This market condition and the resultant strong premium for ~65% Fe product are expected to continue in the medium term based on the current global project pipeline.

**FINANCIAL RESULTS – YEAR ENDED MARCH 31, 2018**

The Company reported a net loss of $1.2 million, or $0.00 per share during the year ended March 31, 2018, compared to net income of $51.1 million, or $0.37 per share, during the previous fiscal year.

The net loss of $1.2 million in the current fiscal year was mainly attributable to corporate and administrative costs of $1.1 million and site costs of $0.5 million, offset by impairment reversals of $0.4 million. The net income of $51.1 million in the previous fiscal year was mainly attributable to a restructuring recovery of $45.7 million and impairment reversals of $7.6 million, offset by site costs of $1.0 million and corporate and administrative costs of $1.6 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 March 31, 2018 the Company had working capital of $0.5 million and no long term debt. LIM made no capital expenditures on property, plant and equipment or its mining properties during the year 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.laboradorironmines.ca](http://www.laboradorironmines.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.