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## LABRADOR IRON MINES

### Update on Houston Project Preliminary Economic Assessment (PEA)

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Toronto, Ontario, Canada, January 25, 2021. **Labrador Iron Mines Holdings Limited** (the “Company”) (OTC: LBRMF) provides an update on advancing the ongoing Preliminary Economic Assessment on its Houston direct shipping iron ore project in Labrador, Canada.

The Company is working to advance Stage 2 of its planned direct shipping ore mining operations, which involves the development of its Houston Project. As previously reported, LIM has engaged Roscoe Postle Associates Inc. (RPA), a division of SLR, to complete an independent Preliminary Economic Assessment (PEA) and a current NI 43-101 Technical Report on the Houston Project to be used for consideration of possible financing options to advance the Houston Project.

RPA has to date substantially completed an updated mineral resource estimate and undertaken a detailed optimization of the open pit mining strategy and proposed production schedule. This expanded scope of work, which has taken additional time to complete, is focused on maximizing the component of the mineral resource that can benefit from the dry crushing and screening processing strategy and potentially increasing the production life of the project beyond 10 years.

The strategy aims to maximize the quantity of higher-grade mineralization and minimize the waste mined in the plan, thus lowering the strip ratio, with the objective of reducing overall costs. The revised mine plan is now scheduling distinct phases of mining in multiple smaller pits within the already permitted project footprint and is likely to result in a smaller overall disturbance area.

*“While the completion of the study has been delayed by some weeks, the potential benefits in pursuing this detailed mine planning strategy, with the objective of maximizing the grade and reducing operating costs, are considered meaningful and important to the overall economics of the Houston Project”,* said **John Kearney, Chairman of the Company.**

The updated mineral resource estimate is expected to be completed by mid-February, with the results of the PEA expected to be available around the end of February, and the Technical Report expected to be filed before the end of the Company’s current financial year ending March 31, 2021.

#### HOUSTON IRON ORE PROJECT

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Labrador Iron Mines Holdings Limited, through its majority owned subsidiaries Labrador Iron Mines Limited (“LIM”) and Schefferville Mines Inc. (“SMI”), is engaged in the exploration and development of 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 Menihék area in the Province of Newfoundland and Labrador and in the Province of Quebec, centered near the town of Schefferville, Quebec.

In the three-year period of 2011, 2012 and 2013 LIM produced a total of 3.6 million dry metric tonnes of iron ore, from its Stage 1 James Mine, which was sold in 23 cape-size shipments into the China spot market. LIM has not undertaken mining operations since 2013, primarily due to volatile iron ore market conditions, but has maintained its properties on a stand-by care and maintenance basis while completing reclamation and rehabilitation of the former James Mine.

The Houston deposit, which is planned as LIM's next DSO project, is situated in Labrador about 15 kilometres southeast of the town of Schefferville. Together with the Malcolm deposit, considered to be its northwest extension, Houston was estimated in 2013 to contain a NI 43-101 resource of 40.6 million tonnes of direct shipping ore (DSO) grading 57.6% Fe. [*Technical Report entitled "Technical Report Mineral Resource Update of the Houston and Malcolm 1 Property, Labrador West Area, Newfoundland and Labrador and North Eastern Quebec Canada, for Labrador Iron Mines Holdings Limited" dated effective April 24, 2013 by Maxime Dupéré, P.Geol. of SGS Canada Inc. and Justin Taylor P.Eng. of DRA Americas Inc., filed on SEDAR,*].

The Houston development plan is based on dry crushing and screening only. When in full production, Houston is expected to produce consistent saleable product of about 2 million tonnes per year, with an initial mine-life of about 10 years.

Development of the Houston Project will require development financing and to assist in securing the financing LIM engaged RPA to complete an independent PEA and a current NI 43-101 Technical Report on the Houston Project.

## **IRON ORE MARKET**

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LIM continues to monitor iron ore market conditions as they relate to the availability of development financing. Securing development financing requires market confidence that the current improved level of iron ore prices will be sustained at a healthy level in the medium and longer term.

The price of iron ore (62% Fe Fines CFR China) surged 80% in 2020 to a nine-year high of US\$170 per tonne in December, driven by sustained strong demand in China and supply constraints in Brazil. In China, iron ore demand proved to be extremely strong, as infrastructure stimulus programs drove a robust recovery in the economy and continued strength in Chinese steel demand. Annual steel production in China surpassed 1 billion tonnes in 2020 for the first time, requiring the import of 1.17 million tonnes of iron ore, representing an almost 10% increase over the previous record in 2017. The majority of this record setting steel production was achieved in the latter three quarters of the year, more than making up for Covid-related production constraints in the first quarter.

It is not expected that Brazil can increase iron ore production rapidly in the short to medium term because of the Covid pandemic and fallout from recent tailings dam disasters. Meanwhile Australia has been fighting an ongoing trade war with China following Australian suggestions that China should investigate and publish details on the cause and early spread of the Covid virus from Wuhan. Beijing has reacted negatively and applied sanctions on Australian thermal coal and other commodities and has tried to dissuade purchases of iron ore from Australia.

Analysts generally forecast iron ore prices to remain above US\$100 per tonne in 2021, with the four largest producers — BHP, Rio Tinto, Vale and Fortescue — unable to significantly expand production. Last month, Goldman Sachs raised its iron ore price forecast for 2021 to US\$120 per tonne, citing strong Chinese steel production and recovering demand for steel in the west. In the longer-term analysts expect iron ore prices to revert from recent highs with Brazilian supply recovering but government Covid relief programs and infrastructure investment worldwide are expected to create continued demand for steel and thus for iron ore.

## OUTSTANDING SHARE CAPITAL

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Labrador Iron Mines Holdings Limited currently has 162,364,427 common shares issued and outstanding.

The common shares of the Company trade on the OTC Pink Open Market under symbol LBRMF.

The Company continues in good standing as a Reporting Issuer in all the Provinces of Canada, and in compliance with all the requirements of the Securities Acts and Securities Regulations in Canada. All public filings of the Company may be inspected under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

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LIM continues to monitor iron ore market conditions as they relate to the availability of development financing. Labrador Iron Mines Holdings Limited, through its majority owned subsidiaries Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI"), owns extensive iron ore resources in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world, centered near the town of Schefferville, Quebec.

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 planning activities related to the development of its Houston Project and, subject to securing development financing, LIM is positioned to resume project development and production of direct shipping iron ore from the Houston deposits at the earliest opportunity.

For further information, please visit LIM's website at [www.labradorironmines.ca](http://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 News 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.*