



LABRADOR IRON MINES REPORTS THIRD QUARTER DECEMBER 31, 2021 RESULTS

Toronto, Ontario, Canada, February 11, 2022. **Labrador Iron Mines Holdings Limited** (the “Company”) (OTC: LBRMF) reports its financial results for the three and nine months ended December 31, 2021.

This News Release should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and Management’s Discussion and Analysis for the three and nine months ended December 31, 2021, which are available on the Company’s website at www.labradorironmines.ca or under the Company’s profile on SEDAR (www.sedar.com).

All currency references in this news release are expressed in Canadian dollars, unless otherwise indicated.

OVERVIEW

The Company, 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 situated in the Menihek area of western Newfoundland and Labrador and northeastern Quebec, near the town of Schefferville, in the central part of the Labrador Trough region of eastern Canada, one of the major iron ore producing regions in the world.

In 2021, LIM completed the reclamation of its former James Mine and Silver Yards processing facility. A final rehabilitation program, primarily involving some repeat seeding and re-vegetation and removal of discharge piping at Ruth Pit, was undertaken during the summer of 2021. LIM has now successfully completed all its environmental regulatory requirements relating to rehabilitation of the former James Mine and Silver Yards processing site and related infrastructure.

The Company’s current focus is planning activities related to advancing the Houston Project, LIM’s flagship property. The Company also continues to conduct the expenditures required to maintain its various mineral claims in good standing.

The price of iron ore surged 40% in the first half of 2021 to an all-time record US\$235 per tonne in May, averaging US\$184 for the period. During the second half of 2021, the price retracted to a low of US\$87 in November but by the end of 2021, and continuing in early 2022, the price rallied again, rising to US\$150 by mid-February.

In early February 2022, China announced a five-year extension to 2030 as the new target for peak carbon emissions for the country’s steel sector, giving the steel industry five extra years to start reining in its emissions, in a move to prioritize economic growth.

Preliminary data for January 2022 indicate imports of 117.4 million tonnes of iron ore, which represents China’s highest month of imports ever, consistent with expectations of strong construction activity in the first half of 2022, and which is expected to accelerate particularly after conclusion of Lunar New Year festivities and the Beijing Winter Olympics. More construction activity means higher steel output, which in turn raises iron ore demand.

Houston Project

The Houston Project is an open pit direct shipping iron ore project located near the town of Schefferville, on which an updated, independent Preliminary Economic Assessment (“PEA”) was completed in February 2021 that demonstrated production of 2 million dmt of DSO per year, with an initial 12-year mine life, for total production of 23.4 million dmt of product at 62.2% Fe over the life of the mine. Planned operations involve conventional open pit truck and shovel activities and simple dry crushing and screening for processing.

Based on the assumptions used, the PEA estimates the Houston Project will generate an undiscounted net cash flow of \$234 million and an after-tax net present value at an 8% discount rate (“NPV_{8%}”) of \$109 million and an after-tax internal rate of return (“IRR”) of 39%, under the base case US\$90/dmt (62% Fe Sinter Fines CFR China basis) benchmark pricing model.

The PEA prepared by Roscoe Postle Associates Inc. (“RPA”), now part of SLR Consulting Ltd., supports LIM’s plan to resume iron ore production from its Stage 2 Houston Project with low re-start capital and robust economics at a time when the global iron ore markets are very strong. The PEA estimates initial direct capital costs of \$51.3 million, and along with indirect costs, engineering, procurement and construction management (EPCM) costs, owner’s costs and contingency, total initial capital expenditures of \$86.8 million. The initial capital intensity at only US\$33 per annual tonne of production is considered low by industry standards.

The Houston Project’s deposits 1 and 2 have undergone extensive regulatory review and approval and are considered ready for construction and with a one-year construction period to production, the Houston Project offers low technical risk, with only building a short gravel road and rail siding as the principal construction components.

PEA Follow-up Initiatives

The Company is advancing development of the Houston Project through a number of initiatives, including: off-take discussions; advancing commercial negotiations with construction contractors, equipment vendors, rail, port and logistics counterparties; and planning metallurgical test work of drill core collected from the Houston Project in a 2013 bulk sample. Results of the test work will be used to refine the product specifications and process flowsheet. This analysis will yield important product characterization information which will be helpful in marketing the iron ore product.

In order to fund these initiatives, the Company is exploring various near term working capital financing alternatives, including a potential private placement of equity of approximately \$2.5 to \$5 million.

Various future construction financing alternatives being considered include: an advance payment component of an off-take agreement; equipment leasing arrangements; potential project partners; potential government development agencies participation; and potential debt and equity financing.

IRON ORE MARKET

In the first half of 2021 the price of iron ore surged 40% to an all-time record US\$235 per tonne in May, averaging US\$184 for the period. During the second half of 2021, however, the price fell sharply to a low of US\$87 (62% Fe Sinter Fines CFR China basis) in November, although it rallied to US\$112 by the end of December. Overall, the price averaged US\$162 for the full year and US\$140 for the second half of the year.

A major driver of China’s boom in demand for steel (and thus iron ore) in the first half of 2021 was the considerable level of fiscal accommodation provided by the government in response to the Covid-19 pandemic. By mid-2021 this stimulus spending had declined, however, with total infrastructure investment contracting in June for the first

time in over a year. Slower construction activity beginning mid-year coincided with the implementation of energy consumption and environmental control policies that tempered steel production in China and thus iron ore demand in the second half of the year.

By the end of 2021, however, and continuing in early 2022, the price rallied again, rising to US\$150 by mid-February, representing a more than 70% increase relative to its November 2021 low. This market turnaround coincides with interest rate cuts in China intended to stimulate investment in its property and infrastructure sectors. More construction activity means higher steel output, which in turn raises iron ore demand. Additionally, in early February 2022, China announced 2030 as the new deadline for peak carbon emissions for the country's steel sector, against an earlier target of 2025, in a move to prioritize economic growth by giving the steel industry five extra years to start reining in its emissions.

Preliminary data for January 2022 indicate imports of 117.4 million tonnes of iron ore, which represents China's highest month of imports ever, and 4.2% higher than the previous monthly record in July 2020. China's robust iron ore imports are consistent with expectations of strong construction activity in the first half of 2022, which activity is expected to accelerate particularly after conclusion of Lunar New Year festivities and the Beijing Winter Olympics.

FINANCIAL RESULTS – THREE MONTHS ENDED DECEMBER 31, 2021

On a consolidated basis, the Company reported a loss of \$0.24 million, or \$0.00 per share during the three months ended December 31, 2021, compared to a loss of \$0.006 million, or \$0.00 per share, during the same period of the previous year.

The loss of \$0.24 million in the current three month period was mainly attributable to site costs of \$0.092 million, corporate and administrative costs of \$0.073 million and share based compensation of \$0.077 million. The loss of \$0.006 million in the same period in the previous year was mainly attributable to site costs of \$0.30 million and corporate and administrative costs of \$0.091 million, offset by a rehabilitation provision recovery of \$0.13 million and assignment of rights income of \$0.25 million.

The rehabilitation provision recovery in the previous period represents the difference between the actual rehabilitation expenditures incurred during the period and the previously estimated costs that formed the basis of the rehabilitation liability discharged.

Site costs include the expenditures required to maintain the Company's mineral properties in good standing.

Share based compensation in the current three month period represent the expense of restricted share units during the period using the graded vesting method of expense recognition.

OUTSTANDING SHARE CAPITAL

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 each of the Provinces of Canada in which it is a Reporting Issuer, and is 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.

ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

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.

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. 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.

In March 2021, the Company reported the results of an independent PEA on its Houston Project prepared by RPA, now part of SLR Consulting Ltd. The Technical Report on the PEA, prepared in accordance with National Instrument 43-101, may be viewed under the Company’s profile on SEDAR, or on the Company’s website.

In addition to its Houston Project, LIM holds approximately 50 million tons in historical DSO resources in various deposits. LIM also holds the Elizabeth Taconite Project, which has an inferred mineral resource estimate (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe.

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 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.