



## LABRADOR IRON MINES ANNOUNCES US\$4,000,000 STRATEGIC INVESTMENT BY SCULLY ROYALTY

Toronto, Ontario, Canada, July 5, 2022. **Labrador Iron Mines Holdings Limited** (the “Company”) (OTC: LBRMF) is pleased to announce a US\$4,000,000 strategic investment by New York Stock Exchange listed **Scully Royalty Ltd.** (“Scully”).

### US\$ 4 MILLION INVESTMENT

The Strategic Investment consists of a US\$3,000,000 equity component alongside a US\$1,000,000 convertible credit facility. Scully has agreed to subscribe for 13,043,478 common shares of the Company at a price of US\$0.23 per share, for gross proceeds of US\$3,000,000, and become a strategic shareholder, holding approximately 7.4% of the Company’s shares on closing. In addition, through a subsidiary, Scully will provide an unsecured, convertible, US\$1,000,000 credit line to the Company, with a five-year term, at an interest rate of 6.8%, and convertible at US\$0.31 per share, among other standard terms and conditions.

Additionally, Labrador Iron Mines Limited (“LIM”), the operating subsidiary of the Company, will establish Labrador Iron Mines Limited Partnership (“LIMLP”), which will hold and develop the Houston Project. LIM will be the General Partner and project operator and a subsidiary of Scully will be the Limited Partner of LIMLP. Scully will have the first right to propose Project Debt Financing for the development of the Houston Project.

In connection with the Strategic Investment, Scully will be granted certain rights, including the nomination of one director to the Board of the Company, participation rights in any future financing to enable Scully to maintain its ownership interest, and various other reporting rights and covenants.

*“We are delighted to welcome Scully as a strategic investor”* commented **John F. Kearney, Chairman and CEO of Labrador Iron Mines.** *“Scully’s strategic investment and partnership represents a significant milestone for LIM and a strong endorsement of the Company. Leveraging Scully’s extensive iron ore mining experience and relationships in the Labrador Trough will be invaluable to our advancement of Houston.”*

**Samuel Morrow, Scully’s Chief Executive Officer,** stated, *“We’re thrilled to partner with the team at Labrador Iron Mines and believe that this investment will enable significant progress towards bringing the Houston Project to production.”*

The proceeds of the Strategic Investment will be used as working capital to advance the Houston Project through a number of initiatives, expected to culminate in a Preliminary Feasibility Study (PFS) next year. These initiatives include: negotiating an off-take agreement, with construction financing and product sale components; conducting metallurgical test work to refine product characterization and specifications for marketing purposes; and advancing commercial negotiations with construction contractors, equipment vendors, rail, port and logistics counterparties. Completion of a PFS is considered an important step in arranging Project Financing for the Houston Project.

Closing of the Strategic Investment is expected to occur in approximately two or three weeks, subject to customary closing conditions.

## APPOINTMENT OF NEW DIRECTOR

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Effective on Closing of the investment, Samuel Morrow, President and Chief Executive Officer of Scully, will be appointed to the Company's Board of Directors. Sam has been CFO of Scully since 2017 and was appointed President and CEO in 2021. Sam is a Chartered Financial Analyst and a graduate of St. Lawrence University in New York. Prior to joining the Scully Group, he was Vice President of Tanaka Capital Management and Treasurer, Chief Financial Officer and Chief Operating Officer of the Tanaka Growth Fund.

## ABOUT SCULLY ROYALTY LTD.

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Scully Royalty Ltd. (NYSE: SRL) is an international merchant bank that provides financial services for corporations and institutions.

Scully's core asset is a net revenues royalty interest in the Scully iron ore mine located at Wabush, in the Province of Newfoundland and Labrador, Canada. The mining lease was issued in 1956 and expires in 2055. The royalty rate under this interest is 7.0% on iron ore shipped from the mine and 4.2% on iron ore shipped from tailings and other disposed materials, with a minimum payment of \$3.25 million per annum. In 2017, a new operator, Tacora Resources, acquired the Scully (Wabush) mine and has since achieved a number of milestones, including completing a US\$276 million financing and commencing operations at the mine in 2019. Before Tacora acquired the mine, for most of its life until 2010 it was operated as a joint venture owned by Stelco, Dofasco, Inland Steel, Acme Steel and Cleveland Cliffs Inc. In February 2010 Cleveland Cliffs Inc. exercised a right of first refusal to acquire 100% ownership of the property. The Scully (Wabush) mine has a capacity of six million tonnes per annum and produces what is considered a premium iron ore product with Fe content in excess of 65%, and utilizes the same rail and port (Sept-Iles) as LIM plans to use for the Houston Project.

Scully's website address is [www.scullyroyalty.com](http://www.scullyroyalty.com).

## ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

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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 project financing, is positioned to resume project development and production of direct shipping iron ore (DSO) from the Houston Project. 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 the 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 the Houston Project, LIM holds approximately 50 million tons in historical DSO resources in various deposits in the Schefferville region. 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](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.*