



LABRADOR IRON MINES REPORTS THIRD QUARTER DECEMBER 31, 2019 RESULTS

Toronto, Ontario, Canada, February 28, 2020. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) (OTC: LBRMF) reports its financial results for its third fiscal quarter ended December 31, 2019.

This News Release should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and Management’s Discussion and Analysis (“MD&A”) for the three and nine months ended December 31, 2019, 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

LIM continues to conduct a variety of necessary operational activities with the objective of preserving its assets, maintaining its mineral properties on a standby basis and fulfilling environmental and regulatory obligations.

The iron ore market in the first half of 2019 was characterized by significant supply disruptions, particularly in Brazil and Australia, which caused a rapid rise in the iron ore price. After beginning 2019 at US\$70 per tonne (62% Fe CFR China basis), the price rose to a 5 year high of US\$126/tonne in early July, before facing headwinds. The price subsequently came back to the US\$80-US\$95/tonne range for the balance of 2019 and continues in that range in early 2020.

Development of Houston, which is planned as LIM’s next direct shipping ore (DSO) project, is subject to the availability of development financing, and securing such development financing requires market confidence that an improved level of iron ore prices will be sustained.

OPERATIONS UPDATE

LIM has not undertaken mining operations since 2013, primarily due to generally unfavourable iron ore market conditions during that time. The Company has, however, continued to maintain its properties on a stand-by care and maintenance basis and also continues to conduct the expenditures required to maintain its core mineral claims in good standing, although a number of non-core mineral claims have been dropped or surrendered.

Rehabilitation

In the fall of 2019 LIM substantially completed the rehabilitation of the former James Mine and Silver Yards plant site. The fall 2019 rehabilitation program consisted of dismantling and removing LIM’s wet processing plant which was previously used to process ore from the James Mine, but is not planned to be used for Houston. LIM contracted a Montreal-based demolition/recycling firm to complete the project, under the supervision of on-site LIM management. Following demolition, approximately 1,500 tonnes of structural steel and scrap metal were transported from site by rail and recycled, with the proceeds subsidizing the project costs.

Nearby service buildings were also dismantled and all remaining debris (wood, concrete, etc.) from the surrounding area was removed and disposed.

Following a government inspection performed after completion of the fall 2019 program, approximately \$512,000 of restricted cash set aside as financial assurance for such rehabilitation was released by the Government of Newfoundland and Labrador. Such released restricted cash along with the sale of scrap metal covered the majority of the costs incurred in the fall program.

Exploration

In the summer of 2019, LIM carried out its first exploration program in a number of years. The focus of the program was to examine potential extensions to known mineralization; to identify the potential for buried iron ore deposits in areas of glacial till cover; and to maintain the selected mineral licences in good standing.

Exploration activities included reconnaissance soil, rock and till geochemistry and geological investigations, in part, at or near historical trenching and drilling sites. In addition to geological, the exploration program assessed the potential of locating buried, high-grade iron (\pm manganese) mineral potential on LIM's mineral claims using soil and rock geochemistry.

Sampling was carried out on 13 of LIM's mineral licences in the Menihék region of western Labrador. A summary of the findings and recommendations is as follows.

Soil Results

Soil geochemistry on 383 samples was performed by AGAT Laboratories. Samples were analyzed for 58 REE and trace elements. Data suggest buried iron deposits can be located using soil geochemistry although there is probably skew or offset to the data due to glacial till dispersion and subsequent soil development.

Rock Results

The exploration program collected 95 rock samples with several samples further subdivided such that 101 individual whole rock analyses for major, trace and REE geochemistry were completed. The same suite of elements that was conducted on the soils was also carried out on the rock samples. Initial results suggest that high Fe content in rocks is generally coincident with several areas where mineralization is known to exist.

Implications

Results of the program indicate that new potential targets occur at Kivivic No. 1 on Licence 016669M; Timmins on Licence 018230M; and Fleming 3 on Licence 011541M.

Additional potential also exists at Elross No. 3 on Licence 011542M and Timmins 5 on Licence 011543M.

Near-Term Focus

Development of the Houston Project, which is planned as LIM's next DSO project, is subject to the availability of development financing, and securing such development financing requires market confidence that an improved level of iron ore prices will be sustained. Some uncertainty exists about the iron ore market in 2020 and beyond. LIM will continue to monitor iron ore market conditions as they relate to the availability of development financing.

From a corporate perspective, LIM is cognizant that its operations will need to be funded on a care and maintenance basis. The Company is funding its ongoing site standby and general corporate and administrative activities from the proceeds of sale of surplus non-core assets and the release of restricted cash.

In October 2019 LIM completed the sale of its site accommodation camp and the purchaser has agreed to take on responsibility for future site reclamation obligations in place of LIM. The purchaser intends to renovate the camp and recommence operation of the camp to service the accommodation needs of the mining industry in the area, including potentially LIM in the future. As a result of the sale LIM was relieved of the camp upkeep, security, and insurance obligations.

LIM owns the Centre Ferro railway maintenance shop in Sept-Iles, Quebec and continues to rent this railcar facility to third party customers, which covers Centre Ferro's operating costs. In the meantime, LIM continues to advance the potential sale of the property. Completion of the sale of Centre Ferro is a near-term priority for LIM.

IRON ORE PROJECTS

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 of direct shipping ore (DSO) grading 57.6% Fe.

The Houston development plan is based on lower-cost 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.

LIM also holds the Elizabeth Taconite Project ("Elizabeth"), which has an inferred mineral resource estimate (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe.

The proposed mining method for Elizabeth has been conceptualized as an open pit operating at 18 million tonnes per year producing approximately 5 million tonnes per year concentrate production over an expected 34-year mine life and with an expected grade of higher than 68% Fe, which would attract premium pricing in today's iron ore market. Over the projected life of mine, total production would be approximately 172 million tonnes of iron ore concentrate.

Elizabeth is located in northwestern Labrador approximately four kilometres west of LIM's former James Mine and is advantageously situated with direct access to existing roads, rail bed and power line corridor. The initial Elizabeth target measures approximately four km long and is made of magnetite and hematite dominant zones. There is significant potential for resource expansion as the deposit remains open along strike to the northwest and southeast.

FINANCIAL RESULTS – QUARTER ENDED DECEMBER 31, 2019

The Company did not conduct any mining activities during the quarter ended December 31, 2019. Rather, the Company's focus was on activities required to maintain its mineral properties in good standing, including site reclamation and exploration activities. The Company made no capital expenditures on property, plant and equipment on its mining properties during the quarter ended December 31, 2019.

On a consolidated basis, the Company reported a net loss of \$0.22 million, or \$0.00 per share during the quarter ended December 31, 2019, compared to net income of \$0.12 million, or \$0.00 per share, during the same quarter of the previous year.

The net loss of \$0.22 million in the current quarter was mainly attributable to site costs of \$0.16 million and corporate and administrative costs of \$0.11 million, offset by a \$0.05 million impairment reversal of mine equipment prior to its sale. Net income of \$0.12 million in the same quarter of the previous year was mainly attributable to site costs of \$0.03 million and corporate and administrative costs of \$0.13 million, offset by a rehabilitation provision recovery of \$0.29 million relating to a change in estimated rehabilitation and closure costs.

Site expenditures during the current quarter consisted mainly of reclamation and exploration activities. Site expenditures during the same quarter of the previous year consisted mainly of oversight of site standby activities, but did not include exploration activities. The Company's environmental monitoring requirements, which consisted of monitoring water quality and fish habitat conditions in the lakes and tributaries surrounding the James Mine, concluded at the end of June 2018. Site costs in both the current quarter and the same quarter of the previous year were partly offset by third party income earned by the Company at its rail car repair facility in Sept-Iles, Quebec.

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

At December 31, 2019 the Company had a working capital deficit of \$0.73 million and no long term debt. The Company had current assets of \$0.69 million, consisting of \$0.045 million in unrestricted cash, \$0.14 million in accounts receivable and \$0.50 million in assets held for sale. As at December 31, 2019, the Company also held \$1.64 million in non-current restricted cash. LIM continues to conduct the expenditures required to maintain its core mineral claims in good standing.

OUTSTANDING SHARE CAPITAL

The Company 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 of 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 is engaged in the exploration and development of its iron ore 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 positioned to resume mining operations when 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 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.