LABRADOR IRON MINES REPORTS FISCAL 2017 YEAR END RESULTS

- Net Income of $51 million reported for the year
- Financial restructuring successfully completed


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, 2017, 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

The Company is engaged in the business of mining of iron ore and 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. LIM owns extensive iron ore resources, processing plant equipment and rail infrastructure and facilities in its Schefferville Projects.

In December 2016, the Company’s Plan of Arrangement was approved by creditors and sanctioned by the Court. The Plan was designed to create a framework for the orderly restructuring of the Company’s business and financial affairs, to enable the Company to sustain itself, pending the recovery of iron ore prices, in the most favourable position to secure additional development financing to proceed with the development of its Houston Project and continue as a going concern.

The price of iron ore doubled during calendar 2016, driven by increased Chinese demand, reaching a two-year high of US$80 per tonne (62% Fe CFR China basis) in December 2016. In early 2017, the iron ore price continued to rise, reaching a peak of US$97 per tonne in February 2017, its highest level since mid-2014, before moving back to the US$65 per tonne range by mid 2017.

LIM did not undertake any mining operations in 2016, primarily due to the low iron ore price environment and a continuing need for start-up working capital and development financing for the Company’s Houston Project.

Notwithstanding the challenging environment during the past several years, LIM continued 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.

All capital expenditure and exploration programs continue to be suspended for cash conservation purposes, other than fulfilling such minimum field work required for claims maintenance purposes. The Company completed its planned 2016 field exploration program to maintain its mineral claims in good standing.
Progressive rehabilitation work at the James Mine was carried out during 2016, which included placement of overburden and organic material on the settling pond area, waste rock stockpile and treat rock stockpile. LIM also carried out vegetation work in the James Mine area and completed a geotechnical study to assess the waste rock stockpile stability.

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 ("km") southeast of the town of Schefferville, Quebec. Together with the Malcolm deposit, considered to be its northwest extension, Houston is estimated to contain a National Instrument 43-101 ("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.

**FINANCIAL RESULTS – YEAR ENDED MARCH 31, 2017**

For the year ended March 31, 2017, the Company reported net income of $51.1 million, or $0.37 per share, mainly attributable to a restructuring recovery of $45.7 million and a net impairment reversal of $7.6 million, offset by site costs of $1.0 million and corporate and administrative costs of $1.6 million.

The restructuring recovery of $45.7 million represents the net impact of expenses, transactions and provisions that were directly associated with the restructuring of the Company under the Companies’ Creditors Arrangement Act ("CCAA"), which was completed in December 2016. The restructuring recovery consisted of the write-off of $54.3 million of compromised liabilities, offset by professional fees of $0.9 million and adjustments to accepted claims of $7.8 million. The write-off represents the value of compromised liabilities extinguished under the Plan of Arrangement in excess of the attributed value of consideration issued to settle such compromised liabilities.

The Company’s mineral property interests had been fully impaired in prior years due to then-prevailing economic conditions. In December 2016, in connection with completion of the Plan of Arrangement and the issuance of shares in the Company’s subsidiary and Houston Iron Royalties Limited, the Company recorded an impairment reversal of mineral property interests in the amount of $27.0 million, prior to taking into consideration the effect of the newly granted royalty valued at $7.0 million, based on management’s assessment of the fair value of the Company’s projects using various valuation approaches, including comparative market transactions and a discounted cash flow methodology, resulting in an adjusted net carrying value of $20.0 million for such mineral property interests as at December 31, 2016.
In accordance with the Company’s accounting policies the carrying value of the Company’s mineral property interest was assessed for impairment as at year end March 31, 2017. In accordance with International Financial Reporting Standards (“IFRS”) the year end assessment took into consideration economic conditions prevalent as at and subsequent to year end. Based on an estimate of the asset’s recoverable amount using lower iron ore prices prevailing during the assessment period subsequent to year end, an impairment of $20.0 million was recorded as at March 31, 2017.

The Company made no capital expenditures on property, plant and equipment on its mining properties during the year. Corporate and administrative costs remained low, reflecting a reduction in staff levels and a rationalization of office space and related costs. From a corporate perspective, the Company has been focused on its financial restructuring efforts, which culminated in approval and implementation of the Plan of Arrangement in December 2016.

As at March 31, 2017, the Company had a positive working capital balance of $1.2 million and has no current or long-term bank debt. The Company has significantly reduced corporate overhead and, combined with the limited cost of site maintenance and standby activities, has succeeded in reducing its ongoing costs significantly. LIM intends to fund its ongoing site standby and general corporate and administrative activities from the proceeds of sale of surplus non-core assets and equipment.

**IRON ORE MARKET CONDITIONS**

The price of iron ore doubled during calendar 2016, driven by increased Chinese demand, reaching a two-year high of US$80 per tonne (62% Fe CFR China basis) in December 2016. In early 2017 the iron ore price continued to rise, reaching a peak of US$97 per tonne in February 2017, its highest level since mid-2014, before moving back to the US$60 to US$65 per tonne range by mid-2017.

China’s imports of iron ore during the first quarter of calendar 2017 were robust, mainly on the back of strong steel prices and optimism about the resilience of the construction and infrastructure sectors, the main steel consumers. However, a surge in seaborne supply led to a build-up of iron ore inventories at Chinese ports, with stockpiles reaching a record 132.5 million tonnes at the end of March. This supply surplus led to a steady erosion in spot prices from the US$97 per tonne high in February to US$80 per tonne at March 31, 2017 and subsequently to the current level of US$65 per tonne.

While the five-year average price of iron ore is US$95 per tonne, the current consensus forecast for the remainder of 2017 and 2018 is in the US$50 to US$60 per tonne range. There is less consensus on longer term forecasts, however. Analysts generally expect steel production and steel margins to remain robust, which should provide strong underlying demand fundamentals for iron ore. China will continue to record economic growth and build new infrastructure which will require more steel and thus more iron ore. Supply dynamics, however, continue to be the 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.

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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. LIM commenced mining operations 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’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.labradorironmines.ca or contact:

John F. Kearney
Chairman and Chief Executive Officer
Tel: (647) 728-4105

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.