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## LABRADOR IRON MINES REPORTS FIRST QUARTER JUNE 30, 2020 RESULTS

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Toronto, Ontario, Canada, August 27, 2020. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) (OTC: LBRMF) reports its financial results for the three months ended June 30, 2020.

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 months ended June 30, 2020, which are available on the Company’s website at [www.labradorironmines.ca](http://www.labradorironmines.ca) or under the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

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

### OVERVIEW

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The Company, through its majority owned subsidiaries Labrador Iron Mines Limited and Schefferville Mines Inc., 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 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 as well as mineral exploration claims in Newfoundland and Labrador and in Quebec (collectively, the “Schefferville Projects”). LIM holds measured and indicated DSO mineral resources of approximately 55 million tonnes at an average grade of 56.8% Fe and inferred resources of 5.0 million tonnes at an average grade of 55.6% Fe on its Schefferville Projects. LIM also holds approximately 50 million tonnes in historical resources in various deposits.

In addition, LIM 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.

LIM commenced mining 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 railed to the Port of Sept-Iles and 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 maintains its properties on a stand-by care and maintenance basis and, subject to securing financing, plans to resume mining operations when economic conditions warrant.

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. Site activities consist mainly of property maintenance, site standby activities and reclamation programs. During the past year, LIM conducted an exploration program on its mineral licences in the Province of Newfoundland and Labrador, continued its site rehabilitation program and completed the sale of certain surplus assets.

In January 2020, the price of iron ore declined from approximately US\$90/tonne (62% Fe CFR China basis) to US\$80/tonne, due to the initial impact of the emerging Covid-19 pandemic, which resulted in a short-term curb in China’s steel production due to public health measures. By mid-February, however, steel production in China began to increase again, based on significant government stimulus programs and an improving domestic public health

situation. By the end of July, China was on track to break its previous annual record of steel production and associated iron ore imports. In July alone, China imported 112.7 million tonnes of iron ore and produced 93.4 million tonnes of crude steel, both representing monthly records and an increase of 24% and 9% respectively over the same month in 2019.

On the supply side, the market experienced another Brazilian supply disruption in the spring of 2020. Brazil has been particularly hard-hit by Covid-19, which has significantly interrupted the country's iron ore production. The net effect of Brazil's production disruption has been another supply deficit in the global iron ore market.

The cumulative impact of robust demand in China and tighter than anticipated supply has led to a significant increase in the price of iron ore. By late August 2020 the price has reached US\$128/tonne, representing a more than 40% increase during the year. Analysts are increasingly confident that the current market dynamics of strong China demand and tighter than previously anticipated supply will support a robust iron ore market throughout the remainder 2020.

## **OPERATIONS UPDATE**

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LIM is currently undertaking further rehabilitation of the James mine area and the Silver Yards processing plant site, largely involving top-soil spreading and seeding and re-vegetation. Upon completion of this rehabilitation work, LIM expects a further release of restricted cash set aside as financial assurance for such rehabilitation.

In June 2020, the Minister of Natural Resources announced measures to assist the mining and mineral exploration industries in Newfoundland and Labrador during the Covid-19 global pandemic, including deferring rental and fee payments and waiving mineral expenditure requirements for 2020. The measures include deferral of rental and fee payments associated with land tenure issued under the Mineral Act until December 31, 2020 and waiver of mineral assessment expenditure requirements for mineral licences from March 18, 2020 to March 17, 2021. LIM's obligations deferred as a result of this relief include mining and surface lease rentals and mineral licence renewal fees. Additionally, LIM's mineral expenditure requirement planned for 2020 has been waived.

The Province of Quebec also announced Covid-related relief measures to assist the mining and minerals industry in Quebec. All claim renewals and work commitments have been waived for one year beginning April 9, 2020. This measure will waive Schefferville Mines Inc. expenditure requirements during this period and will keep SMI's mineral claims in Quebec in good standing until 2021.

## **IRON ORE PROJECTS**

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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 Property.

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.

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 the current

improved level of iron ore prices will be sustained. LIM continues to monitor iron ore market conditions as they relate to the availability of development financing.

LIM also holds the Elizabeth Taconite Property, 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.

## **FINANCIAL RESULTS – THREE MONTHS ENDED JUNE 30, 2020**

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On a consolidated basis, the Company reported a net loss of \$117,449, or \$0.00 per share during the three months ended June 30, 2020, compared to a net loss of \$265,362, or \$0.00 per share, during the same period of the previous year.

The net loss of \$117,449 in the current three month period was mainly attributable to site management costs of \$19,503 and corporate and administrative costs of \$96,609. The net loss of \$265,362 in the previous year was mainly attributable to site management costs of \$108,635 and corporate and administrative costs of \$154,968.

Site management costs were minimal during the current three month period, as no exploration or rehabilitation activities were undertaken. The Company made no capital expenditures on property, plant and equipment during the period. Corporate and administrative costs continue to decline, reflecting a minimal staff level.

The Company continues to conduct the expenditures required to maintain its core mineral claims in good standing, although such expenditures were minimal during the current three month period as a result of Covid-19-related relief measures in both Newfoundland and Labrador and Quebec.

At June 30, 2020, the Company had a working capital deficit of \$196,609 and no long term debt, other than a \$40,000 loan under the Covid-19-related Canada Emergency Business Account program. At quarter end the Company had current assets of \$447,083, consisting of \$105,584 in unrestricted cash, \$111,015 in restricted cash and \$230,484 in accounts receivable. The Company also held \$1,269,829 in non-current restricted cash.

## **OUTSTANDING SHARE CAPITAL**

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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](http://www.sedar.com).

## **ABOUT LABRADOR IRON MINES HOLDINGS LIMITED**

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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](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.*