LABRADOR IRON MINES HOLDINGS LIMITED

News Release

LABRADOR IRON MINES REPORTS THIRD QUARTER DECEMBER 31, 2020 RESULTS

Toronto, Ontario, Canada, February 12, 2021. **Labrador Iron Mines Holdings Limited** (the "Company") (OTC: LBRMF) reports its financial results for the three and nine months ended December 31, 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 and nine months ended December 31, 2020, 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 in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world.

LIM is now working to advance Stage 2 of its planned direct shipping ore mining operations, which involves the development of its Houston Project, located about 15 km southeast of Schefferville. Subject to securing development financing, LIM is working to commence production of direct shipping iron ore from the Houston deposits at the earliest opportunity.

As previously reported, LIM has engaged Roscoe Postle Associates Inc. (RPA), a division of SLR, to complete an independent Preliminary Economic Assessment (PEA) and a current NI 43-101 Technical Report on the Houston Project to be used for consideration of possible financing options to advance the Houston Project.

RPA has to date substantially completed an updated mineral resource estimate and undertaken a detailed optimization of the open pit mining strategy and proposed production schedule. This expanded scope of work is focused on maximizing the component of the mineral resource that can benefit from the dry crushing and screening processing strategy and potentially increasing the production life of the project beyond 10 years.

The strategy aims to maximize the quantity of higher-grade mineralization and minimize the waste mined in the plan, thus lowering the strip ratio, with the objective of reducing overall costs. The revised mine plan is now scheduling distinct phases of mining in multiple smaller pits within the already permitted project footprint and is likely to result in a smaller overall disturbance area.

When in full production, the Houston Project is expected to produce consistent saleable product of about 2 million tonnes per year for at least 10 years. The Houston deposits contain harder ore than the previous James mine and are anticipated to produce a larger proportion of premium lump ore product.

The results of the PEA are expected to be available around the end of February, and the Technical Report is expected to be filed before the end of the Company's current financial year ending March 31, 2021.

IRON ORE MARKET

LIM continues to monitor iron ore market conditions as they relate to the availability of development financing. Securing development financing requires market confidence that the current improved level of iron ore prices will be sustained at a healthy level in the medium and longer term.

The price of iron ore (62% Fe Fines CFR China) surged 80% in 2020 to a recent nine-year high of US$170 per tonne, driven by sustained strong demand in China and supply constraints in Brazil. In China, iron ore demand has proven to be extremely strong, as infrastructure stimulus programs have been driving a robust recovery in the economy and continued strength in Chinese steel demand.

The early indications in 2021 are that China's demand for iron ore continues to be very strong. China imported 93 million tonnes of iron ore in January alone, representing an increase of 9% from December. The demand picture emerging overall is that China is showing no meaningful signs of moderating its steel production, and therefore its iron ore consumption, as industrial demand driven by global post-pandemic stimulus spending remains very robust.

It is not expected that Brazil can increase iron ore production rapidly in the short to medium term because of the Covid pandemic and fallout from recent tailings dam disasters. Meanwhile Australia has been fighting an ongoing trade war with China following Australian suggestions that China should investigate and publish details on the cause and early spread of the Covid virus. Beijing has reacted negatively and applied sanctions on Australian thermal coal and other commodities and has tried to dissuade purchases of iron ore from Australia.

Analysts generally forecast iron ore prices to remain above US$100 per tonne in 2021, with the four largest producers — BHP, Rio Tinto, Vale and Fortescue — unable to significantly expand production. In December, Goldman Sachs raised its iron ore price forecast for 2021 to US$120 per tonne, citing strong Chinese steel production and recovering demand for steel in the west. In the longer-term analysts expect iron ore prices to revert from recent highs with Brazilian supply recovering, however government Covid relief programs and infrastructure investment worldwide are expected to create continued demand for steel and thus for iron ore.

FINANCIAL RESULTS – THREE AND NINE MONTHS ENDED DECEMBER 31, 2020

On a consolidated basis, the Company reported a net loss of $6,300, or $0.00 per share during the three months ended December 31, 2020, compared to a net loss of $220,216, or $0.00 per share, during the same period of the previous year.

The net loss of $6,300 in the current three month period was mainly attributable to site costs of $297,111 and corporate and administrative costs of $91,033, offset by a rehabilitation provision recovery of $132,149 and assignment of rights income of $250,000. The net loss of $220,216 in the same period in the previous year was mainly attributable to site costs of $163,547 and corporate and administrative costs of $109,594, offset by an impairment reversal of $50,000.

On a consolidated basis, the Company reported net income of $125,798, or $0.00 per share during the nine months ended December 31, 2020, compared to a net loss of $849,692, or $0.01 per share, during the same period of the previous year.

The net income of $125,798 in the current nine month period was mainly attributable to assignment of rights income of $500,000 and a rehabilitation provision recovery of $305,049, offset by site costs of $393,259 and corporate and administrative costs of $284,160. The net loss of $849,692 in the same period of the previous year was mainly attributable to site costs of $467,954 and corporate and administrative costs of $438,927, offset by an impairment reversal of $50,000.

Site costs include costs related to maintaining the Company's mineral properties in good standing as well as the third party consultant costs associated with conducting the independent PEA and NI 43-101 compliant technical report currently underway on the Houston Project.

The Company assigned certain rights in a rail siding to a third party during September 2020 and received preliminary cash consideration of $250,000 in September 2020 and additional cash consideration of $250,000 in November 2020.

The Company also received full payment during September 2020 of a $200,000 hold-back that was outstanding from the sale of the Centre Ferro industrial facility that closed in March 2020.

The rehabilitation provision recovery reflects the difference between the costs incurred in the rehabilitation program during the summer of 2020 and the original estimate that formed the basis of the associated rehabilitation obligation discharged. In December 2020, the Company received government approval of the transfer of the full closure obligation of its former mine camp to the third party purchaser of the mine camp, following its previous sale in 2019. Included in the rehabilitation provision recovery for the three months ended December 31, 2020 is a full recovery of the rehabilitation obligation associated with the mine camp.

The Company continues to conduct the expenditures required to maintain its core mineral claims in good standing, although such expenditures were minimal during 2020 as a result of Covid-related relief measures in both Newfoundland and Labrador and Quebec.

Corporate and administrative costs have been maintained at a low level.

At December 31, 2020 the Company had current assets of $754,190, consisting of $390,181 in unrestricted cash, $323,490 in restricted cash and $40,519 in accounts receivable and prepaid expenses. The Company also held $947,777 in non-current restricted cash. The Company had positive working capital of $27,635 and no long term debt, other than a $40,000 loan under the Covid-related Canada Emergency Business Account program.

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 all the Provinces of Canada, and 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.

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 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.

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.