



Labrador Iron Mines Holdings Limited

PRESS RELEASE

LIM Added to S&P/TSX SmallCap Index

For Immediate Release

Toronto, Ontario. September 12, 2011. **Labrador Iron Mines Holdings Limited** (TSX: LIM) is pleased to announce that Labrador Iron Mines Holdings Ltd. has been added to the S&P/TSX SmallCap Index which will become effective after the close of trading on Friday, September 16, 2011.

This addition was announced by Standard & Poor's Canadian Index Operations on September 9, 2011, following the results of the annual review of the S&P/TSX SmallCap Index.

S&P Indices is the world's largest index provider and maintains a wide variety of investable and benchmark indices to meet investor needs.

"The addition of LIM to the S&P/TSX SmallCap Index reflects LIM's growing investment profile as production of direct shipping iron ore at its James Mine in western Labrador continues to ramp up," **said John F. Kearney, Chairman.**

Total ore mined from start-up to August 31, amounted to 478,000 tonnes, together with 986,000 tonnes of waste. There are now approximately 110,000 tonnes of iron ore, at a grade of about 65.0% Fe, stockpiled at the Port of Sept-Iles awaiting shipment.

On August 15, 2011 LIM announced an iron ore sale agreement with the Iron Ore Company of Canada for the sale and shipping of all of LIM's 2011 iron ore production. It is expected that the first Cape-size vessel filled with LIM direct railing ore will depart Sept-Iles during the middle of September.

About Labrador Iron Mines Holdings Limited (LIM)

LIM's Schefferville Projects involve the development of twenty direct shipping iron ore deposits in western Labrador and north-eastern Quebec near Schefferville, Quebec. The properties are part of the historic Schefferville area iron ore district where mining of adjacent deposits was previously carried out by the Iron Ore Company of Canada from 1954 to 1982.

Labrador Iron Mines contemplates mining in stages. The first phase of Stage 1 comprises the James Mine and the Silver Yard processing plant which is connected by a rail spur to the main Schefferville to Sept-Iles railway.

Full scale mining and processing operations commenced in June 2011 and the first train departed LIM's Silver Yards for Sept-Iles on June 29, 2011. To the end of August, about 100,000 tonnes of direct railing iron ore had been delivered to the Port of Sept-Iles where it is stockpiled awaiting shipment.

For further information, please view the Company's website at www.labradorironmines.ca or contact:

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Cautionary Statements:

Some of the statements contained herein may be forward-looking statements which involve known and unknown risks and uncertainties. Without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of the Company are forward looking statements that involve various degrees of risk. The following are important factors that could cause the Company's actual results to differ materially from those expressed or implied by such forward looking statements: changes in the world wide price of iron ore and steel, general market conditions, the uncertainty of future profitability and access to additional capital, risks inherent in mineral exploration and risks associated with development, construction and mining operations, delays in obtaining or failures to reach agreements with any potentially impacted aboriginal groups or to obtain required governmental, environmental or other project approvals. There can be no assurance that the Company will be successful in reaching any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects the Company's properties or may be impacted by the Schefferville Area project. Caution should be exercised on placing undue reliance on forward looking information.