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## LABRADOR IRON MINES REPORTS SECOND QUARTER RESULTS

Toronto, Ontario, November 26, 2015. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) today reports its operating and financial results for its second fiscal quarter and six months ended September 30, 2015.

### Overview

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- For the fiscal second quarter ended September 30, 2015, LIM reported a net loss of \$2.7 million or \$0.02 per share, which included an unrealized foreign exchange loss of \$2.7 million due to the decline of the Canadian dollar.
- In view of the prevailing iron ore price outlook, and based on LIM’s experience over its three previous operating seasons, LIM made a strategic shift in corporate focus during 2014 toward establishing a lower cost operating framework, while concurrently attempting to negotiate more favourable commercial terms of major contracts and securing additional capital investment and working capital.
- On April 2, 2015, LIM initiated proceedings under the Companies’ Creditors Arrangement Act (“CCAA”) to provide an opportunity for the orderly restructuring of its business and financial affairs.
- LIM owns extensive iron ore resources, a processing facility and equipment and rail infrastructure in its Schefferville Projects. LIM believes that an orderly CCAA process that enables the restructuring of its debts, the restructuring of certain of its operating contracts and securing additional development financing to proceed with the development of its Houston Project is in the best interest of all stakeholders.
- Since the beginning of 2014, the spot price of iron ore has fallen 67% to US\$44 per tonne currently, compared to an average price of US\$135 per tonne in 2013 (62% Fe fines on a CFR China basis). The weakness in the iron ore market has continued in 2015 and is showing no signs of an immediate recovery.

### OPERATIONS SUMMARY

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Notwithstanding the challenging environment, LIM continues to conduct a variety of necessary operational and corporate activities with the objective of preserving its assets, maintaining its mine site on a standby basis, fulfilling all environmental and regulatory obligations and continuously reducing costs.

During the summer and fall of 2015, the Company conducted the minimum field program required to maintain its mineral claims in good standing. Other than fulfilling minimum field work for claims maintenance purposes, all other capital expenditure and exploration programs continue to be suspended for cash conservation purposes. A number of non-core mineral claims have been dropped or surrendered.

During the quarter ended September 30, 2015, the Company continued its efforts to offset operating costs by generating third party income from otherwise idle property and equipment. Such initiatives included the sublease of the Bean Lake mine camp and the development of an active rail car repair and refurbishment business at the Centre Ferro facility in Sept-Iles, Quebec.

During September 2015 the Company completed the sale of certain used generators for cash proceeds of \$0.6 million. The generators were surplus to the Company's current and future operations and were at risk of declining in value over time if left idle.

Meanwhile, planning for the development of the Houston Project has continued, although such planning is limited to the use of internal resources.

The capital investment to put Houston into production is relatively modest, and the lead time for development relatively short, compared with most other iron ore producers under development in the Labrador Trough. The resumption of mining operations at Houston, with its projected eight to ten year mine-life will be of significant economic and social benefit to LIM's stakeholders, including the various local communities.

From a corporate perspective, the Company continues to focus on cost reduction. A major work-force reduction and office lease rationalization process was undertaken during the past year, significantly reducing corporate overhead. Combined with the limited cost of site maintenance and standby activities, the generation of third party income from idle assets and the suspension of capital expenditure and exploration programs, the Company has succeeded in reducing its ongoing costs significantly.

LIM also continues to focus on corporate activities related to seeking additional development and working capital financing and negotiating revised commercial terms of major service and supply contracts.

LIM's objective is to be in a position to complete construction and begin mining operations from Houston when market conditions permit, subject to completion of financing and restructuring efforts.

### **Financial Restructuring Under CCAA**

On April 2, 2015, LIM instituted proceedings in the Ontario Superior Court of Justice (the "Court") for a financial restructuring by means of a plan of compromise or arrangement under the Companies' Creditors Arrangement Act ("CCAA") and was granted an order (the "Court Order"), as subsequently amended and extended, providing creditor protection until December 18, 2015, subject to further amendment and extension.

LIM initiated proceedings under CCAA to provide an opportunity for the orderly restructuring of its business and financial affairs, so as to enable the Company to emerge with a viable business in the most favourable position to secure additional development financing to proceed with the development of LIM's Houston Project and continue as a going concern.

The Court Order grants a stay which generally precludes any enforcement or collection action being taken against the Company with respect to pre-CCAA liabilities or contracts. The relief is designed to stabilize operations and business relationships with contractors, suppliers and creditors and to provide an opportunity for LIM to negotiate a settlement of liabilities and a restructuring of major contracts. Upon completion of such negotiations, a proposed plan of arrangement for a financial restructuring will be presented to LIM's creditors. The plan of arrangement must be approved by the Company's creditors and the Court prior to it being given effect. Such proposed plan of arrangement has not yet been presented to creditors.

In the meantime, the Court Order grants LIM the authority to carry on business in a manner consistent with the preservation of its business and property. Among other things, LIM is authorized and empowered to continue corporate and site standby activities and to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons considered necessary in the ordinary course of business.

## SECOND QUARTER FINANCIAL RESULTS

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For the fiscal second quarter ended September 30, 2015, LIM reported a net loss of \$2.7 million, or \$0.02 per share, which included an unrealized foreign exchange loss of \$2.7 million due to the decline of the Canadian dollar and a gain on the sale of surplus equipment of \$0.6 million. Excluding this unrealized foreign exchange loss and gain on sale of surplus equipment, the net loss during the first quarter was \$0.6 million or \$0.01 per share, mainly attributable to site standby costs, corporate and administrative costs and restructuring costs.

No capital expenditures in property, plant and equipment were made during the quarter ended September 30, 2015.

As at September 30, 2015, LIM had current assets of \$5.0 million, consisting of \$4.4 million in unrestricted cash and accounts receivable and prepaid expenses of \$0.6 million.

Current liabilities, consisting of accounts payable and accrued liabilities, finance lease obligations, rehabilitation provisions and liabilities subject to compromise, were in aggregate \$70.1 million at September 30, 2015, of which \$68.7 million were liabilities subject to compromise.

The Company had a working capital deficit of \$65.1 million at September 30, 2015, including \$68.7 million of liabilities subject to compromise. Excluding liabilities subject to compromise, the Company's working capital at September 30, 2015 was \$3.5 million. Included in liabilities subject to compromise is a repayable advance liability of US\$20.6 million and a claimed related additional financing fee of US\$4.6 million. The Company has no current or long-term bank debt.

## Iron Ore Market Conditions

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Since the beginning of 2014, the price of iron ore has declined 67% to US\$44 per tonne (62% Fe fines on a CFR China basis) currently, compared to an average price of US\$135 per tonne in 2013 and US\$97 per tonne in 2014.

The price of iron ore rebounded 40% from April to mid-June 2015 to reach US\$65, driven by expectations that output would be constrained by a prolonged wet season in the Pilbara region of Australia. However, the price subsequently resumed its decline to its current seven-year low of US\$44 per tonne.

The market outlook for iron ore remains uncertain.

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*This press release should be read in conjunction with LIM's Management's Discussion and Analysis (MD&A) and unaudited financial statements for the first quarter ended September 30, 2015, which is available on the Company's website at [www.labradorironmines.ca](http://www.labradorironmines.ca), under the "Financials" section, or on SEDAR ([www.sedar.com](http://www.sedar.com)).*

*Unless otherwise noted, all references to 'years' in this press release are 'calendar years', all dollar amounts are stated in Canadian dollars and all tonnes are stated in dry metric tonnes*

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## About Labrador Iron Mines Holdings Limited

Labrador Iron Mines (LIM) 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 Chinese spot market.

LIM's current focus is on care and maintenance of the Company's mineral properties and assets with planning activities related to Houston Project development and corporate activities related to communications with the Company's creditors and stakeholders and pursuing revised commercial terms of major service and supply contracts. The Company's objective is to be in a position to complete construction and begin mining operations from Houston when market conditions permit, subject to completion of financing and restructuring efforts.

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 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.*