



## **LIM NEGOTIATIONS WITH QUEBEC INNU**

### **For Immediate Release**

Toronto, Ontario, June 9, 2010. **Labrador Iron Mines Holdings Limited** (TSX: LIM) has recently been in negotiations towards an Impact Benefit Agreement with the Innu Community of Matimekush-Lac John (Schefferville), one of four First Nations who claim Aboriginal rights in the general Schefferville area.

In March 2008 LIM entered into a Memorandum of Understanding with the Innu Community Matimekush-Lac John, wherein the parties agreed to negotiate an Impact Benefit Agreement and LIM agreed to use its best efforts to employ or contract with individuals and businesses of Matimekush. LIM has been in discussions and consultations with the Chief, Council and Elders of Matimekush continuously thereafter and up to date.

Over the past four years LIM has worked well with the Quebec Innu and has employed many Innu members in its exploration and environmental activities, as well as contracting with Matimekush and Uashat businesses.

In April 2010, following the provision of Federal Government negotiation funding to Matimekush, detailed negotiations took place between LIM and the nominated Negotiator/Legal Advisors for Matimekush. In May 2010 LIM offered a comprehensive package of jobs, contracts, social benefits, infrastructure grants and revenue sharing, which addressed all of the demands made by Matimekush. This offer has not been accepted and the Chief has declined to discuss the proposals or negotiate further. The Innu Matimekush are currently in an election period, with the elections for Chief and Band Council to be held July 7, 2010.

LIM understands that, as part of a campaign being conducted by the “Innu Strategic Alliance” (comprised of five Innu communities living in northeastern Quebec) to have their ancestral rights in the territory called Nitassinan, (which includes parts of northeastern Quebec and western Labrador) recognized by Government, the Quebec Innu have announced their intention to set up a barricade on Friday, June 11, which may block access to mining properties in the Schefferville area.

LIM respects the legitimate aspirations of all First Nations but believes that negotiations on impact benefit agreements for mining projects should not be side tracked by larger land claim considerations, where LIM has no say and no ability to provide solutions.

LIM’s operations are proceeding normally at this time.

## **Background:**

The Innu Community Matimekush-Lac John (Schefferville) is one of five Innu communities living in northeastern Quebec who last year formed the “Innu Strategic Alliance” seeking to have their ancestral rights on their traditional lands which extend on both sides of Quebec-Labrador border recognized by governments. The Innu Alliance seeks to exercise their traditional rights to hunt in a territory called “Nitassinan”, and specifically the parts located within the borders of Labrador, and have objected to the “New Dawn” agreement signed between the Innu Nation of Labrador and the Government of Newfoundland and Labrador under which compensation in respect of the Churchill Hydroelectric Project will be paid to the Labrador Innu. The Quebec Innu were not included in that agreement.

The Innu Alliance has engaged in various political activities, including a demonstration at the Parliament of Canada in November 2009, a caribou hunt in Labrador in February 2010 and visited the House of Assembly of Newfoundland and Labrador. The Innu Uashat mak Mani-Utenam (Sept-Iles), another member of the Innu Strategic Alliance, in May 2010 sought an injunction in the Quebec Courts against Hydro Quebec’s La Romaine project.

At various times, the Innu Alliance has stated that, in order to have their ancestral rights, including the caribou hunt recognized, the Quebec Innu would if necessary seek to block natural resource development projects in Labrador and Quebec, such as the Churchill hydroelectric project in Labrador, the La Romaine hydro project in Quebec and two mining projects near Schefferville.

In March 2010, the Minister of Indian Affairs and Northern Development proposed creating a forum for talks between the Innu residing both in Quebec and Newfoundland and Labrador regarding their overlapping claims. The Minister indicated that Canada is willing to provide funding to both Innu parties to enter into exploratory talks and has appointed a special representative to act as facilitator in hopes of resolving these overlapping land claim issues. Canada is currently negotiating land and resource rights with the Innu of Labrador. The Government overlap forum provides, for the first time, an opportunity for all stakeholders to address and seek to resolve issues.

## **Labrador Iron Mines Holdings Limited (LIM)**

LIM’s Schefferville area project involves the development of twenty direct shipping iron ore deposits in western Labrador and north-eastern Quebec near Schefferville, Quebec. The Company’s 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 four stages, the first phase of Stage 1 comprising the James and Redmond deposits, which are located in close proximity to existing infrastructure.

For further information, please view the Company’s website at [www.labradorironmines.ca](http://www.labradorironmines.ca) or contact:

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