



For Immediate Release

## Rail Co-operation Agreement advances development of Schefferville Project

**TORONTO, ONTARIO. October 27, 2009.** Labrador Iron Mines Holdings Limited (TSX: LIM) reports that it has signed a Rail Co-operation Agreement with New Millennium Capital Corp. (“NML”) regarding the reconstruction of the “Timmins Extension” rail spur line which will run from the TSH Railroad main rail line near Schefferville approximately 2.5 miles to LIM’s planned processing center at Silver Yards and on a further approximately 13 miles to NML’s planned processing center at the Timmins mining area.

The Rail Co-operation Agreement provides the framework under which both LIM and NML have agreed to co-operate in the development of the transportation facilities for their direct shipping iron ore (DSO) projects in the Schefferville area and which will enable each company to rebuild the necessary rail infrastructure in their respective operating areas, including the construction of passing tracks and sidings in common areas.

*“The Rail Co-operation Agreement with New Millennium represents a positive step forward which recognizes the common interests of both companies”,* said **John F. Kearney, Chairman of Labrador Iron Mines.** *“This Agreement will advance the development and construction of the rail facilities required to meet LIM’s planned production start-up in mid 2010.”*

The Timmins Extension rail line will be laid on a 16 mile long existing rail bed that extends from Mile 353 on the TSH main line to the Timmins train turning circle. The Timmins Extension spur line, which passes from Labrador into Quebec and back into Labrador, was previously used for iron ore mining operations. The rails and ties were removed when the previous mining operations ceased in 1982 but the rail bed itself remains in place. Reconstruction of the Timmins Extension will only require relaying new rails and ties and replacement of some ballast.

Each of LIM and NML will enter into the requisite agreements with third parties to design and construct their respective portions of the Timmins Extension to standards required to transport the iron ore to be extracted from their DSO deposits. LIM intends to commence construction on the first 2.5 miles connecting to LIM’s Silver Yards planned processing area immediately upon the issue of the necessary permits. The spur line to the Silver Yards processing area is included in LIM’s Environmental Impact Assessment (EIS) which is currently under review by the Department of Environment and Conservation of the Province of Newfoundland and Labrador.

Under the Rail Co-operation Agreement the parties jointly agree to apply to Government authorities for all required rights of way and/or surface rights and for the grant to each party of the rights on a specific portion of the Timmins Extension, along with rights of access to, construction on and use of such specific portions as are mutually granted by one party to the other party.

The Parties have agreed to negotiate and enter into a Rail Operating Agreement which will provide the terms of access to and use of the Timmins Extension and the tariff to be paid by each party with respect to its use of the portion of rail line for which the other party holds the rights of way and have also agreed to collaborate to determine the most expedient means to refurbish the TSH Railway main line to standards required to carry out the transportation of minerals extracted from the DSO deposits.

The 355 mile main rail line between Schefferville and Sept-Îles, which was originally constructed for the shipment of iron ore from the Schefferville area, has been in continuous operation for over fifty years. Tshiuetin Rail Transportation Inc (“TSH”), a consortium of three local Aboriginal First Nations, owns and operates the 129 mile main line track between Schefferville and Ross Bay Junction where it connects to the Iron Ore Company of Canada’s Quebec North Shore and Labrador (“QNS&L”) Railroad which runs the remaining 224 miles to Sept-Îles. TSH currently operates passenger and light freight service between Schefferville and Sept-Îles twice per week. Some refurbishment of the rails, ties and culverts of the TSH main line track will need to be carried out to enable it to continuously carry large volumes of iron ore traffic.

During 2008 LIM transported iron ore bulk samples by rail from Schefferville to Sept-Îles over both the TSH track and the track operated by QNS&L, which was the first iron ore shipped by rail from the Schefferville area in over twenty five years.

### **About Labrador Iron Mines Holdings Limited**

Labrador Iron Mines Holdings Limited (LIM) is developing direct shipping iron ore deposits on properties in the Labrador Trough of Canada’s main iron ore producing region in the Province of Newfoundland and Labrador near Schefferville, Quebec.

The Company’s properties are part of the historic Schefferville area iron ore district from which over 150 million tons of direct shipping iron ore was previously mined by the Iron Ore Company of Canada from 1954 to 1982.

Labrador Iron Mines is working to reactivate direct shipping iron ore operations in the region with plans to commence production by mid-2010.

For further information, please view the Company’s website at [www.labradorironmines.ca](http://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 mineral commodities, 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 obtain required governmental, environmental or other project approvals. Caution should be exercised on placing undue reliance on forward looking information.