



Labrador Iron Mines Holdings Limited

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LIM announces \$25 million bought deal financing

TORONTO, ONTARIO. March 5, 2010. Labrador Iron Mines Holdings Limited (TSX:LIM) (the “**Company**” or “**LIM**”) announced today that it has entered into an agreement with Canaccord Financial Ltd. and a syndicate of underwriters (collectively, the “**Underwriters**”), which have agreed to purchase, on a bought deal basis, 3,640,000 common shares from the treasury of the Company (the “**Treasury Common Shares**”) and 760,000 flow-through common shares from the treasury of the Company (the “**FT Shares**”, and together with the Treasury Common Shares, the “**Underwritten Shares**”) at a price of C\$5.55 per Treasury Common Share (the “**Common Share Price**”) and C\$6.65 per FT Share, for aggregate gross proceeds of C\$25,256,000 (collectively the “**Underwritten Offering**”).

In addition, the Underwriters have been granted an option (the “**Over-Allotment Option**”, and together with the Underwritten Offering, the “**Offering**”) by Anglesey Mining plc (“**Anglesey**”), to purchase from Anglesey up to 546,000 previously issued common shares (the “**Secondary Common Shares**” and together with the Underwritten Shares, the “**Offered Securities**”) of the Company for the purpose of covering the Underwriters’ over-allocation position at the Common Share Price of C\$5.55 per common share for gross proceeds of up to C\$3,030,300, being up to 15% of the amount raised pursuant to the sale of Treasury Common Shares, on the same terms and conditions as set out herein, exercisable at any time, in whole or in part, up to 30 days after the date of the closing of the Underwritten Offering.

The Company intends to use the net proceeds from the Underwritten Offering for exploration and development of the Company’s mineral projects, and for general corporate and working capital purposes.

Anglesey currently holds 18,600,000 common shares of the Company. The net proceeds from the sale of the Secondary Common Shares, if the Over-Allotment Option is exercised, will be used by Anglesey for general corporate costs and working capital purposes.

The Offering is being made pursuant to a short form prospectus to be filed in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Offered Securities will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

The Underwritten Offering is expected to close on or about March 25, 2010.

LIM has 37,148,451 common shares currently outstanding, prior to the Underwritten Offering.

This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

Labrador Iron Mines Holdings Limited (LIM)

LIM's Schefferville area project involves the exploration and development of direct shipping iron ore deposits in western Labrador and north eastern Quebec near Schefferville. 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. The Company plans to mine its deposits in varying stages, the first stage comprising the James and Redmond deposits, which are located in Labrador in close proximity to existing infrastructure. Subject to timely receipt of all permits and licences, the Company plans to commence iron ore production in the summer of 2010.

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 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.