



Labrador Iron Mines Holdings Limited

NEWS RELEASE

LIM signs Impact Benefits Agreement with Naskapi Nation

For Immediate Release

Toronto, Ontario - September 9, 2010 | **Labrador Iron Mines Holdings Limited** (TSX | LIM) and the Naskapi Nation of Kawawachikamach (near Schefferville) Quebec, have entered into an Impact Benefits Agreement (“IBA”) with respect to the development and operation of the Company’s Schefferville Iron Ore Project in Western Labrador.

Under the IBA Agreement, Labrador Iron Mines has committed to the development of the Project in an environmentally and socially responsible manner, and to address and mitigate any environmental, cultural, economic and spiritual concerns of the Naskapi Nation. LIM has undertaken to make best efforts to employ Naskapi members in the Project workforce and to engage Naskapi aboriginal businesses for Project contracts. LIM will also provide some support for education, training and social programs and provide opportunities for the Naskapi to participate in the economic development of the Project.

For its part, the Naskapi Nation has agreed to respect the rights, licenses and permits that have been granted to LIM, to provide the Company with continuing access to its properties and not to engage in any action that is obstructive to the Project. The Naskapi have also agreed to make reasonable efforts to enter into co-operation agreements and/or working relationships with other First Nations with whom LIM may enter into other IBA agreements.

“We are extremely pleased that LIM has today signed an IBA with the Naskapi which formalizes a mutually beneficial relationship based on respect and trust,” said **John Kearney Chairman and Chief Executive**. By entering into the IBA, the Naskapi have confirmed and demonstrated their support for the Project.

“We are also continuing our IBA negotiations with the Quebec Innu communities and we look forward to establishing co-operative and mutually beneficial relationships with all our First Nation partners to ensure the long term success of the Project for the mutual benefit of all stakeholders” added **Mr. Kearney**.

The Naskapi IBA, which will be in effect throughout the Project’s mine life, represents the culmination of a long period of cooperation since the initial MOU was signed between the parties in April 2008. Since that time, LIM has been working cooperatively with the Naskapi people, employing members of the community and awarding various business contracts.

Construction Underway

Following the recent agreements with the Quebec Innu to remove barriers (see LIM press release September 3, 2010), LIM has already commenced ground clearing of the mine site in parallel with contractor mobilization, which will be followed by civil construction and mechanical erection of the beneficiation plant and accommodation camp this fall.

Over the last several weeks a significant portion of the infrastructure and plant has been transported by rail from a railhead near Labrador City to Schefferville via the TSH aboriginal railroad, jointly owned by the Naskapi Nation and two Quebec Innu communities. Construction of the plant and the initiation of mining activities, prior to the onset of mid-winter, will enable commercial production of iron-ore to commence in the spring of 2011.

About the Naskapi Nation

The Naskapi Nation of Kawawachikamach is a First Nation based in Kawawachikamach, Québec, located approximately 16 kms northeast of Schefferville, recognized under the Cree- Naskapi (of Quebec) Act 1984.

About 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 and for which construction permits have been issued.

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. 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.