



LIM's Mine Construction Nearing Completion Plans for 2011 in Preparation

For Immediate Release

Toronto, Ontario. December 21, 2010. **Labrador Iron Mines Holdings Limited** (TSX: LIM) is pleased to provide an update year-end report on progress at the Company's wholly-owned direct shipping (DSO) iron ore Project in western Labrador, near the town of Schefferville.

Development activities at the mine have progressed substantially since early September and construction is nearing completion. Site operations have now been largely suspended for the Christmas holiday period and will resume in early January 2011.

James Mine ---Site Development

Considerable progress has been made at the James mine site. Most of the James North pit area has been stripped of overburden and cleared. The various ore and waste rock stockpile areas have been prepared, as have the temporary and permanent ore storage pads. The James mine settling ponds have been constructed to enable pit dewatering. The ore haul road from the James Mine to the Silver Yards processing site has now finished.

The mining contractor will return to site in mid January to continue with mine development. During the first quarter of 2011, the first mining bench will be developed in the north end of the James pit to prepare a mining face in the higher grade blue ore, which will be the first ore to be processed. Ore mined from this development, together with the stockpiles of ore from previous bulk sampling programs, will be delivered to the plant ahead of the primary crusher ready for processing. Site clearing and grubbing at the James South pit will also be completed during the winter months. Two additional dewatering wells will be drilled, to supplement the wells drilled in 2009, with pump and piping installation and dewatering of the James pit to commence in the spring.

Mining production operations, using a contractor, are planned to commence in April 2011 and will continue for eight months until November, at an anticipated mining rate starting at 6,000 tonnes of ore per day, increasing to 10,000 tonnes of ore per day, using conventional open-pit mining methods and eventually employing standard drilling and blasting operations.

Plant Construction Substantially Completed

The entire beneficiation and processing plant is now all constructed and erected in place, including the primary and secondary crushers, screens, scrubbers, stackers and conveyers. Other buildings include maintenance and warehouse facilities and site offices. All the civil and concrete work has been finished and the plant piping is substantially complete. The mega-dome roof structure has been delivered to site and erection has been postponed until January to enable the easier installation of some large pieces of equipment. Installation of the electrical cabling will be completed during the first quarter of 2011.

LIM's beneficiation plant has a design capacity to process 10,000 tonnes of ore per day, with a planned initial processing rate of 6,000 tonnes per day, increasing to 10,000 tonnes per day once commissioning is confirmed. The planned annual seasonal processing schedule will cover a period of seven to eight months, approximately 212 to 240 days per year, from April to November, depending on weather conditions.

Transportation and Marketing

Negotiations with the various rail transport companies and port operators have continued but commercial and tariff agreements have not yet been signed. This will be a priority activity in early 2011.

Marketing discussions have continued with potential customers, both in Europe and in Asia, and have indicated an encouraging level of interest in LIM's iron ore. Chinese consumers are showing a growing interest in seeking iron ore from Canada, driven by continued strong demand and a desire to diversify from their traditional sources of supply.

LIM is continuously reviewing a number of options for marketing its planned iron ore production and is evaluating the optimum route to achieve these sales, while still maintaining maximum flexibility and independence. The Company expects to finalize its marketing arrangements early in 2011 to permit sales of the initial ore production to be completed in a timely fashion.

Positive Relations with First Nations

On December 17, 2010, LIM signed an Agreement in Principle with the Innu of Uashat and Mani-Utenam which stipulates the principal terms to be included in a Final Agreement regarding the impacts and benefits of LIM's mining projects to be concluded prior to March 1, 2011.

In September 2010 LIM entered into an Impact Benefits Agreement with the Naskapi Nation of Kawawachikamach with respect to the development and operation of that part of the Schefferville Project in Labrador.

LIM has previously in 2008 entered into an Impact and Benefit Agreement with the Innu Nation of Labrador.

In early September 2010 an agreement was reached with the Innu Matimekush-Lac John to remove the barriers that had been erected in June 2010 and which had restricted normal access from the town of Schefferville to LIM's properties in Western Labrador. LIM is continuing its negotiations with the Innu Matimekush-Lac John towards signing an Impact and Benefits Agreement, and hopes to be able to conclude this IBA early in 2011.

Outlook for 2011

LIM believes that it is on track to commence mining and processing activities in April 2011. Subject to detailed mine planning, the Company currently expects to mine in excess of 2 million tonnes of ore in 2011 which, assuming satisfactory plant commissioning and smooth start-up, and based on projected recoveries of between 70% and 80%, is expected to yield shipments of between 1.5 to 2 million tonnes of iron ore, prior to the seasonal shutdown of operations at the end of November 2011.

Qualified Person

Scientific and technical information disclosed herein has been prepared under the supervision of Bill Hooley, BSc (Eng), FAusIMM, President, Chief Operating Officer and a Director of the Company who is a Qualified Person within the meaning of NI 43-101.

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 all operating permits have been issued and construction is being completed.

For further information, please view the Company's website at www.labradorironmines.ca or contact:

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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 iron ore and steel, 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 reach agreements with any potentially impacted aboriginal groups or 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.