



# Labrador Iron Mines Holdings Limited

PRESS RELEASE

## LIM reports fiscal 2010 year end financial results Strong balance sheet with \$48.3 million in cash

### For Immediate Release

Toronto, Ontario. June 30, 2010. **Labrador Iron Mines Holdings Limited** (TSX: LIM) is pleased to report results for its fiscal year ended March 31, 2010.

As at March 31, 2010, the Company held \$48.3 million in cash and cash equivalents with no debt and is in sound financial condition. Current liabilities, comprising accounts payable and accrued liabilities were \$2.1 million.

The Company reported net income of \$1.16 million or \$0.03 per share compared to a loss of \$0.35 million or \$0.01 per share for the prior year. The net income resulted primarily from a future income tax recovery of \$3.9 million due to a reduction in the Ontario tax rate that took effect in November 2009. This was largely offset by corporate, management and administration expenses of \$2.4 million.

To March 31, 2010 approximately \$30 million had been expended on the capital cost of the Schefferville Area Project, including exploration.

### Schefferville Area Project Update

#### *Rail Spur Line Completion*

The first major construction activity has been the laying of the planned 4.5 km railway spur line from the Sept-Iles – Schefferville main line to the Company's processing site at Silver Yards. Installation of the new track commenced in May 2010 and has now been completed including ballast and tamping work. The new rail spur line will be used to move to site the main components of the processing plant and the accommodation camp. In due course the spur line will be further extended to facilitate future operations. LIM has submitted the required information to support an operating certificate for the use of the railroad and is awaiting the approval for its operation.

#### *Beneficiation Plant and Camp*

All of the items of the beneficiation plant have been ordered and manufacturing of the components has been largely completed. These items are now being brought to railheads at Sept-Iles and at Labrador City awaiting delivery to site. Some pre-assembly is taking place in Labrador City. Subject to receipt of outstanding permits and licences, final assembly on site should take place this summer to enable the beneficiation facilities to be commissioned during the fall of 2010.

A contract has been signed with a Labrador City based contractor for the mining and beneficiation activities. Once the mine operating permit has been issued, the mining contractor will be mobilized to site to commence mining activities, including stockpiling of iron ore ahead of the crusher pad.

### ***Environmental and Permitting***

Numerous environmental permits have been received over recent weeks including the Mining Leases for the first stage James and Redmond deposits and Surface Use Leases over the Silver Yards beneficiation area, the camp, Redmond roads and pipeline. Final approvals from the Department of Fisheries and Oceans have been received, including the real time water monitoring program, and programs encompassing surface water quality sampling have been authorized and completed.

The Environmental Protection Plan for Mine Construction and Operation, which was the final condition of the environmental assessment release, has been approved by the Minister of Environment and Conservation. The permits for the 2010 exploration drilling season for Quebec and Labrador have also been received.

LIM has submitted all required information in support of the Certificate of Approval for Mine Construction and Operation and for the Certificate of Approval for the Operation of the rail spur and is awaiting issue of these Certificates by the Government of Newfoundland and Labrador. The receipt of these permits has taken longer than anticipated, which has resulted in a delay in the Company's planned construction and production timeline.

### ***Negotiations with Quebec Innu***

LIM has recently been in negotiations towards an Impact Benefit Agreement with the Innu Community of Matimekush-Lac John (based in Schefferville, Quebec), one of four First Nations who claim Aboriginal rights in the general Schefferville area. In May 2010 LIM proposed a comprehensive package of jobs, contracts, social benefits, infrastructure grants and revenue sharing, which addressed all of the demands made by Matimekush. This proposal has not been accepted. The Innu Matimekush are currently in an election period, with the elections for Chief and Band Council to be held July 7, 2010.

On June 11, 2010, the "Innu Strategic Alliance" (comprised of five Innu communities living in northeastern Quebec, including the communities of Matimekush and Uashat), as part of a campaign to have their ancestral rights in the territory called Nitassinan (which includes parts of northeastern Quebec and western Labrador) recognized by Government, set up a barricade at the edge of the town of Schefferville, in Quebec, to block access from the town to mining properties in the Schefferville area.

In March 2008 LIM entered into a Memorandum of Understanding with the Innu Community of 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 July 2008, the Company and Innu Nation of Labrador signed an Impact Benefit Agreement with respect to the development of the Company's iron ore project in western Labrador. The Labrador Innu, as represented by the Innu Nation are the only aboriginal party with a land claim that has been accepted by the Government of Newfoundland and Labrador.

The Federal Minister of Indian and Northern Affairs has 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.

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 or ability to provide solutions. LIM has indicated that it is ready to continue negotiations with the Quebec Innu and is currently in discussions with representatives of the Matimekush and Uashat and with the relevant governments.

## **Outlook**

Upon receipt of all remaining necessary permits, licenses and approvals, the Company is planning to commence site construction of the mine and beneficiation facilities during the summer of 2010 and hopes to achieve start up and initial production before the seasonal shut down of operations at the end of November 2010. The Company plans to commence full scale production in April 2011 and expects production of 2 million tonnes of iron ore during that calendar year.

### **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. The Company plans to start up production in the fall of 2010, subject to timely receipt of remaining permits.

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.*