



Labrador Iron Mines Holdings Limited

PRESS RELEASE

- **Year End Financial Results reported**
- **Schefferville Project Moving Forward**

Toronto, Canada, July 2, 2008 – Labrador Iron Mines Holdings Limited (TSX: LIR) announces that it has filed its Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended March 31, 2008, which may be inspected under the Company's profile at www.sedar.com or on the Company's website at www.labradorironmines.ca

For the period from May 17, 2007 to March 31, 2008 the Company reported a net income of \$1,992,961, the main components of which were interest income of \$603,272 and a future income tax recovery of \$3,696,767, offset in part by stock-based compensation expense of \$1,750,130.

Interest income of \$603,272 arose from the investment of the net cash proceeds of the Company's Initial Public Offering which raised gross proceeds of \$52.6 million. The future income tax recovery arose due to a reduction in tax rates expected to be in effect at the time that temporary differences between the purchase price and the underlying income tax values of mineral property interests acquired are expected to reverse.

During the period from December 3, 2007 to March 31, 2008 the Company invested \$1,596,416 (including \$1,050,000 in stock-based compensation on options granted to exploration and operating employees) on its mineral properties, the principal components of which were geology, environmental, permitting and community consultation.

At March 31, 2008 the Company had \$47.6 million in cash and current assets.

Schefferville Project Moving Forward

Labrador Iron Mines is focused on the development of direct shipping iron ore in the Labrador Trough, in the Province of Newfoundland and Labrador, near Schefferville, Quebec (the "Schefferville Project").

Following the IPO, the Company commenced plans to complete a program of verification drilling and bulk sampling on certain of the properties and the calculation of a compliant mineral resource, leading to the undertaking of a detailed engineering study of mining these hematite deposits to produce "direct shipping" lump and sinter fine ore, which will require minimal processing, for sale to European and Far Eastern steelmakers.

During the ensuing months, the Company expanded its management and operating team with a number of senior appointments, initiated further activities to advance the developmental stages of the Project and awarded various contracts, including environmental baseline studies, detailed exploration drilling, bulk sampling, resource estimation, metallurgical process testing, rail and port studies and engineering design, all directed to move the Schefferville Project forward towards initial production targeted for 2009.

SNC-Lavalin, in conjunction with Geostat and with participation by the Labrador Innu Development Limited Partnership, has been awarded a contract for a Resource and Engineering Study, including detailed engineering design and specifications for major items of plant and infrastructure. This will include metallurgical test-work aimed at the design of a process circuit required to meet market specifications for the particular types of iron ore.

A major reverse circulation drilling contract has been let to Cabo Drilling Corp. to provide data for a compliant resource estimate on the various deposits, including a reserve estimate on the Phase One Properties, and to assist with both short term mine planning and with longer term operational planning. It is expected that this program will start in July 2008 and will be supplemented by an exploration trenching program.

RSM Mining Services Inc. from Labrador City has commenced a summer program to excavate an 8,000 tonnes ore bulk sample from the Phase One deposits closest to Schefferville and to treat this material by crushing, screening and washing to replicate the expected final product. Some of this material will be used in the metallurgical testing program and the remainder will be available for bulk samples and market testing by potential iron ore buyers.

The Company has submitted the Project Registration Application for the first phase of development of the Schefferville Project to the Department of Environment and Conservation in the Province of Newfoundland and Labrador and to the Canadian Environmental Assessment Agency (CEAA). The Project Registration Documentation addresses production from the first phase of the Schefferville Project, being the James North, James South and Redmond properties. The development plan calls for the initial production of about 500,000 tonnes of iron ore in 2009 and building up to three million tonnes in 2011.

The Company has entered into a Memorandum of Understanding with the Labrador Innu Association, representing the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, respectively, living in the communities of Sheshatshiu and Natuashish, Labrador reflecting the agreement of the parties with respect to community support for the development of the Schefferville Project and their joint commitment to negotiate and enter into a more detailed impact and benefits agreement.

The Company plans the commencement of commercial production of iron ore from the deposits located on the Schefferville Property at the earliest opportunity and, subject to receipt of permits, is working to bring Phase One of the Project into production in 2009.

Terence N. McKillen, M.Sc., P. Geo., Vice President and a Director of the Company is the Company's Qualified Person under Canadian National Instrument 43-101 and has reviewed this press release.

Third Quarter Financial Statements Amended

The Company has also refiled its interim financial statements and MD&A for the quarter ended December 31, 2007 which have been amended to reflect the change in tax rates which came into effect in December 2007, which change resulted in a Future Income Tax Recovery being recorded in that quarter, and to change the accounting for the costs of the Initial Public Offering and stock-based compensation charges.

About Labrador Iron Mines Holdings Limited

Labrador Iron Mines Holdings Limited was established to explore and develop "direct shipping" iron ore deposits on properties in which it holds interests located in the Labrador Trough, in the province of Newfoundland and Labrador, near Schefferville, Quebec. The Company was listed on the TSX in December 2007, following a successful IPO in which it raised over \$52 million.

The Company's properties in Labrador are part of the historic Schefferville 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 targeting to commence production of both lump and sinter fine iron ore in 2009.

The common shares and warrants of Labrador Iron Mines Holdings Limited are listed on the Toronto Stock Exchange under the symbols "LIR" and "LIR.WT", respectively.

Forward-Looking 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, risks inherent in mineral exploration, risks associated with development, construction and mining operations, the uncertainty of future profitability and the uncertainty of access to additional capital.

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