



Labrador Iron Mines Holdings Limited Innu Nation of Labrador

JOINT PRESS RELEASE

IMPACT BENEFIT AGREEMENT SIGNED WITH INNU NATION OF LABRADOR

Toronto, Canada, July 24 2008 – Labrador Iron Mines Holdings Limited (TSX: LIR) and Innu Nation of Labrador are pleased to announce that they have signed an Impact Benefit Agreement (IBA) committing to an ongoing relationship between the Innu Nation and Labrador Iron Mines Limited with respect to the development of Labrador Iron Mine's direct shipping hematite iron ore project located in northwestern Labrador, near Schefferville, Quebec.

The Agreement was signed in Quebec City by Innu Nation Grand Chief Mark Nui and Labrador Iron Mines Chairman, John F. Kearney and follows the earlier execution of a Memorandum of Understanding between the parties. The Innu Nation represents the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, living in the communities of Sheshatshiu and Natuashish, Labrador.

The IBA is a life of mine agreement that establishes the processes and sharing of benefits that will ensure an ongoing positive relationship between Labrador Iron Mines and the Innu Nation. In return for their consent and support of the Labrador Iron Mines project, the Innu Nation and their members will benefit through training, employment, business opportunities and financial participation in the project.

"This agreement demonstrates that the Innu Nation continues to work in a positive and creative way with companies pursuing developments in our traditional territory in a manner that achieves our respective objectives." said Grand Chief Mark Nui. *"This agreement provides assurances that the project will be implemented in a manner that protects the environment and our lands while at the same time providing tangible benefits to our people and to the company's shareholders."*

The Chairman and CEO of Labrador Iron Mines, John F. Kearney agreed: *"We look forward to working together with the Innu Nation as well as the other Aboriginal partners who will be part of this project. We see this IBA as a continuation of a positive working relationship with the Innu Nation. We believe that our future together will be mutually beneficial."*

Both Labrador Iron Mines and the Innu Nation confirmed that other adjacent First Nations will also be invited to participate and benefit from the project. *"It is important to the Company, that all Aboriginal and other adjacent communities have the opportunity to benefit from the project."* stated Kearney. *"We are committed to the principle of maximizing local participation and benefits."*

Peter Penashue, Deputy Grand Chief of the Innu Nation noted that *"Our agreement has been structured to ensure that the majority of the employment and financial benefits will go to the adjacent First Nations, given their proximity to the project and the fact that the iron ore will be shipped through their traditional territory"*

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Company Contacts:

John F. Kearney, Chairman and CEO
T: (416) 362-6686

Terence McKillen, Executive Vice President
T: (416) 362-8243

Bill Hooley, President and COO
T:(011)44 778 557 2517

Joseph Lanzon, Government & Corporate Affairs
T: (613) 796-5957

Labrador Iron Mines Limited
220 Bay Street, Suite 700, Toronto, Ontario, Canada M5J 2W4
Tel: (416)362-6686 Fax: (416)368-5344
E-mail: info@labradorironmines.ca Website: www.labradorironmines.ca

Innu Nation Contacts:

Peter Penashue
Deputy Grand Chief, Innu Nation
T: (709) 897-4019
P.O. Box 119
Sheshatshiu, Labrador, NL, A0P1M0

Website: www.innu.ca

Background Information Attached

BACKGROUND INFORMATION

Innu Nation

The Innu Nation is a political organization which represents Innu of Labrador and their communities, the Mushuau Innu First Nation and the Sheshatshiu Innu First Nation in their collective dealings with all levels of governments and with industry. The Innu Nation works to ensure effective participation by Innu in the political, social and economic development of Labrador.

Innu Nation provides a collective political voice for the Innu people of Labrador on issues of significant economic, social, political and environmental importance to the Innu. It seeks to conclude agreements with public and private institutions to provide opportunities for Innu. The beneficiaries of the ongoing work of the Innu Nation are specifically the Innu people of Labrador. By creating opportunities for Innu to improve their lives and the lives of their children, the Innu are working toward building a sustainable future for their members.

Innu Nation partners in this work include the communities of Natuashish and Sheshatshiu, Innu Development Limited Partnership, Innu Business Development Center, Mushuau Innu First Nation and the Sheshatshiu Innu First Nation. As well, the Innu Nation works closely with the Innu service delivery organizations in the communities, on issues that impact their programs.

Labrador Iron Mines

Labrador Iron Mines holds interests in mineral claims and mineral licenses in northwestern Labrador that was formerly part of the iron ore reserves and resources established by the Iron Ore Company of Canada prior to the closure of its direct shipping operations in the Schefferville area in 1982. The project is located in Labrador adjacent to Schefferville, Quebec on lands to which the Innu Nation asserts traditional Aboriginal rights. Labrador Iron Mines plans to initially ship 1 to 2 million tonnes a year of lump and sinter fine iron ores in the planned first phase of development growing to 3 million tonnes per annum in the second phase, and possibly increasing to 5 million tonnes a year as additional deposits are developed.

Labrador Iron Mines has submitted a Project Registration Application for the first phase of development of the 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 James North, James South and Redmond properties.

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. Subject to receipt of permits Labrador Iron Mines is targeting to commence production and sale 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.