



LIM REPORTS PRELIMINARY OPERATING RESULTS FOR 2011

For Immediate Release

Toronto, Ontario, January 13, 2012. **Labrador Iron Mines Holdings Limited** (TSX: LIM) is pleased to report preliminary unaudited operating results for the period to December 31, 2011 from its James direct shipping (DSO) iron ore project near Schefferville, Quebec.

These operating results reflect the period beginning June 1, 2011 with the commencement of mining operations at the James Mine and commissioning and start-up of the Silver Yards processing plant. This is considered to be a pre-production, start-up and testing period. Commercial production for the Schefferville Project is expected to be declared in 2012.

Operating Results by Quarter and Year to Date						
	Quarter ended December 31, 2011		Quarter ended September 30, 2011		YTD June 1 to December 31, 2011	
	Tonnes	Grade % Fe	Tonnes	Grade % Fe	Tonnes	Grade % Fe
Total Ore Mined	483,629	60.9	612,596	60.2	1,205,609	60.7
Direct Railing Ore portion	226,372	64.8	177,863	65.3	438,441	64.9
Waste Mined	592,957	--	1,536,368	--	2,855,007	--
Ore Processed	171,842	59.0	382,013	57.4	572,052	58.4
Lump Ore Produced	20,572	63.7	57,179	64.8	79,407	63.6
Sinter Fines Produced	47,825	65.0	101,002	63.0	152,735	65.0
Total Product Railed	349,624	64.8	208,461	65.1	563,569	64.9
Tonnes Product Sold	385,898	64.9	--	--	385,898	64.9
Port Product Inventory	177,669	64.9	170,740	63.3	177,669	64.9
Site Product Inventory	69,983	65.3	129,715	64.4	69,983	65.3
Site ROM Ore inventory	195,117	59.0	6,476	57.3	195,117	59.0

***ALL FIGURES ARE PRELIMINARY AND SUBJECT TO CONFIRMATION REPORTED IN DRY METRIC TONNES**

To the end of December 2011, a total of approximately 1.2 million tonnes of ore was mined and trucked to the Silver Yards area ahead of processing or transport to Port. A total of 599,467 wet tonnes was hauled to the Port of Sept-Iles, of which 411,987 wet tonnes were sold to IOC and shipped to China.

During the operating period to December 31, 2011, a total of 440,000 tonnes of direct railing ore at an average grade of 64.9% Fe was mined, of which 340,000 tonnes was railed directly to Sept-Iles without further processing. Approximately 572,000 tonnes of ore was fed to the Silver Yards plant, yielding approximately 232,000 tonnes of lump and sinter fine products. The grade of ore mined in 2011 was higher than the average resource grade.

The Silver Yards processing plant improved in throughput and recovery later in the year, reaching a rate in excess of 8,000 tonnes per day at various times in September and October. Initially the ramp up of the plant was slower than planned due to a larger percentage of fine material in the screens that reduced the throughput rate. Much of this ultra-fine material was being passed through secondary screens resulting in a lower than expected level of iron recovery.

With the completion of the second phase expansion at the Silver Yards plant involving the installation of a hydrosizer, designed specifically for fine material, throughput and recovery rates improved considerably.

Further plant modification and installation of additional equipment at Silver Yards as part of the Phase 3 expansion program have progressed as planned. A third parallel line consisting of a second hydrosizer and WHIMS magnetic separator will be added to recover the finer material and enhance recoveries.

The Silver Yards plant was shut down for the season in early November as wet processing is not planned in winter conditions. The plant start-up for the 2012 operating season is planned for May or earlier subject to weather conditions.

Rail to Port

Iron ore from the James Mine was transported by rail from the Silver Yards plant site, via the Tshuettin Rail Transportation Inc. (“TSH”) railway and the Quebec North Shore and Labrador (“QNS&L”) railway, to the Port of Sept-Iles. To the end of December 2011, 599,467 wet tonnes had been railed to Sept-Iles.

As previously reported, the buildup in rail shipments was slower than originally planned. A second train was added later in the year, which together with the introduction of more railcars significantly increased the tonnage transported to the Port of Sept-Iles from September to November.

Iron Ore Sales

LIM entered into an agreement with the Iron Ore Company of Canada (“IOC”) for the sale and shipping of all of LIM’s 2011 iron ore production. Under the confidential sales contract with IOC, the iron ore was delivered to Asian markets and resold by IOC’s marketing organization on the spot market.

In 2011 a total of approximately 411,987 wet tonnes (386,000 dry) was sold to IOC and shipped to China. In addition to these shipments, a further approximately 187,000 wet tonnes of iron ore is being held in inventory at the Port of Sept-Iles for shipping in 2012.

The first shipment of LIM iron ore sailed from the Port of Sept-Iles for China in early October, carrying a total of 167,167 wet tonnes of direct railing ore at an average grade of 64.9% Fe. This shipment was sold into the spot market at a gross price of about US\$176 per tonne CFR China. The second shipment of LIM’s iron ore, carrying 172,743 wet tonnes of sinter fines at an average grade of 64.9% Fe, departed Sept-Iles in early November. This shipment was priced in a much weaker spot market in the range of \$121 per tonne CFR China. A third partial shipment of about 72,000 wet tonnes sailed in mid-December and was priced in the market range of US\$137 per tonne CFR China. The sale price for LIM iron ore sold to IOC was based on the actual realized prices to Chinese customers, less an allocation for handling, loading, shipping and sales costs.

All LIM’s iron ore produced in 2011 was sold to IOC and delivered to Asian markets and re-sold by IOC’s marketing organization on the spot market. The Company continues to review its options for marketing its iron ore production for 2012 and subsequent years and is evaluating the optimum route to achieve these sales, while still maintaining maximum flexibility and independence. Marketing discussions are continuing with potential customers, both in Europe and in Asia. The Company is also continuing discussions with a number of internationally recognized commodity traders with specialist knowledge of the iron and steel industry. The Company has not yet concluded any agreements for the sale of any iron ore beyond 2011, but expects to conclude shipping and sale arrangements prior to the start-up of operations in the spring.

Exploration

The 2011 exploration program was successfully completed in November. Three rigs were in operation drilling a total of about 12,000 metres on a number of deposits with Houston as the focus. Exploration support programs, including 650 metres of trenching, 65 test pits and airborne geophysics, were also completed. The Company anticipates releasing an updated NI 43-101 resource estimate for its Houston deposit in the first quarter of calendar 2012.

Outlook for 2012

Detailed planning for 2012 is now underway, utilizing the operating experience gained in 2011, and it is expected that the Company's plans for 2012 will be announced by the end of February.

Subject to the final operating plan and budget approval, it is expected that mining will continue at the James North and James South deposits, with planned total ore mined of between 2.5 to 3.0 million tonnes in calendar 2012. This is expected to yield up to 2.0 million tonnes of saleable product, including the 187,000 tonnes in stockpile at the Port which will be shipped in calendar 2012.

The first part of the Phase 3 expansion at the Silver Yards processing plant is underway. To date the civil construction portion of Phase 3 has been completed on schedule, with steel erection and commissioning to be completed by June 2012.

Project Development

In December 2011, LIM submitted a permit application for the Stage 2 Houston project to the Government of Newfoundland and Labrador. The goal, subject to environmental release, permitting and detailed engineering, is to prepare the Houston 1 and 2 deposits for production in 2013.

As part of this exercise, the Company is conducting a detailed evaluation of the various scenarios for the development of the Houston deposits. This includes the mining of some direct railing ore, together with the assessment of processing alternatives, which may involve either trucking ore to the Silver Yards plant or the eventual construction of a separate dedicated processing plant.

Qualified Persons

Scientific and technical information disclosed herein has been prepared under the supervision of Terence N. McKillen, M.Sc., P.Geo., Executive Vice President and a director of the Company, who acts as the Company's qualified person within the meaning of National Instrument 43-101 ("NI 43-101").

The terms "iron ore" and "ore" in this document are used in a descriptive sense and should not be construed as representing current economic viability.

Dry metric tonnes are used in this release unless otherwise specified.

About Labrador Iron Mines Holdings Limited (LIM)

LIM is engaged in the production and development of its 100% owned Schefferville Area direct shipping iron ore (DSO) properties in the Labrador Trough of western Labrador and northeastern Quebec. The Company commenced production from the James Mine in June 2011 following the successful construction and commissioning of the mine and Silver Yards processing plant earlier in the year.

LIM contemplates mining in stages. The first phase of Stage 1 comprises the James Mine and the Silver Yard processing plant which is connected by a rail spur to the main Schefferville to Sept-

Iles railway. Through a phased expansion program, LIM plans to grow its iron ore production through the subsequent development of adjacent deposits.

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

John F. Kearney
Chairman and Chief Executive
Tel: (647) 728-4105

Rodney Cooper
President & Chief Operating Officer
Tel: (647) 729-1287

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 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.