LABRADOR IRON MINES
HOLDINGS LIMITED

News Release

TSX: LIM

LABRADOR IRON MINES ANNUAL MEETING OF SHAREHOLDERS PROVIDES CORPORATE UPDATE

Toronto, Ontario, September 18, 2014. **Labrador Iron Mines Holdings Limited** ("LIM" or the "Company") (TSX: LIM) today held its Annual Meeting of Shareholders in Toronto, Canada.

At the meeting, LIM's Chairman and Chief Executive Officer, John Kearney, provided shareholders with an update on the Company's activities in 2014, noting a strategic shift in corporate focus and priorities, including the development of the Houston Mine and seeking additional capital investment and working capital.

"As LIM has previously disclosed, we have not recommenced mining operations for the 2014 operating season due to a combination of the prevailing low price of iron ore and an assessment of the current economics of our Labrador iron ore projects.

"This has proven to have been a fortuitous decision. Since January 2014, the spot price of iron ore has fallen 40% to almost US$80 per tonne today. In response to the prevailing iron ore price outlook, and based on our experience over the past three operating seasons, we have made a strategic shift in corporate focus towards establishing a lower cost operating framework, while concurrently re-negotiating the commercial terms of major contracts."

On the operational front this year LIM is concluding its $5.0 million exploration program on the Howse Deposit after reporting positive drill results and is also completing the extension and expansion of its Silver Yards rail facilities.

In addition to LIM's direct shipping iron ore deposits, the Company is also moving ahead with assessment and initial planning of the Elizabeth Taconite Project by preparing an internal concept study. Elizabeth represents an exceptional opportunity to develop a major new concentrate operation in the Schefferville region of the Labrador Trough. There are clear competitive and cost advantages for the Elizabeth Project, which includes direct access to existing roads, rail bed and power line corridor, in addition to LIM's existing infrastructure at Silver Yards.

"We have prepared an internal concept study using the 620 million tonne inferred resource from the Elizabeth No. 1 deposit (see June 15, 2013 Technical report filed on SEDAR) as a starting point for planning and design. Conceptually, the Elizabeth Taconite Project has been designed as an open pit with a mining capacity of 18 million tonnes per year over an expected 30-year mine life. While still in an internal preliminary assessment stage, the Elizabeth Project appears to be very attractive when compared to similar taconite projects in the Labrador Trough. To give you an idea of potential scale, conceptually, over the life-of-mine, total production from Elizabeth would be about 170 million tonnes, which equates to approximately 5 million tonnes of iron ore concentrate per year."

Mr. Kearney's address also included his views on current iron ore market conditions as well as the immediate and longer-term outlook for iron ore. He noted: "There was significant price volatility in iron ore prices over the past few years. We are seeing this again in 2014 due to increased supply and apparent changes in Chinese stock levels, and there will be further volatility in the future. However, I believe that we have seen the impact of the increase in supply from Australia. This is over. The current increase in port inventory levels in China is primarily a financial and liquidity issue. Demand for steel, and thus for iron ore, will remain strong in China and will increase in the rest of the world. Meanwhile, higher cost Chinese production will close and outside of China many fourth quartile projects will shut down.

"Growth in iron ore demand has been dominated by China, whose steel production and consumption has been steadily increasing over the past decade. The country's rapidly increasing steel intensity (steel usage per capita) has been driven by rapid economic growth and continued urbanization, leading to significant increases in the rate of public infrastructure development, residential construction and durable goods production.

“Economic growth in China will continue unabated, even if from time to time China takes its foot off the gas pedal to avoid overheating. This continuing growth in demand, coupled with the expected flat supply position by 2016 – 2017, should return supply-demand to a balanced situation similar to the situation prevailing throughout 2013 when iron ore prices averaged around US$130 per tonne.”

Mr. Kearney’s remarks pointed out the need for an overall restructure of the iron ore business in the Labrador Trough. “To compete globally with the rest of the world, we need to bring down costs for Canadian iron ore companies in the Labrador Trough. This is largely a function of infrastructure: transport and power. While extensive and existing infrastructure is in place, access to this infrastructure at reasonable commercial terms remains a huge challenge.

“Canada is on the opposite side of the world from the main iron ore market in China. It is difficult to compete globally if more than two thirds of your operating costs are incurred on power, transport and ocean freight. Australia not only has a huge ocean freight advantage to China, but their operating costs are generally lower than Canada.

“The Labrador Trough has vast reserves of iron ore, but needs enlightened government policy (Federal, Provincial and Aboriginal) to see it fully developed.

“Access to infrastructure is key to bringing down high costs. New infrastructure and investment will allow us to develop and operate our projects more effectively and cheaply. Both government participation and private sector investment is crucial to the establishment of necessary infrastructure. These investments are too big for any single mining company and rightfully the responsibility of Government, which is in the best position to accomplish this and the country is ultimately the long-term beneficiary.

“In response to weak market conditions, we have been forced to take hard decisions so that we can preserve the long-term future of LIM’s iron ore operations. LIM’s DSO projects were conceived and developed in 2010 and 2011 in an environment of much higher iron ore prices that we have today. For example, when we signed some of our supply contracts in March 2011 the price of iron ore was US$194 per tonne CFR China. To survive and ultimately prosper in today’s economic environment, LIM needs to “re-set” its projects.

“LIM is seeking to negotiate revised commercial terms with its major contractors and suppliers. Operating cost saving initiatives are required and achievable all across the board, including with respect to mining costs, rail transportation, fuel procurement, aviation services, hydro-electric power, human resources and man power and corporate and administration costs.”

With his closing remarks, John Kearney commented “At June 30, 2014, LIM had a significant working capital deficit and the Company will need to secure additional financial resources in order to address its current working capital deficit and fund its planned business objectives. An operational and financial restructuring and refinancing is required. We are working very hard and making every effort to try to achieve this.

“LIM is currently negotiating certain financing opportunities and we are continually evaluating the current situation with respect to the current price of iron ore and the timing and conditions associated with potential financing proposals.

“Subject to completing these financings, we believe we will have sufficient working capital to continue in operations and I am personally optimistic that with the co-operation of our stakeholders we will be able to restructure our operations and our finances. However, there are no assurances that LIM will be successful in obtaining any required financing, or in obtaining financing on a timely basis or on reasonable or acceptable terms. If LIM is unable to obtain adequate additional financing on a timely basis, the Company would be required to curtail all operations and development activities.”

To view Mr. Kearney’s full remarks as presented at the Annual Meeting held on September 18, 2014, please visit the Company’s website at www.labradorironmines.ca.

MATTERS OF THE AGM

Election of Directors

All of the nominees for election as director: Messrs. John Kearney, William Hooley, Matthew Coon Come, Eric Cunningham, Gerry Gauthier and Danesh Varma, were unanimously re-elected as directors by a show of hands, to serve until the next annual general meeting of shareholders or until their successors are elected or appointed. The detailed results of the proxies submitted for the vote on the election of directors are as follows:

Director	Votes For	% of Votes For	Votes Withheld	% of Votes Withheld
John F. Kearney	29,223,019	95.30%	1,440,145	4.70%
D. William Hooley	30,338,019	98.94%	325,145	1.06%
Matthew Coon Come	30,347,319	98.97%	315,845	1.03%
Eric Cunningham	30,346,319	98.97%	316,845	1.03%
Gerry Gauthier	30,068,219	98.06%	594,945	1.94%
Danesh Varma	30,054,619	98.01%	608,545	1.99%

Re-Appointment of Auditors

McGovern Hurley Cunningham LLP Chartered Accountants were re-appointed as the Company's Auditors for the current year and the directors were authorized to fix the remuneration of the Auditors.

Alteration of the Corporation's By-Laws to Permit the Corporation to Make Use of the "Notice-and-Access" Method for Sending Meeting Materials to Shareholders.

By-Law No. 2 of the Corporation amending the Corporation's general By-Law No.-1 to ensure the Corporation may make use of the "notice-and-access" method for sending meeting materials to shareholders was ratified and confirmed.

The formal report on voting results with respect to all matters voted upon at the AGM has been filed on SEDAR at www.sedar.com.

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About Labrador Iron Mines Holdings Limited (LIM)

Labrador Iron Mines (LIM) is a leader in the reactivation of the iron ore industry in the Schefferville/Menihek region, engaged in the mining, exploration and development of its portfolio of 20 direct shipping (DSO) deposits located in the prolific Labrador Trough. Production commenced at the James Mine and Silver Yards plant in 2011 and through to the end of its third operating year, the Company sold approximately 3.6 million dry tonnes (3.8 million wet tonnes) in 23 shipments of iron ore into the Chinese spot market.

LIM has not recommenced mining operations for the 2014 operating season due to a combination of the prevailing low price of iron ore in 2014, an assessment of the current economics of its deposits and a strategic shift in corporate focus towards establishing a lower cost operating framework, while concurrently negotiating the commercial terms of major contracts. The Company's focus for 2014 is on advancing the development of the flagship Houston Project and seeking additional working capital and capital investment.

For further information, please visit LIM's website at www.labradorironmines.ca or contact:

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Cautionary Statements:

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that mineral resources will be converted into mineral reserves.

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

Forward Looking Statement:

Some of the statements contained in this Press Release may be forward-looking statements which involve known and unknown risks and uncertainties relating to, but not limited to, LIM's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties and assumptions regarding financing. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, delays in obtaining or failures to obtain required financing, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects, changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. There can be no assurance that LIM will be successful in maintaining any agreement with any First Nations groups who may assert aboriginal rights or may have a claim which affects LIM's properties or may be impacted by the Schefferville Projects. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. LIM undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.