LABRADOR IRON MINES
HOLDINGS LIMITED

News Release

TSX: LIM

LABRADOR IRON MINES REPORTS MARCH 2013 YEAR-END RESULTS AND PROVIDES OPERATIONAL UPDATE

Notice: Conference Call and Webcast held today at 11:00 am ET. Dial-in: +1 (647) 427-7450 or +1 (888) 231-8191

Toronto, Ontario, July 3, 2013. **Labrador Iron Mines Holdings Limited** (“LIM” or the “Company”) (TSX: LIM) today reports its operating and audited financial results for the fiscal year ended March 31, 2013.

LIM is also pleased to provide an update on its 2013 operating season, as the second shipment of iron ore departed the Port of Sept-Îles on June 27, 2013.

Recent Operating Highlights

LIM commenced its third season of operations in April 2013 with the re-start of full-scale mining activities. The Company is targeting 1.75 million to 2.0 million tonnes of saleable iron ore production in 2013. Recent operating highlights include:

- The first shipment for 2013 sailed from the Port of Sept-Îles in early June carrying approximately 174,000 wet metric tonnes (“wmt”) of iron ore. This was followed by LIM’s second shipment carrying approximately 177,500 wmt on June 27, 2013.
- The Silver Yards Phase 3 upgrade and expansion for the wet plant was commissioned in June and has been operating in conjunction with the dry plant, which has been processing ore since April.
- Railway operations recommenced in early April. For the 2013 operating season, LIM is using newly-built, rotary dumper compatible iron ore gondolas, comprising longer, 164-car train sets, allowing for improved productivity and potential cost savings.
- New, independent National Instrument 43-101 (“NI 43-101”) year-end resource estimates showed a 33% net increase in LIM’s year-end mineral resource to 59.5 million tonnes grading 56.7% Fe, including an increase in the combined Houston and Malcolm resource to 40.6 million tonnes grading 57.6% Fe. In addition, a new indicated and inferred resource was also estimated on historic stockpiles, providing supplementary plant feed for Silver Yards in future years.
- LIM announced its first independent NI 43-101 inferred mineral resource estimate on the Elizabeth Taconite Project of 640 million tonnes grading 31.8% Fe.

“We are pleased with the solid start to our third operating season, highlighted by two shipments sold in June,” commented ***Rod Cooper, President and Chief Operating Officer.*** *“Our operating crews have worked hard in addressing the challenging weather conditions experienced in April and May and activities at site have progressed well as we head into the important summer months. The ramp up of the Silver Yards processing facility and connection to the power grid are two positive accomplishments, and with a number of other enhancements made in the areas of the mine, process plants and rail, we look forward to meeting our production targets for the year.”*

Addressing Important Requirements for the 2013 Operating Season

"In preparation for the 2013 operating season, we have executed many important initiatives in securing our working capital requirements, increasing liquidity and addressing volatility in the iron ore markets." commented ***John Kearney, Chairman and Chief Executive Officer****. "We believe this has allowed us to mitigate some of the challenges we experienced in 2012, which overshadowed our operational achievements during the year.*

- In May 2013, LIM signed a new, two-year iron ore sales agreement with the Iron Ore Company of Canada ("IOC") for the sale of LIM's iron ore production for calendar years 2013 and 2014, with the price calculation based on the monthly average of the market index.
- At the same time in May 2013, LIM entered into an off-take financing arrangement with RB Metalloyd Limited ("RBM"), under which RBM advanced a pre-payment of US$35 million to LIM, to be credited against the proceeds of LIM's committed sales of 3,500,000 tonnes of iron ore during 2013 and 2014.
- LIM has put in place a limited price protection program to address potential iron ore market volatility, purchasing put options on 825,000 tonnes of iron ore over the period August to October 2013, exercisable at a CFR China price of US$105 per tonne.
- In order to mitigate the risk of significant ocean freight cost escalation, LIM has agreed to fixed freight costs to northern China on seven vessels during 2013.
- In March 2013, LIM established a strategic relationship with Tata Steel Minerals Canada ("TSMC"), a subsidiary of Tata Steel Limited, which includes multi-part cooperation agreements in various aspects of the companies' respective iron ore operations in the Labrador Trough. Subject to completion of formal agreements, TSMC will pay $30.0 million to LIM for the sale of a 51% interest in LIM's Howse deposit, which will be used to fund various expenditures for the 2013 operating season.

John Kearney added, *"For 2013, our operational priorities are to minimize costs, maximize production and sales and to ensure that sales revenue is generated as early as possible. We have implemented cost reduction and cash conservation measures across all aspects of our operations."*

Update on 2013 Operating Season

James Mine and Silver Yards

In line with the Company's seasonal mine plan, LIM commenced full-scale operations at the James Mine in April 2013. A waste stripping program was carried out in March and a total of approximately 88,000 tonnes of waste was removed from the James pit.

The Silver Yards processing facility restarted for the 2013 season in April, as the dry screen commenced processing ore from the James Mine. A new dry screening unit was delivered to site during the fall of 2012, which has been installed for use during the 2013 operating season.

Construction of the Phase 3 expansion of the Silver Yards wet plant was completed and commissioned in June and is now operating in conjunction with the dry plant. Phase 3 has been designed to increase the wet plant's production capacity and to recover ultra-fine material. A new, experienced plant operations contractor has been selected to operate the wet plant in 2013.

LIM has now substantially completed the establishment of grid power at Silver Yards, with final completion expected to be achieved in July 2013. Upon completion, the power supply for the Silver Yards processing facility and LIM's Bean Lake mine camp will be substantially converted from diesel fuel to electric power during the operating season.

Rail Operations and Iron Ore Sales

Rail operations re-commenced in April, starting with one, longer train set comprising 164 cars, with two additional train sets of 164 cars added in May and at the end of June, respectively. For the 2013 operating season, LIM is using newly-built, rotary dumper compatible iron ore gondolas, allowing for improved productivity and potential cost savings. The iron ore gondolas are leased from TSMC as part of LIM's cooperation with TSMC on various rail logistics. It is planned that a fourth train set may possibly be introduced later in the operating season.

LIM's first shipment for 2013 sailed from the Port of Sept-Îles in early June, carrying approximately 174,000 wmt of iron ore at a planned averaged grade of about 58% Fe. On June 27, 2013, LIM's second shipment of approximately 177,500 wmt, comprising 77,500 wmt of about 58% Fe and 100,000 wmt of about 62% Fe, departed from the Port.

Subsequent shipments during 2013, expected at a rate of two shipments per month from July to November, will consist of sinter fines and lump ore at a planned average grade of 62% Fe.

Under the new, two-year iron ore sales agreement signed with IOC in May 2013, IOC will pay for the iron ore progressively, as the ore is resold, with the price calculation based on the monthly average of the market index, which should decrease LIM's exposure to market volatility experienced in the past two years. IOC payments will be later reconciled based on IOC's net actual aggregate resale price, adjusted for any product quality specification premiums or penalties, after ocean freight and IOC's price participation.

LIM also entered into a financing agreement with RBM in May 2013, pursuant to which RBM advanced a pre-payment of US$35 million to LIM, which will repaid over a period of two years, credited against the proceeds of LIM's committed sales of 3,500,000 tonnes of iron ore shipments between July 2013 and December 2014.

RBM has entered into an iron ore off-take agreement with IOC under which RBM has agreed to buy the LIM iron ore from IOC on an FOB Sept-Îles basis.

The advance payment financing of US$35 million from RBM provides LIM with important working capital. In addition, RBM brings LIM experience and expertise in the marketing and sale of iron ore as well as extensive knowledge of the iron ore and steel markets worldwide.

In order to protect against volatility in the iron ore market, LIM has put in place a limited price protection program with a major international bank to protect against a drop in the price of iron ore below US$105 per tonne down to US$90 per tonne during the months of August through October 2013. LIM has purchased put options on a total of 825,000 tonnes of iron ore over the period August to October 2013, exercisable at a CFR China price of US$105 per tonne. LIM has also sold matching put options exercisable at US$90 per tonne on the same number of tonnes over the same period.

In addition, in order to mitigate the risk of significant ocean freight cost escalation, LIM has agreed to fixed freight costs to northern China on seven vessels during 2013, through a contract of affreightment ("COA") with RBM.

LIM is currently targeting 1.75 million to 2 million tonnes of saleable iron ore production in 2013. Cash operating costs in 2013, consisting of mining, processing, rail and transportation and general and administrative costs, unloaded at the Port, are expected to be in the range of $65 to $70 per tonne of product sold.

Strategic Relationship Established with Tata Steel Minerals Canada

In March 2013, LIM entered into a framework arrangement with TSMC, which includes multi-part cooperation agreements in areas of logistics, property rationalization and various ancillary mutual support and potential off-take arrangements. As part of the strategic relationship, LIM and TSMC have agreed to enter into a transaction for the joint development of the Howse deposit, whereby LIM will sell a 51% interest in Howse to TSMC. In the future, TSMC may increase its interest to 70%. It is anticipated that the agreement with TSMC will expedite the development of the Howse deposit and it is expected that significant cost savings and synergies can be achieved by processing Howse ore through TSMC's adjacent Timmins Area plant.

March 2013 Year-End Review

Financial Results

For the fiscal year ended March 31, 2013, LIM recognized revenue from mining operations of $95.7 million (FOB Port of Sept-Îles) on sales of 1.56 million dry tonnes of iron ore in ten shipments completed during the year. This revenue is recognized on an FOB Port of Sept-Îles basis and is net of deduction of ocean freight and IOC's participation.

Revenue for the 2013 fiscal year was negatively impacted by low realized iron ore prices (CFR China spot price less value-in-use adjustments and before ocean freight and IOC participation), particularly in the period from August to October 2012, when the spot price of iron ore suffered a sharp decline of 33%.

For the fiscal year ended March 31, 2013, LIM reported a loss of $129.7 million or $1.56 per share, resulting primarily from an operating loss (before depletion and depreciation) of $28.9 million, a depletion and depreciation charge of $29.7 million and write-downs totalling $61.2 million comprising a write-down of mineral property interests of $58.1 million and a $3.1 million provision against certain doubtful receivables.

The depletion and depreciation charge of $29.7 million represents a period charge, primarily on a units-of-production basis, of the cost of the James Mine (including capitalized stripping and dewatering), Silver Yards processing plant, transportation equipment, and infrastructure and site properties associated with the operational activities of the James Mine.

At March 31, 2013, in accordance with its accounting policies, the Company completed an assessment of the carrying amount of its mineral property interests based on a combination of factors including net present value estimates and arms-length transaction value methodologies. Having regard particularly to the reduction in the resources in the James Mine, as at March 31, 2013, as a result of depletion during 2012 and adjustments following a reconciliation of the dry bulk density calculations to account for greater porosity than originally anticipated, which resulted in a shorter than anticipated mine-life, the carrying amount of the Stage 1 mineral property interests relating primarily to the James Mine, which included an amount of $22.5 million relating to previously capitalized stripping and dewatering costs prior to the commencement of commercial production, were written down by an aggregate non-cash amount of $58.1 million. At March 31, 2013, the carrying amount of LIM's mineral property interests was $105.9 million and the net book value of property, plant and equipment was $108.9 million. The net present value estimates were made using a number of assumptions including a long-term iron ore price of US$115 per tonne (CFR China 62% Fe sinter fine) and a discount rate of 10%. Net present value estimates are highly sensitive to changes in the inherent inputs and assumptions.

During fiscal 2013, LIM invested approximately $39.9 million in property, plant and equipment, consisting mainly of investments in Phase 3 of the Silver Yards wet plant, grid connection infrastructure and expansion of LIM's mine accommodation camp.

Also during fiscal 2013, LIM advanced a total of $5 million to the TSH railway as non-repayable contributions to the TSH railway's capital upgrade program, and also advanced $0.75 million to TSH railway as a refundable capacity reservation deposit. LIM also advanced $5 million to the QNS&L railway as an installment towards its advance payments required to secure locomotive and infrastructure capacity to meet the anticipated long-term haulage volumes on the QNS&L railway. A preliminary installment of $6.4 million was also paid to the Port of Sept-Îles to secure ship loading capacity of 5 million tonnes per year in a new multi-user deep water dock in the Port of Sept-Îles dedicated exclusively to iron ore shipments. LIM also guaranteed a final buy-in payment installment of an additional $6.4 million payable in July 2013.

As at March 31, 2013, LIM had current assets of $41.2 million, including inventories with a carrying value of $11.0 million and accounts receivable and prepaid expenses of $12.6 million. Cash and cash equivalents totalled $16.2 million at March 31, 2013, with an additional $7.7 million in restricted cash. The Company's cash and cash equivalents are invested in an investment grade short-term money market fund and deposits with a major Canadian bank.

Current liabilities, consisting of accounts payable and accrued liabilities, the current portion of finance lease obligations and rehabilitation provision, were in aggregate $28.8 million at March 31, 2013.

Operational Results – Fiscal Year ended March 31, 2013

LIM accomplished many operational achievements in its first full season of commercial production in 2012 (fiscal 2013), in which the Company demonstrated its operational ability to mine, process, rail, ship and sell its iron ore. LIM met its revised production target of 1.7 million wet tonnes and sold 1.56 million dry tonnes of iron ore in 10 ships during the year, which represents a substantial increase in sales over the 2011 operating season. Rail volumes also increased substantially year-over-year, totalling 1.6 million wet tonnes delivered to the Port of Sept-Îles.

LIM also completed a very successful exploration season during fiscal 2013, which included 14,000 metres ("m") of drilling on the Houston, Malcolm and James Deposits, as well as bulk sampling of historic stockpiles to provide plant feed to Silver Yards in the coming years. LIM also completed very promising exploration work on the Elizabeth Taconite Project located near the currently producing James Mine. LIM's exploration efforts have resulted in new and updated resource estimates as outlined in the *"2013 Resource Updates"* section below.

Despite the many operational achievements, the year ended March 31, 2013 was adversely impacted by the rapid and severe drop in spot iron ore prices, which occurred in August 2012 and continued through to October, when iron ore spot prices and transaction volumes suffered a sharp decline. LIM responded decisively with revised strategies in the mine, process plant and rail transport to optimize production at the lowest possible cost. Other cost reductions and deferral of capital expenditures were also carried out to ensure the 2012 and future operating seasons continue to operate in a sustainable position.

Production and Operating Costs

Operating costs in fiscal 2013, consisting of mining, processing, rail, transportation and site and camp operating costs, including winter costs and March 2013 waste stripping activities, totaled approximately $121 million, or approximately $77.50 per tonne of product sold, unloaded at the Port of Sept-Îles. Transportation costs include all charges for train loading and unloading, locomotive and rail car leasing and maintenance costs and tariffs and for the fiscal year included charges totaling $7 million ($4.50 per tonne of product sold during the fiscal year), relating to rail and train unloading take-or-pay volume penalties and a one-off charge related to the Pointe aux Basque port facility. Royalties during fiscal 2013 and 2012 were equal to US$1.50 per tonne of product sold.

LIM's operating results for the fiscal year ended March 31, 2013 and 2012, are outlined in the following table:

	Fiscal Year Ended March 31, 2013		**Fiscal Year Ended March 31, 2012**	
(all tonnes are dry metric tonnes)	Tonnes	Grade (% Fe)	Tonnes	Grade (% Fe)
Total Ore Mined	1,828,398	61.3%	1,205,609	60.7%
Waste Mined	3,215,985	--	3,004,355	--
Ore Processed and Screened	954,813	58.2%	572,052	58.4%
Lump Ore Produced	98,693	61.2%	79,407	63.6%
Sinter Fines Produced	693,173	61.4%	152,735	65.0%
Total Product Railed	1,492,960	62.3%	563,569	64.9%
Tonnes Product Sold	1,559,620	62.5%	385,898	64.9%
Port Product Inventory	111,009	60.9%	177,669	64.9%
Site Product Inventory	3,551	58.4%	69,983	65.3%
Site Run-of-Mine Ore inventory	446,975	56.2%	195,117	59.0%

2013 Resource Updates

Following on the successful 2012 exploration field program, comprising 14,000 m of diamond and reverse circulation drilling, LIM reported a 33% net increase in its total measured and indicated mineral resource of 59.5 million tonnes grading 56.7% Fe as at March 31, 2013.

Resources at the Houston 1, 2 and 3 Deposits continued to expand, increasing to 31.3 million measured and indicated tonnes grading 57.5% Fe, a 37% increase over the previous year. In addition, LIM identified a new measured and indicated mineral resource estimate for its Malcolm 1 deposit of 9.2 million tonnes grading 57.8% Fe, which has more than tripled the previous historical resource estimate. The Malcolm 1 deposit is located approximately four kilometres ("km") from Houston and is considered to be the northwest extension. Together, the Houston and Malcolm deposits are estimated to contain 40.6 million tonnes grading 57.6% Fe and currently comprise LIM's planned Stage 2 DSO operations.

A mineral resource definition and bulk sampling program on two of seven historical stockpiles was initiated during the 2012 exploration field program with a view to providing supplemental plant feed. These previously-mined stockpiles are located within 15 km of the Silver Yards processing facility and form part of LIM's Stage 1 deposits. An initial mineral resource was estimated for the two stockpiles, totalling 3.5 million tonnes of indicated resource grading 49.1% Fe and 2.9 million tonnes of inferred resource grading 48.8% Fe.

LIM's exploration efforts have also identified a large iron orebody located within the Elizabeth Taconite Project, resulting in its first independent inferred mineral resource estimate of 620 million tonnes at 31.8% Fe and exploration potential of 350 million to 500 million tonnes at 31.9% Fe.[1]

[1] The potential tonnage and grade in Elizabeth No. 2 is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. The range of tonnage has been outlined based on the lateral extent of ground and airborne magnetic and gravity anomalies, surface mapping and two drill holes intercepts, which define the width and estimated grade at the southeast extent of Elizabeth No. 2. It is uncertain if further exploration will result in such potential being delineated, in whole or in part, as a mineral resource. Taconites require further upgrading through a concentrator involving a major capital investment to produce a saleable iron ore product.

The Elizabeth Project is located approximately four km from the James Mine, alongside existing infrastructure including roads, rail bed and power line corridor. There is significant potential for resource expansion, as the deposit remains open along strike to the northwest and southeast (refer to the press release dated June 24, 2013).

NI 43-101 Technical Reports containing LIM's year-end mineral resource estimates as at March 31, 2013 and LIM's first independent mineral resource estimate of the Elizabeth Taconite Project as at June 15, 2013 have been filed on SEDAR, available at www.sedar.com.

Stage 2 Houston Development

The Houston deposits (Stage 2 South Central Zone) are situated in Labrador, about 15 km southeast of the James Mine and Silver Yards processing facility. The Malcolm Deposit is located approximately 4 km from Houston and is considered to be the northwest extension.

In February 2013, LIM filed registration documents with the Government of Newfoundland and Labrador and with the Federal Canadian Environmental Assessment Agency ("CEAA") for the second phase of development of the Houston 1 and 2 deposits, which includes the construction of a wet process plant incorporating crushing, screening, washing and magnetic separation. This plant will be capable of upgrading lower grade ore (50% to 59% Fe) into saleable sinter and lump products.

In April 2013, CEAA notified LIM that a Federal Environmental Assessment was not required and in May, the Newfoundland and Labrador Minister of Environment and Conservation released this second phase of the Houston Project from the provincial environmental assessment process, subject to conditions. This environmental release will allow LIM to complete the applications for permits and regulatory approvals required for the construction of the wet processing plant for the Houston Project.

The environmental release of the first phase of the Houston Project, including the haulage road, was released from further environmental assessment in March 2012. LIM has subsequently received surface and mining leases, and a construction permit for the haulage road and rail siding and has also selected a civil contractor for the road and bridge construction. It is expected that initial mine development at the Houston deposit will include construction of the haulage road and railway siding, mine infrastructure and related facilities, with initial production of Houston ore coming from in-pit dry crushing and screening.

Commencement of construction activities for the Houston Project is subject to the availability of financing and the receipt of remaining permits. Development costs for the first phase are estimated to be approximately $37 million on haulage road and rail siding access, with an additional $20 million of mine development costs, which would enable initial production from Houston utilizing in-pit dry crushing and screening. This does not include the capital cost of a new wet processing plant, which will be required in about the third year of Houston operations.

LIM is evaluating various potential strategic options, off-take arrangements and/or credit facilities and other financing alternatives to fund the planned Houston development and related transportation and port infrastructure expenditures.

When in full production, the Houston Project is expected to produce about 2.5 million tonnes of iron ore annually.

Iron Ore Market Conditions

Robust steel production and iron ore demand from emerging economies and particularly from China have underpinned the rise in iron ore prices over the past seven years. In addition, supply constraints, such as falling ore grades at major mines and increasing capital expenditures to build new capacity, have resulted in iron ore production consistently falling short of market expectations.

Growth in iron ore demand has been dominated by China, whose steel production and consumption (rate of steel usage per capita) 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 residential construction, durable goods production and public infrastructure development.

There has been significant price volatility in iron ore prices over the past year due to apparent changes in Chinese stock levels and there may be further short term volatility in the future. Nevertheless the Company is of the view that the long term iron prices will remain firm due to the following factors:

- strong steel and iron ore demand growth from China, which will continue to be supported by Chinese Government stimulus spending as well as structural factors, such as the urbanization of China's population;
- strong demand growth in the medium to long-term from the United States and emerging markets including Brazil, India, Russia, CIS countries, southeast Asia and the Middle East;
- efforts to increase the average grade of steel production, which necessitates the use of high-grade iron ore, will increase China's demand for higher grade iron ore imports;
- long-term supply constraints, as many of the new projects and production expansions previously planned by major companies are experiencing increased costs and delays or have been postponed, which is expected to delay or reduce the long-term growth of iron ore supply; and
- supply growth will continue to fall significantly short of market expectations.

Iron ore supply growth has consistently fallen below market expectations due to a number of factors including:

- the increase in capital costs by over 400% over the last decade;
- the substantial increase in operating costs;
- new projects have increasingly required high-cost greenfield infrastructure development;
- governments have demanded higher ownership stakes and taxes;
- labour supply has been severely limited; and
- governments have focused increasingly on environmental concerns.

The largest three iron ore producers (Rio Tinto, BHP Billiton and Vale) continue to face significant capital and operating cost inflation which has resulted in the deferral of many new projects and mine expansions. In addition, a significant portion of the forecasted increase in industry capacity is expected to come from higher risk jurisdictions such as Africa where higher geopolitical risk requires higher returns to warrant capital investment.

In the longer-term, the cost curve plays an integral role in establishing an effective 'floor' for iron ore prices. Higher marginal cost Chinese capacity is expected to be needed to meet growing iron ore demand in the medium term. The average marginal cost of Chinese iron ore production is approximately US$120/tonne, which provides a strong support level for future iron ore prices (China import 62% Fe fines).

* * * * * *

This press release should be read in conjunction with LIM's Management's Discussion and Analysis (MD&A) and audited financial statements for the fourth quarter and year ended March 31, 2013, available on the company's website at www.labradorironmines.ca, under the "Financials" section, or on SEDAR (www.sedar.com).

LIM has also filed its Annual Information Form (AIF) and NI 43-101 Technical Reports, which include the resource estimates disclosed in this press release, all of which are available on SEDAR (www.sedar.com).

Unless otherwise noted, all references to 'years' in this press release are 'calendar years', all dollar amounts are stated in Canadian dollars and all tonnes are stated in dry metric tonnes.

*** * * * * ***

Conference Call and Webcast: Fourth Quarter and Year-End Results

Members of the senior management team will host a conference call and webcast today at 11:00 am (ET). You may participate in our conference call by calling 647-427-7450 (local and international) or 1-888-231-8191 (Canada and US toll-free). To ensure your participation, please call five minutes prior to the scheduled start of the call.

A live audio webcast will be available on LIM's homepage at www.labradorironmines.ca and archived for 180 days.

For those who are unable to participate in the live conference call, a replay will be available until the end of day on July 17, 2013 by calling 416-849-0833 (local and international) or 1-855-859-2059 (Canada and US toll-free) and entering the passcode 920 025 96# when prompted.

*** * * * * ***

About Labrador Iron Mines Holdings Limited (LIM)

Labrador Iron Mines (LIM) is Canada's newest iron ore producer with a portfolio of direct shipping (DSO) iron ore operations and projects located in the prolific Labrador Trough. Initial production commenced at the James Mine in June 2011, and through 2012, iron ore sales have totalled 2.0 million dry tonnes in 13 shipments into the Chinese spot market.

Now in its third year of operations, LIM sold its first and second shipments of iron ore in June and is targeting 1.75 to 2.0 million tonnes of saleable iron ore production in 2013.

The James Mine is connected by a direct rail link to the Port of Sept-Îles, Québec. The operation also benefits from established infrastructure including the town, airport, hydro power and railway service. Starting with the James Mine and leading to the development of the expanding Houston flagship project, LIM's objective is to provide shareholders with long-term value with a plan to increase production towards 5 million tonnes per year from its iron ore deposits in Labrador and Quebec, all within 50 kilometres of the town of Schefferville.

LIM is currently the only independently-owned Canadian iron ore producer listed on the Toronto Stock Exchange and trades under the symbol LIM.

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

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

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

Keren Yun
Vice President, Investor Relations and Communications
Tel: (647) 725-0795

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 potential tonnage and grade referred to in this press release is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

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, the Company'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. 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, 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 the Company will be successful in maintaining 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 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. The Company 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.