



LABRADOR IRON MINES REPORTS FIRST QUARTER JUNE 30, 2022 RESULTS

Toronto, Ontario, Canada, August 15, 2022. **Labrador Iron Mines Holdings Limited** (the “Company”) (OTC: LBRMF) reports its financial results for the first fiscal quarter ended June 30, 2022.

This News Release should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and Management’s Discussion and Analysis for the three months ended June 30, 2022, which are available on the Company’s website at www.labradorironmines.ca or under the Company’s profile on SEDAR (www.sedar.com).

All currency references in this news release are expressed in Canadian dollars, unless otherwise indicated.

OVERVIEW

The Company, through its majority owned subsidiaries Labrador Iron Mines Limited (“LIM”) and Schefferville Mines Inc. (“SMI”), is engaged in the exploration and development of iron ore projects situated in the Menihék area of western Newfoundland and Labrador and northeastern Quebec, near the town of Schefferville, in the central part of the Labrador Trough region of eastern Canada, one of the major iron ore producing regions in the world.

The Company’s current focus is planning activities related to advancing the Houston Project, LIM’s flagship property. The Houston Project is an open pit direct shipping iron ore project located near the town of Schefferville, on which an updated, independent Preliminary Economic Assessment was completed in February 2021 and demonstrated production of 2 million dmt of DSO per year, with an initial 12-year mine life, for total production of 23.4 million dmt of product at 62.2% Fe over the life of the mine.

The Houston Project offers low technical risk, with only building a short gravel road and rail siding as the principal construction components. The Houston Project’s deposits 1 and 2 have undergone extensive regulatory review and approval and are considered ready for construction with a one-year construction period to production.

LIM is advancing development of the Houston Project through a number of initiatives, including: discussing an off-take agreement, including construction financing and product sale components; advancing commercial negotiations with construction contractors, equipment vendors, rail, port and logistics counterparties; and planning metallurgical test work of drill core collected from the Houston Project in a 2013 bulk sample, to refine the product characterization and specifications which will be helpful in marketing the iron ore.

In order to fund these near term initiatives and provide ongoing working capital, the Company is working to complete a US\$4,000,000 strategic investment by Scully Royalty Ltd. (“Scully”).

The strategic investment consists of a US\$3,000,000 equity component alongside a US\$1,000,000 convertible credit facility. Scully has agreed to subscribe for 13,043,478 common shares of the Company at a price of US\$0.23 per share, for gross proceeds of US\$3,000,000, and become a strategic shareholder, holding approximately 7.4% of the Company’s shares on closing. In addition, through a subsidiary, Scully will provide an unsecured, convertible, US\$1,000,000 credit line to the Company, with a five-year term, at an interest rate of 6.8%, and convertible at US\$0.31 per share, among other standard terms and conditions.

Additionally, the Company’s operating subsidiary LIM will establish Labrador Iron Mines Limited Partnership

("LIMLP"), which will hold and develop the Houston Project. LIM will be the General Partner and project operator and a subsidiary of Scully will be the Limited Partner of LIMLP. Scully will have the first right to propose Project Debt Financing for the development of the Houston Project.

Closing of the strategic investment is subject to customary closing conditions and is expected to occur by the end of August 2022.

FINANCIAL RESULTS – THREE MONTHS ENDED JUNE 30, 2022

On a consolidated basis, the Company reported a loss of \$232,504, or \$0.00 per share during the three months ended June 30, 2022, compared to a loss of \$256,453, or \$0.00 per share, during the same period of the previous year.

The loss of \$232,504 in the current three month period was mainly attributable to site costs of \$72,302 and corporate and administrative costs of \$157,061. The loss of \$256,453 in the same period during the previous year was mainly attributable to site costs of \$59,643, corporate and administrative costs of \$144,357 and non-cash share-based compensation of \$52,288.

Site costs include the expenditures required to maintain the Company's mineral properties in good standing. Share based compensation represents the expense of restricted share units recognized during the period using the graded vesting method of expense recognition.

At June 30, 2022 the Company had current assets of \$112,612, consisting mainly of cash. The Company had no long term debt, other than a \$40,000 loan under the Covid-related Canada Emergency Business Account program.

IRON ORE MARKET

The iron ore market experienced another period of volatility in the first half of 2022. While averaging US\$140 per tonne (62% Fe Sinter Fines CFR China) for the full six months, the price fluctuated between a high of US\$159 in March to a low of US\$112 in June. To start off the second half of the year, the price declined to US\$100 in July before recovering to US\$115 in early August.

In late 2021 China implemented interest rate cuts designed to stimulate investment in the country's property and infrastructure sectors. More construction activity means higher steel output, which in turn raises iron ore demand. Additionally, in early February 2022, China announced 2030 as the new deadline for peak carbon emissions for the country's steel sector, against an earlier target of 2025, in a move that prioritizes economic growth by giving the steel industry five extra years to rein in its emissions.

The iron ore market has been negatively impacted by rolling Covid-related lockdowns in China that started in April 2022, which has temporarily slowed industrial activity in the country, but the market has been positively impacted by the interruption in production and sales of iron ore from Ukraine as a result of the invasion by Russia. All factors considered, the price has remained strong in relative historical terms.

As for the second half of 2022, much will turn on how the Covid situation unfolds in China. Many analysts believe that once lockdowns are ended, pent-up demand could lead to a surge in industrial activity in China, which, combined with the potential for continued interruption in supply from Ukraine, could lead to very healthy demand dynamics for the iron ore market.

In July 2022, a new state-owned organization China Mineral Resources Group was created to centralize the country's billion-tonne iron ore trade and apparently to give China a bigger say in iron ore pricing.

OUTSTANDING SHARE CAPITAL

Labrador Iron Mines Holdings Limited currently has 162,364,427 common shares issued and outstanding.

The common shares of the Company trade on the OTC Pink Open Market under symbol LBRMF.

The Company continues in good standing as a Reporting Issuer in all the Provinces of Canada, and in compliance with all the requirements of the Securities Acts and Securities Regulations in Canada. All public filings of the Company may be inspected under the Company's profile on SEDAR at www.sedar.com.

ABOUT LABRADOR IRON MINES HOLDINGS LIMITED

Labrador Iron Mines Holdings Limited, through its majority owned subsidiaries Labrador Iron Mines Limited ("LIM") and Schefferville Mines Inc. ("SMI"), owns extensive iron ore resources in the central part of the Labrador Trough region, one of the major iron ore producing regions in the world, centered near the town of Schefferville, Quebec.

LIM's current focus is on planning activities related to the development of its Houston Project and, subject to securing development financing, LIM is positioned to resume project development and production of direct shipping iron ore from the Houston deposits at the earliest opportunity. In the three-year period of 2011, 2012 and 2013 LIM produced a total of 3.6 million dry metric tonnes of iron ore, all of which was sold in 23 cape-size shipments into the China spot market.

In March 2021, the Company reported the results of an independent PEA on its Houston Project prepared by RPA, now part of SLR Consulting Ltd. The Technical Report on the PEA, prepared in accordance with National Instrument 43-101, may be viewed under the Company's profile on SEDAR, or on the Company's website.

In addition to its Houston Project, LIM holds approximately 50 million tons in historical DSO resources in various deposits. LIM also holds the Elizabeth Taconite Project, which has an inferred mineral resource estimate (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe.

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

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Cautionary Statements:

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. A Feasibility Study has not been conducted on any of the Company's Schefferville Projects.

Forward Looking Statement:

Some of the statements contained in this News 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

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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.