LABRADOR IRON MINES
HOLDINGS LIMITED

News Release

TSX: LIM

LABRADOR IRON MINES REPORTS FISCAL YEAR-END RESULTS AND PROVIDES 2014 UPDATE

Development Plans for Flagship Houston Project Well Advanced

Toronto, Ontario, July 2, 2014. **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, 2014 and provides an update on plans for its 2014 season.

HIGHLIGHTS

- LIM completed its third operating season in December 2013 and achieved its sales target of approximately 1.7 million wet tonnes (~1.6 million dry tonnes) of iron ore in ten cape-size ocean shipments. LIM recognized net revenue from mining operations of $85.9 million for fiscal 2014.
- LIM's sales volumes during the 2013 operating season were achieved at the expense of product quality, which impacted revenues and resulted in a large net loss reported for fiscal 2014.
- For the fiscal year ended March 31, 2014, LIM reported a net loss of $105.2 million or $0.83 per share, which included a depletion and depreciation charge of $33.6 million or $0.27 per share.
- LIM entered into a joint venture with Tata Steel Minerals Canada ("TSMC") for the exploration and development of LIM's Howse Deposit. LIM sold a 51% interest in Howse to TSMC for $30 million and completed approximately 2,760 metres ("m") of drilling on Howse in 2013.
- A Feasibility Study and an Environmental Impact Study for the Howse Project are on schedule for completion by the end of 2014.
- LIM successfully completed its 2013 exploration program achieving over 12,000 m of diamond and reverse circulation drilling.
- The focus of LIM's 2014 activities will be the development of the Houston Mine and, subject to completion of financing, LIM plans to be in a position to begin production from Houston in 2015.

UPDATE ON THE 2014 OPERATING SEASON

*"While LIM achieved its sales target of a total of approximately 1.7 million wet metric tonnes of iron ore for the 2013 operating season, this was achieved at the expense of product quality as mining went deeper in the James mine open pit and both the grade and consistency of the ore began to fall" commented **John Kearney, Chairman & CEO.***

"These ore quality problems in 2013, together with significant capital invested during that year, put considerable strain on LIM's cash resources and LIM now needs new external investment to enable the Company to continue operations, to bring the bigger and long-life Houston Project into production and to meet its corporate and administrative expenses."

***Rod Cooper, President & COO,** added "LIM is currently not planning for any mining or processing activity in 2014, which is planned instead to be a development year for the Company. For the balance of 2014, we are focusing on developing our flagship Houston Mine and, subject to completion of financing and negotiation of major contracts, we are working to be in a position to begin mining production from Houston in April 2015."*

LIM has not restarted mine operating activities for the 2014 operating season, due to a combination of the prevailing low price of iron ore in 2014 to date, which would almost certainly have resulted in operating losses, an assessment of the economics of the remaining resources of the James Mine and other Stage 1 deposits at current iron ore prices and a strategic shift in corporate focus towards establishing a lower cost operating framework and completing development of LIM's flagship Stage 2 Houston Mine, while concurrently negotiating the commercial terms of major contracts and seeking additional capital investment and working capital.

As part of its plan to establish a lower cost operating framework and substantially reduce operating costs, LIM is seeking to negotiate revised commercial terms with its major contractors and suppliers. Operating cost saving initiatives have been achieved with respect to mining equipment rates, fuel procurement, aviation services, hydro-electric power, exploration costs, winter cost management, rail car leasing rates, human resources and man power and corporate and administration costs. LIM has implemented major reductions in staff levels and compensation across the organisation and directors' fees have been waived. All non-essential capital expenditure has been deferred and no significant exploration activity is planned for 2014 outside of exploration at the Howse joint venture that is already funded by TSMC.

LIM's Stage 1 deposits and related infrastructure, including the wet processing plant, are being maintained in standby condition for the time being, which will allow for a potential restart of Stage 1 production when economic conditions improve. It is expected that the Silver Yards dry plant will be used for all processing activity of Houston ore in 2015, with the wet plant re-commissioned to process plant feed from Houston in future years.

LIM believes that the required financing can be raised and, in conjunction with major stakeholders, is currently considering various financing opportunities and is engaged in discussions and negotiations of draft term sheets with certain commodity traders, financial institutions and others regarding proposals for financing. Subject to completing these financings, the Company believes it will have sufficient working capital to continue to operate over the next year. In the meantime, and pending completion of financing, LIM will endeavor to prudently manage its cash resources in order to ensure the integrity of its properties and to meet all regulatory requirements.

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 and, as part of this process, LIM is continually evaluating the current situation with respect to the current price of iron ore and the timing and risk associated with potential financing proposals. 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.

FISCAL 2014 OPERATIONS SUMMARY

Mining, Processing and Rail

LIM completed its third operating year in December 2013. Ore was extracted primarily from the James Mine (~1.6 million tonnes), with a smaller portion extracted from the Redmond Mine (~205,000 tonnes) and the Ferriman stockpiles (~176,000 tonnes) for an aggregate of 1.9 million tonnes of ore mined and 2.0 million tonnes of waste removed during the year.

The iron grade of ore mined during the 2013 operating season was lower than in previous years. Mining activity at James was from deep in the pit and exhibited a lower in situ iron grade and contained a greater fines component than previously experienced. High clay content in the Redmond material caused clogging in the wet processing plant during the late summer months, resulting in poor recovery levels. Plant feed from the Ferriman stockpiles was known to be lower grade, but responded well to wet processing.

Processing activities continued until mid-November. A total of 2.5 million tonnes of plant feed was processed and screened during the 2013 operating season, producing an aggregate of 1.5 million tonnes of lump and sinter iron ore. The product recovery rate of 63% was below the combined design plant recovery rate for the wet and dry plants of approximately 75%, which was attributable to a higher than anticipated amount of fines in the James plant feed extracted from deep in the pit, the high clay content of the Redmond plant feed and underperformance of the new WHIMS (wet high intensity magnetic separator).

LIM achieved a record annual volume of rail haulage in 2013, railing approximately 1.5 million tonnes of iron ore to the Port of Sept-Îles until the end of November. Rotary dumper compatible ore gondolas were utilized during 2013, which allowed for longer train sets and enabled efficient unloading at the Port.

Iron Ore Sales

LIM achieved its 2013 sales target of 1.7 million wet tonnes (~1.6 million dry tonnes) of iron ore in 10 cape-size ocean shipments, the same number of shipments sold during the previous operating season. The tenth and final shipment of the operating season departed the Port of Sept-Îles in early December. During fiscal 2014, LIM's shipments were sold to the Iron Ore Company of Canada ("IOC") at a provisional weighted average actual realized price (i.e. CFR China spot price less marketing discounts and value-in-use adjustments) of approximately US$100 per tonne on a CFR China basis. LIM recognized net revenue of $85.9 million during the fiscal year after netting shipping costs and IOC's participation from the CFR China actual realized price for these shipments.

LIM's product sales during the 2013 season experienced value-in-use deductions related to silica content, iron content and sizing specifications, which deviated from benchmark standards.

Of the ten shipments, three shipments were sold as a standard grade (~62% Fe) sinter product, three shipments were sold as a lower grade (~58% Fe) sinter product, one shipment was sold as a standard grade (~62% Fe) lump product and three shipments were sold as split cargos of lower grade sinter product, standard grade sinter product and standard grade lump product. The discount between the Platts 62% Fe iron ore price and the Platts 58% Fe iron ore price widened during the fiscal year to a differential of about US$18 per tonne from about US$10 per tonne at the beginning of the fiscal year, reportedly as a result of large volumes of lower grade iron ore arriving in China from Australia and Brazil.

Iron ore prices have dropped sharply in 2014 year-to-date, with a decline of over 30% to below US$90 per tonne CFR China in mid-June, the lowest level since the third quarter of 2012.

The Company's operating results for the fiscal years ended March 31, 2014 and 2013 are summarized in the table below.

	Fiscal Year Ended March 31			
	2014		2013	
(all tonnes are dry metric tonnes)	**Tonnes**	**Grade (%Fe)**	**Tonnes**	**Grade (%Fe)**
Total Ore Mined	1,945,708	56.2%	1,828,398	61.3%
Waste Mined	2,022,498	—	3,215,985	—
Ore Processed and Screened	2,469,491	55.0%	954,813	58.2%
Lump Ore Produced	213,598	57.2%	98,693	61.2%
Sinter Fines Produced	1,330,979	59.9%	693,173	61.4%
Total Product Railed	1,546,134	59.2%	1,492,960	62.3%
Total Product Sold	1,606,566	59.3%	1,559,620	62.5%
Port Product Inventory	—	—	111,009	60.9%
Cumulative Inventory Adjustment (1)	(50,577)	56.0%	—	—
Site Product Inventory	1,995	55.6%	3,551	58.4%
Site Run-of-Mine Ore inventory	263,361	54.0%	446,975	56.2%

(1) Cumulative inventory adjustment represents product lost in the normal course during train unloading, port handling and ship loading since 2011.

MARCH 2014 YEAR-END FINANCIAL RESULTS

For the fiscal year ended March 31, 2014, LIM recognized net revenue from mining operations of $85.9 million on sales of 1.6 million dry tonnes of iron ore in ten shipments completed during the year.

The decrease in net revenue (2013 – $95.7 million) is attributable to higher value-in-use penalties resulting from the lower grades mined and sold, higher marketing discounts and higher ocean freight costs, notwithstanding a marginally higher volume of sales and a modestly higher average CFR China spot price of iron ore. LIM's net revenue is recognized net of deduction of value-in-use adjustments, marketing discounts, ocean freight and IOC's participation.

For the fiscal year ended March 31, 2014, LIM reported a net loss of $105.2 million, or $0.83 per share, which included a depletion and depreciation charge of $33.6 million, or $0.27 per share. The increase in the depletion and depreciation charge in fiscal 2014 (2013 – $29.7 million or $0.36 per share) was due to higher mining volumes and an acceleration in the depletion rate for the James Mine.

Operating costs per tonne during the 2013 operating season were unsustainably high, due partly to production volumes, but largely to the commercial terms of certain major contracts.

Processing costs in fiscal 2014 increased to $36.5 million (2013 – $16.5 million) primarily a function of the 2.5 times increase in ore processed and screened, from approximately 955,000 tonnes to nearly 2.5 million tonnes in the respective fiscal years.

Rail and transportation costs of $57.1 million in fiscal 2014 were reasonably consistent (2013 – $60.9 million) reflecting slightly higher rail volumes during the current fiscal year, offset by lower rail car rental costs.

During fiscal 2014, LIM invested approximately $16.4 million in property, plant and equipment (2013 – $32.0 million), related mainly to the completion of Phase 3 of the Silver Yards wet processing plant, completion of grid power connection at Silver Yards and completion of Phase 1 enhancement work on the rail siding at Silver Yards. The reduction year-over-year represents a concerted effort to limit capital expenditures to only essential capital projects.

As at March 31, 2014, LIM had current assets of $16.5 million, including inventories with a carrying value of $2.1 million and accounts receivable and prepaid expenses of $4.1 million. At March 31, 2014, LIM had $7.5 million in unrestricted cash and cash equivalents, an additional $2.8 million in current restricted cash and $4.2 million in non-current restricted cash.

Current liabilities, consisting of accounts payable and accrued liabilities, finance lease obligations and rehabilitation provisions, were in aggregate $25.2 million at March 31, 2014.

At March 31, 2014, the Company had an ending working capital deficit of $8.7 million. LIM had no current or long-term bank debt at March 31, 2014; however, the Company had a long-term deferred revenue liability of $22.1 million.

DEVELOPMENT OF THE HOUSTON MINE

The Houston Project is planned to form the core of LIM's operations for at least the next ten years. Subject to completion of financing, the focus of LIM's 2014 activities will be the development of the Houston Mine. LIM plans to be in a position to begin production from Houston in April 2015.

The Houston deposits have an average in-situ grade of ~57% iron ("Fe") that is expected to be upgradable to a 60% to 62% Fe iron product. In addition, the Houston ore is harder than James and will result in the production of a larger proportion of lump product. The Houston-Malcolm deposits are expected to produce consistent saleable product of about 2 to 3 million tonnes per year for a 10 to 15 year mine-life.

In response to lower iron ore prices and in order to reduce up-front capital, LIM has revised its initial development plan for Houston and now plans, at least for the initial year of Houston production, to haul Houston ore to the Silver Yards processing and rail loading facilities, with processing by on-site dry screening only for several years. This revised plan will reduce the initial capital cost of Houston by deferring the originally proposed new plant. Subject to successful completion of financing, the major development work planned for 2014 will be the construction of a new haulage road, approximately 8 kilometres ("km") long, to connect Houston to the current road to Silver Yards close to the Redmond Mine. The overall one-way haulage distance from Houston to Silver Yards is approximately 20 km.

LIM also plans to construct a new rail siding near the Houston Mine. When the rail siding is completed, high grade Houston ore would be processed by on-site dry crushing and screening and loaded directly onto railcars at the planned new rail siding near the Houston site. Construction of the rail siding is currently planned to be completed in the second half of the 2015 operating season.

Development of the Houston Project is subject to the availability of financing. LIM is negotiating additional off-take related financing arrangements and other potential financing structures to fund the planned first phase Houston development and related transportation expenditures.

JOINT VENTURE WITH TATA STEEL MINERALS CANADA AND EXPLORATION PROGRAM UPDATE

During the 2013 operating season, 2,760 m were drilled in 21 holes and geotechnical and geohydrology field studies were initiated at the Howse Project. The drilling program was suspended during the winter and is resuming in the summer in order to maximize the collection of technical data under the current budget. A further 3,500 m of exploration drilling is planned for summer 2014. The objective of the Howse drill program is to convert the historical resources to NI 43-101 compliant mineral resources and to collect metallurgical, geotechnical, hydrogeological and hydrology information to complete a Feasibility Study in 2014. TSMC advises that the NI 43-101 resource estimate, Feasibility Study and Environmental Impact Study, all designed to support a production decision, are on schedule for completion by the end of 2014. Project Registration Notices for the Howse Project were submitted to the provincial and federal governments. The federal government has referred the Project for Environmental Assessment and Environmental Impact Statement (EIS) Guidelines were issued in June 2014.

Originally as part of LIM's planned Stage 3, the Howse Deposit was expected to be developed by about 2020. The Joint Venture with TSMC is expected to expedite the start of production to 2016 and should also result in significant cost savings and synergies due to the proximity of the Howse Deposit to TSMC's year round Timmins processing plant.

Along with drilling at Howse, LIM successfully completed its 2013 exploration program, achieving just over 12,000 m of diamond and reverse circulation drilling.

The diamond drilling programs focused on the Houston 1, 2 and 3 deposits, the Howse Project, the Gill Mine, Redmond 5, and the Bean Lake deposits. A reverse circulation rig was used to carry out some detailed test work on the Ferriman stockpiles.

SUMMARY OF NI 43-101 MINERAL RESOURCE ESTIMATES[1]

As at March 31, 2014	**Classification**	**Tonnes** (x 1000)	**Fe** (%)	**SiO_2** (%)	**Mn** (%)
Deposits	Measured	36,680	57.1	11.9	1.2
	Indicated	18,112	56.2	12.6	1.0
	Total Measured & Indicated	**54,792**	**56.8**	**12.1**	**1.1**
	Total Inferred	**4,770**	**55.7**	**13.6**	**1.4**
Stockpiles	**Total Indicated**	**3,545**	**49.1**	**23.4**	**0.8**
	Total Inferred	**2,896**	**48.8**	**24.5**	**0.7**
As at June 15, 2013	**Classification**	**Tonnes** (x 1000)	**Fe** (%)	**SiO_2** (%)	**Mn** (%)
Elizabeth Taconite	**Total Inferred**	**620,000**	**31.8**	**42.1**	**0.9**

(1) See Technical Reports filed on SEDAR.

As at March 31, 2014, LIM had NI 43-101 compliant measured and indicated mineral resources of approximately 54.8 million tonnes at an average grade of 56.8% Fe and an inferred resource of 4.8 million tonnes at an average grade of 55.7% Fe on the Schefferville Projects. In addition, LIM holds previously-mined stockpiles with a NI 43-101 compliant, indicated mineral resource of approximately 3.5 million tonnes at an average grade of 49.1% Fe and an inferred resource of approximately 2.9 million tonnes at an average grade of 48.8% Fe. These stockpiles are located within 15 km of Silver Yards and form part of LIM's Stage 1 deposits.

LIM's Schefferville Projects comprise 20 different iron ore deposits, which were part of the original IOC direct shipping operations conducted from 1954 to 1982 and formed part of the 250 million tonnes of historical reserves and resources previously identified by IOC. The Company holds approximately 108 million tonnes in historical resources previously identified by IOC.

LIM also holds a NI 43-101 compliant inferred mineral resource estimate for the Elizabeth Taconite Project (as at June 15, 2013) of 620 million tonnes at an average grade of 31.8% Fe. Taconites require upgrading through a concentrator involving a major capital investment to produce a saleable iron ore product.

A Feasibility Study has not been conducted on any of the Schefferville Projects and the Company's decision to undertake commercial production has not been based upon a Feasibility Study of mineral reserves demonstrating economic and technical viability. Resources, unlike reserves, do not have demonstrated economic viability.

Iron Ore Market Conditions

The spot price of iron ore (CFR China 62% Fe basis, prior to any value-in-use adjustments) averaged approximately US$131 per tonne during the 2013 operating season, an improvement over an average of US$125 per tonne during the 2012 operating season. However, since January 2014, the price of iron ore has fallen steadily in the Chinese market and the benchmark prices for 62% Fe iron ore declined to below US$90 per tonne in June 2014. Iron ore exports from Australia to China increased significantly in 2014, helping to push benchmark prices to the lowest levels since 2012 and contributed to a growing global surplus.

The immediate market outlook for iron ore is somewhat uncertain. Chinese steel mills and traders are being pressed to sell inventories as banks demand loan repayments by June 30 during the half-year loan settlement period. Increased supply and lower prices will force the closure of higher cost domestic Chinese producers. However, Chinese iron steel production continues to increase and China will need to import more iron ore to replace the shutdown domestic production, which should help iron ore price stability. For budgeting purposes, LIM has assumed an average price of US$100 per tonne during 2014 (during which no sales are anticipated) and 2015. LIM is anticipating a foreign exchange rate of US$0.90 per Canadian dollar for budget purposes.

* * * * * *

This press release should be read in conjunction with LIM's Management's Discussion and Analysis (MD&A) and audited financial statements for the year ended March 31, 2014, available on the company's website at www.labradorironmines.ca, under the "Financials" section, or on SEDAR (www.sedar.com).

LIM will not be holding a conference call for the quarter and year ended March 31, 2014. LIM is currently negotiating certain financing opportunities and revised terms with its major contractors. Discussions and negotiations with various parties are ongoing. Subject to completion of these negotiations, the Company will provide further updates at that time.

LIM has also filed its Annual Information Form (AIF) and NI 43-101 Technical Report, 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.

Qualified Person

The current resource estimates for LIM's Schefferville Projects, including stockpiles, disclosed in this press release, were prepared by Maxime Dupéré, P. Geo of SGS Canada Inc. who is a Qualified Person and independent of the Company within the meaning of NI 43-101.

The current resource estimate for LIM's Elizabeth Taconite Project, disclosed in this press release, has been prepared by George H. Wahl, P.Geo., GH Wahl & Associates Consulting who is a Qualified Person and independent of the Company within the meaning of NI 43-101.

* * * * * *

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. Initial production commenced at the James Mine and Silver Yards plant in June 2011 and through to the end of its third operating year, the Company has sold approximately 3.6 million dry tonnes (3.8 million wet tonnes) in 23 shipments of iron ore into the Chinese spot market.

LIM's Silver Yards facility is connected by a direct rail link to the Port of Sept-Îles, Québec. The operation also benefits from established infrastructure including hydro power, the town, airport, and railway service. The Company's current focus is to develop the long-life Houston flagship Project and is planning for initial production commencing in 2015.

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

The historical resources estimates referred to in this Press Release are based on work completed and estimates prepared by IOC prior to 1983 and were not prepared in accordance with NI 43-101. The IOC classification reported all resources (measured, indicated and inferred) within the total mineral resource. A Qualified Person has not completed sufficient work to classify the historical estimates as current mineral reserves. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration but should not be relied upon.

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.