

LIM Signs Agreement With Tshuetin Rail Transportation Inc. for Haulage of Iron-Ore

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TORONTO, ONTARIO -- ([Marketwire](#) - Feb. 24, 2011) - [Labrador Iron Mines Holdings Limited](#) (TSX: LIM) is pleased to report that it has signed an Agreement with TSHIJETIN RAIL TRANSPORTATION INC. ("TSH") for the transportation of iron-ore from LIM's Schefferville Area DSO Project over the 235 kilometre TSH Railway, which connects Schefferville to the Emeril Junction, for the calendar year 2011.

The Agreement anticipates that iron ore will be hauled approximately eight months per year (April to November) with shipments on the TSH Rail commencing in April 2011 with the tonnage in calendar 2011 expected to be up to 2 million tonnes.

It is contemplated that a separate agreement between the parties will be concluded for calendar 2012 and subsequent years. LIM's negotiations are continuing with other rail operators for the onward transportation of LIM's iron ore from Emeril Junction to the Port of Sept Iles.

The operation is expected to run for around 240 days, with about two trains every three days. LIM will provide the locomotives, which will be leased by LIM and operated by TSH. Each train will comprise a 120 rail car consist and be powered by two robotized SD-40 locomotives. These rail cars will also be leased by LIM.

LIM has agreed to advance to TSH a capacity reservation deposit of \$750,000 to enable TSH to prepare for smooth ramp up of its operations to ship LIM's iron ore in calendar 2011 in accordance with LIM's operating requirements. TSH will repay the reservation deposit over a two year period beginning in 2013 as a deduction against monthly haulage rates.

The Agreement, which includes a confidential tariff and other terms, acknowledges that it is in the best interests of both parties that the TSH Railway be rehabilitated as soon as possible in 2011 and that additional rehabilitation and capital funding will be necessary to increase tonnage capacity on the TSH Rail in subsequent years. The 2011 rehabilitation program is the first year of an estimated ten year rehabilitation program to be carried out by TSH.

Under the Agreement TSH and LIM have agreed to co-operate, and to co-operate with others, on sourcing funding for the rehabilitation of the TSH Railway. To expedite the rehabilitation program LIM has agreed to contribute \$3.5 million towards the cost of the program, with expenditures to be approved and managed by a Partners Committee comprised of two representatives of TSH and two representatives of LIM.

"We are very pleased to have concluded this rail haulage agreement with TSH and to partner with TSH in the upgrade of the TSH railway to enable the carriage of our anticipated iron ore production in 2011 and future years." said John Kearney, Chairman.

TSH is owned equally by a consortium of three Aboriginal First Nations; Naskapi Nation of Kawawachikamach; Innu Matimekush-Lac John and Innu Uashat Mak Mani-Utenam. TSH currently operates a passenger and freight service between Sept-Iles and Schefferville operating trains twice per week.

TSH rail services were used extensively by LIM during the latter part of 2010 to successfully transport to Schefferville all of the mining equipment and plant components for its planned DSO operations which are scheduled to commence in April 2011.

About Labrador Iron Mines Holdings Limited (LIM)

LIM's Schefferville Area project involves the development of twenty direct shipping iron ore deposits in western Labrador and north-eastern Quebec near Schefferville, Quebec. The Company's properties are part of the historic Schefferville area iron ore district where mining of adjacent deposits was previously carried out by the Iron Ore Company of Canada from 1954 to 1982.

Labrador Iron Mines contemplates mining in stages, the first phase of Stage 1 comprising the James and Redmond deposits, which are located in close proximity to existing infrastructure, and for which all operating

permits have been issued and plant construction and mine development is nearing completion.

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

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.

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