

LABRADOR IRON MINES HOLDINGS LIMITED

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ANNUAL INFORMATION FORM

as at June 27, 2008

for the Fiscal Year ended

March 31, 2008

LABRADOR IRON MINES HOLDINGS LIMITED
ANNUAL INFORMATION FORM
FOR THE FISCAL PERIOD ENDED MARCH 31, 2008

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1. INCORPORATION

The Company was incorporated by Articles of Incorporation dated May 17, 2007 under the *Business Corporations Act* (Ontario) the Company's registered office is located at Suite 700, 220 Bay Street, Toronto, Ontario, Canada, M5J 2W4. The Company has one wholly-owned subsidiary, Labrador Iron Mines Limited ("LIM").

2. GENERAL DEVELOPMENT OF THE BUSINESS

Labrador Iron Mines Holdings Limited is a public company listed on the Toronto Stock Exchange under the symbol "LIR" and is engaged in the business of exploration and development of natural resource properties. The Company is a mineral resource Company focused on the development of direct shipping iron ore in north-west Labrador in the Labrador Trough, in the Province of Newfoundland and Labrador, near Schefferville, Quebec (the "Schefferville Project").

The Company was incorporated for the purposes of acquiring an interest in, exploring, developing and commercially exploiting the iron ore deposits on properties located in and around the Labrador Trough in western Labrador in the Province of Newfoundland and Labrador near Schefferville, Québec (the "Properties"). The Company completed an Initial Public Offering on December 3, 2007 and its shares were listed on TSX on December 3, 2007.

Labrador Iron Mines Limited ("LIM") was constituted by Articles of Amalgamation dated June 4, 2003 under the *Business Corporations Act* (Ontario) under the name Parys Mountain Mines Limited. The articles of LIM were amended on December 15, 2005 to change its corporate name to Labrador Iron Mines Limited.

On November 30, 2007, the Company acquired the Schefferville Project in consideration of the issue of 24 million shares and LIM became a subsidiary of the Company. LIM was previously a wholly-owned subsidiary of Labrador Iron plc, a company incorporated under the laws of the Isle of Man. Labrador Iron plc is a wholly-owned subsidiary of Anglesey Mining plc ("Anglesey"), a public company incorporated under the laws of England and Wales with its shares listed on the London Stock Exchange under the trading symbol "AYM".

3. DESCRIPTION OF THE BUSINESS

The Company's primary business is to develop and commercially exploit iron ore deposits located on the Schefferville Property, which is held through the Company's wholly-owned subsidiary LIM.

LIM holds interests in 40 Mineral Rights Licenses issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 140 mineral claims located in northwest Labrador covering approximately 3,500 hectares. These licenses are held subject to a royalty of 3% of the selling price FOB port of iron ore produced and shipped from the properties.

During the period from September 2005 to June 30, 2007, LIM had expended \$1,371,175 in conducting exploration and development work on the Schefferville Property. Such work comprised geological evaluation, sampling, geophysical surveys, trenching, drilling, bulk sampling, resource verification, assaying, metallurgical test work, preliminary mine planning, community consultation, transportation studies and other work.

Following the Initial Public Offering, the Company commenced plans to complete a program of verification drilling and bulk sampling on certain of the properties and the calculation of a compliant mineral resource, leading to the undertaking of a detailed engineering study of mining these hematite deposits to produce “direct shipping” lump and sinter fine ore, which will require mineral processing, for sale to European and Far Eastern steelmakers.

During the ensuing months, the Company expanded its management and operating team with a number of senior appointments, initiated further activities to advance the developmental stages of the Project and awarded various contracts, including environmental baseline studies, detailed exploration drilling, bulk sampling, resource estimation, metallurgical process testing, rail and port studies and engineering design, all directed to move the Schefferville Project forward towards initial production targeted for 2009.

SNC-Lavalin in conjunction with Geostat Systems International Inc., and with participation by the Labrador Innu Development Limited Partnership has been awarded a contract for a Resource and Engineering Study, including detailed engineering designs and specifications for major items of plant and infrastructure. This will include metallurgical test-work aimed at the design of a process circuit required to meet market specifications for the particular types of iron ore.

A major reverse circulation drilling contract has been let to Cabo Drilling Corp. to provide data for a compliant resource estimate on the various deposits, including a reserve estimate on the Phase One Properties, and to assist with both short term mine planning and with longer term operational planning. It is expected that this program will start in July 2008 and will be supplemented by an exploration trenching program.

RSM Mining Services Inc. from Labrador City has commenced a summer program to excavate an 8,000 tonnes ore bulk sample from the Phase One deposits closest to Schefferville and to treat this material by crushing, screening and washing to replicate the expected final product. Some of this material will be used in the metallurgical testing program and the remainder will be available for bulk samples and market testing by potential iron ore buyers.

The Company has submitted the Project Registration Application for the first phase of development of the Company’s Schefferville Project ore project to the Department of Environment and Conservation in the Province of Newfoundland and Labrador and to the Canadian Environmental Assessment Agency (CEAA). The Project Registration Documentation addresses production from the first phase of the Schefferville Project, being the James North, James South and Redmond properties. These properties have been the subject of prior activity carried out by the Iron Ore Company of Canada and are already partially developed, and will benefit from existing infrastructure from earlier operations in the area. The development plan calls for the initial production of about 500,000 tonnes of iron ore in 2009 and building up to three million tonnes in 2011. Filing of the Project Registration application follows extensive studies carried out over the past three years by LIM’s engineering and environmental teams. The Registration Document is posted on the Department of Environment and Conservation’s website at www.gov.nl.ca.

The Company plans the commencement of commercial production of iron ore from the deposits located on the Schefferville Property at the earliest opportunity and, subject to receipt of permits, is working to bring Phase One of the Project into production in 2009.

The Schefferville Project is a brownfield development project in a region with 28 years of historic production by Iron Ore Company of Canada which reported producing in excess of 150 million tons of lump and fine ore or “fines” between 1954 and 1982.

The Schefferville Project is located in the center of the Labrador Trough, one of the top five iron ore producing regions in the world. The iron deposits comprising the Schefferville Project currently have a historical resource of iron ore estimated to be approximately 90 million tons based on work carried out by IOCC in 1982, prior to the closure of its Schefferville operations in what was then a significantly different iron ore price environment. The deposits at the Schefferville Project are predominantly direct shipping hematite lump and sinter fine ore. In addition to its diminishing availability, the desirability of the lump ore has led to the market paying increasing premiums in recent years for lump ore as opposed to fine ore.

The grade of IOCC's direct shipping iron ore operations in Schefferville was historically reported to have been between 56-58% Fe. This historical estimate is based on categories other than those prescribed by National Instrument 43-101 - *Standards of Disclosure for Minerals Projects* ("NI 43-101"). The Technical Report (as defined below) on the Schefferville Project indicates that these estimates provide an indication of the potential of the Properties, and are relevant to ongoing exploration but should not be relied upon.

The presence of "direct shipping" lump and sinter ore combined with significant existing infrastructure and historic production experience from adjacent properties in the region suggests that the Schefferville Project may have robust economic potential. As a result, continued exploration and development of the Schefferville Project has been recommended by the authors of the Technical Report.

Management of the Company ("Management") is currently focussed on advancing the Schefferville Project to production in order to take advantage of strong international demand and the high prices currently prevailing in the iron ore market. Management believes that the fundamentals of the direct shipping iron ore market will remain strong for the foreseeable future. This view is based upon several factors, including the strength of iron ore prices that have prevailed in the market as a result of supply and demand imbalances, increasing by in excess of 100% over the last two years, and which are expected to remain robust.

The Company, through LIM, plans to complete a program of verification drilling and sampling on certain of the Properties leading to the definition of a resource on the Phase One Properties in compliance with the standards prescribed by NI 43-101, and completion of a detailed engineering study to confirm the economic viability of mining and selling direct shipping lump and sinter iron ore from the Properties and to set out planned mining operations and infrastructure. As part of that study, LIM intends to evaluate washing and screening of the ore to improve the quality and grade of products and to ensure a greater degree of consistency in the production of lump ore and sinter fines. IOCC did not wash the ores during historical operations at Schefferville. It is expected that a washing and screening process will remove low grade and silica material and should increase the grades of the final product by about 10-15% of the mined grade. Other than crushing and, possibly washing and screening, no processing of ore will be undertaken on site. As part of the study, the Company will evaluate the most suitable utilization of existing pits in the immediate vicinity for waste disposal.

The Company's plan is that all ore produced from the Properties will be transported by truck to the railway in Schefferville from where it will be shipped by railway to the port of Sept-Îles. At Sept-Îles, ore will be transferred to ships for transport to its ultimate destination.

It is the Company's intention to maximize the production of lump ore compared to sinter fines whenever possible. There will always be a mix of the two ore types produced from conventional mining operations. The proposed washing and screening operations to be used by the Company will be designed to separate the maximum possible percentage of lump ore. In addition, the Company will plan wherever possible to mine from those deposits that contain harder ore and which will inherently produce a greater proportion of lump ore.

Management expects that the principal market for ore produced from the Schefferville Project will be steel producers in Europe due to the advantage of lower shipping costs which may be realized from the shorter shipping distances to such markets than from other major iron ore producing regions such as Brazil and Australia. However, continued growth of demand for iron ore from China and India may also provide additional market opportunities.

Qualified Person

Terence N. McKillen, M.Sc., P.Geo. a director of the Company, acts as the Company's Qualified Person under Canadian National Instrument 43-101 and has reviewed this document.

4. THE IRON ORE MARKET

Iron ore is the raw material required to make pig iron, which is the primary (98%) raw material used to make steel. Pure iron ore is virtually unknown on the surface of the Earth except as Fe-Ni alloys from meteorites and very rare forms of deep mantle xenoliths. Therefore, all sources of iron used in industry exploit iron oxide minerals, one of the primary forms of which is hematite. Hematite has in the past been referred to as natural ore because certain hematite ores contains 66% iron and can be directly fed into blast furnaces in the steel milling process. World resources of iron ore are estimated to exceed 800 billion tonnes of crude ore containing more than 230 billion tonnes of iron, implying an average iron content of 28.75%. Management believes that the current growth in global crude steel production will continue until at least 2010. Management further believes that tight iron ore markets are likely to support current prices for the near term with some possible moderate declines in the medium term, but nevertheless significantly higher than average prices in the 1980s and 1990s in nominal dollars.

Iron ore consists of oxygen and iron atoms bonded together to form the iron-oxide molecule and needs to have the oxygen removed through smelting to create a purer iron product. During this process, the iron ore is heated to extreme temperatures in blast furnaces where lump ore is more stable and therefore preferred. By comparison, iron fines must be sintered before charging to the furnace. The premium for lump ore relative to fines is anticipated to continue and even increase as lump ore becomes less readily available relative to iron fines. The premium associated with lump ore has persisted historically, reflecting the approximate costs required to sinter iron fines, the availability of furnaces required and other benefits including ease of transportation.

Canada produces approximately 40 million tonnes of iron ore annually most of which is exported ranking Canada as the fifth largest exporter of iron ore globally. Canadian produced iron ore is generally recognized as being of a high quality and is sought after by steelmakers globally. Since 1999, nearly all of Canada's iron ore production has come from the Labrador Trough region in Labrador and Québec. As the Schefferville Project is located near current iron ore producers, the Company is well positioned to capitalize on the existing industry-related infrastructure facilitating export of its product to the leading importers of Canadian iron ore.

5. THE SCHEFFERVILLE PROJECT

Property Description and Location

LIM holds title to or an interest in 40 Mineral Rights Licenses issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 192 mineral claims located in northwest Labrador covering approximately 4,800 hectares of a series of iron ore deposits located in western Labrador in the Province of Newfoundland and Labrador, near the town of Schefferville, Quebec.

List of Claims

License Number	License Holder	Location	NTS	Number of Claims	Date Issued	Deposit
010483M	Fonteneau Resources Ltd.	Astray Lake	23J08W	4	17-Dec-04	Astray Lake
010874M	Labrador Iron Mines	Marble Lake	23J08	5	2-May-05	Astray Lake
010875M	Labrador Iron Mines	Marble Lake	23J08	3	2-May-05	Astray Lake
011171M	Labrador Iron Mines	Astray Lake	23J08	6	11-Aug-05	Astray Lake
011305M	Labrador Iron Mines	Astray Lake	23J08	13	17-Oct-05	Astray Lake
011306M	Labrador Iron Mines	Astray Lake	23J08	19	17-Oct-05	Astray Lake
010040M	Fonteneau Resources Ltd.	Gilling River	23J10E	2	12-Apr-04	Houston
010041M	Fonteneau Resources Ltd.	Gilling River	23J10E	1	12-Apr-04	Houston
010042M	Fonteneau Resources Ltd.	Gilling River	23J10E	2	12-Apr-04	Houston
010043M	Fonteneau Resources Ltd.	Gilling River	23J10E	1	12-Apr-04	Houston
010832M	Labrador Iron Mines	Stakit Lake	23J10	12	21-Apr-05	Houston
010833M	Labrador Iron Mines	Stakit Lake	23J10	2	21-Apr-05	Houston
010834M	Labrador Iron Mines	Stakit Lake	23J10	1	21-Apr-05	Houston
010835M	Labrador Iron Mines	Stakit Lake	23J10	1	21-Apr-05	Houston
010879M	Labrador Iron Mines	Howells River	23J14	9	2-May-05	Howse
011307M	Labrador Iron Mines	Howells River	23J14	6	17-Oct-05	Howse
014497M	Energold Minerals Inc.	Knob Lake	23J15	7	17-Dec-07	James – Wishart
010883M	Labrador Iron Mines	Kivivic Lake	23O03	3	2-May-05	Kivivic
010884M	Labrador Iron Mines	Kivivic Lake	23O03	2	2-May-05	Kivivic
011121M	Labrador Iron Mines	Kivivic Lake	23O03	4	15-Jul-05	Kivivic
011928M	Fonteneau Resources Ltd.	Kivivic Lake	23O03	3	24-Mar-06	Kivivic
011929M	Fonteneau Resources Ltd.	Kivivic Lake	23O03	2	24-Mar-06	Kivivic
011930M	Fonteneau Resources Ltd.	Kivivic Lake	23O03	1	24-Mar-06	Kivivic
014750M	Energold Minerals Inc.	Kivivic Lake	23O03	1	1-Mar-08	Kivivic
011231M	Fonteneau Resources Ltd.	Knob Lake	23J15	4	8-Sep-05	Knob Lake (James mine - S Ext)
010039M	Fonteneau Resources Ltd.	Knob Lake	23J15W	4	12-Apr-04	Knob Lake (James mine)
011074M	Fonteneau Resources Ltd.	Ruth Lake	23J15	2	1-Jul-05	Knob Lake No.1
011201M	Fonteneau Resources Ltd.	Gilling Lake	23J10	12	25-Aug-05	Redmond
014495M	Energold Minerals Inc.	Gilling Lake	23J10	3	17-Dec-07	Redmond
014510M	Energold Minerals Inc.	Gilling Lake	23J10	13	19-Dec-07	Redmond
014512M	Energold Minerals Inc.	Gilling Lake	23J10	1	19-Dec-07	Redmond
014747M	Energold Minerals Inc.	Gilling Lake	23J10	8	29-Feb-08	Redmond
014748M	Energold Minerals Inc.	Gilling Lake	23J10	5	29-Feb-08	Redmond
014749M	Energold Minerals Inc.	Gilling Lake	23J10	2	29-Feb-08	Redmond
014496M	Energold Minerals Inc.	Knob Lake	23J15	3	17-Dec-07	Ruth Lake Mine
014511M	Energold Minerals Inc.	Knob Lake	23J15	4	19-Dec-07	Ruth Lake Mine
009690M	Fonteneau Resources Ltd.	Sawyer Lake	23I05	8	18-Sep-03	Sawyer Lake
010481M	Fonteneau Resources Ltd.	Sawyer Lake	23I05	6	17-Dec-04	Sawyer Lake
010482M	Fonteneau Resources Ltd.	Sawyer Lake	23I05	2	17-Dec-04	Sawyer Lake
014746M	Energold Minerals Inc.	Elizabeth Lake	23J15	5	29-Feb-08	Wishart

Note:

- (1) A Unit comprises an area of 25 hectares based upon predetermined boundaries described by reference to UTM grid coordinates (1,000 metres universal transverse Mercator grid as defined by NAD 27). A map staked license may be issued for up to 256 coterminous map staked claims.
- (2) The Licences registered in the name of Energold Minerals Inc. are held by Energold on behalf of LIM.

Pursuant to an underlying Option Agreement with Fonteneau Resources Limited dated September 15, 2005 as amended June 30, 2007, all of the properties comprising the Schefferville Project are held subject to a royalty (the "Fonteneau Royalty") in the amount of 3% of the selling price (FOB Port) of iron ore produced and shipped from the properties, such royalty being payable quarterly in arrears.

Under the Option Agreement the Company, earned a 20% interest in the Fonteneau Properties by incurring certain expenditures and elected to earn a further 80% interest in the Fonteneau Properties by committing to put the Properties into production and by arranging production financing for the first one million tons of production from one or more of the Fonteneau Properties.

The mineral deposits consist of the following:

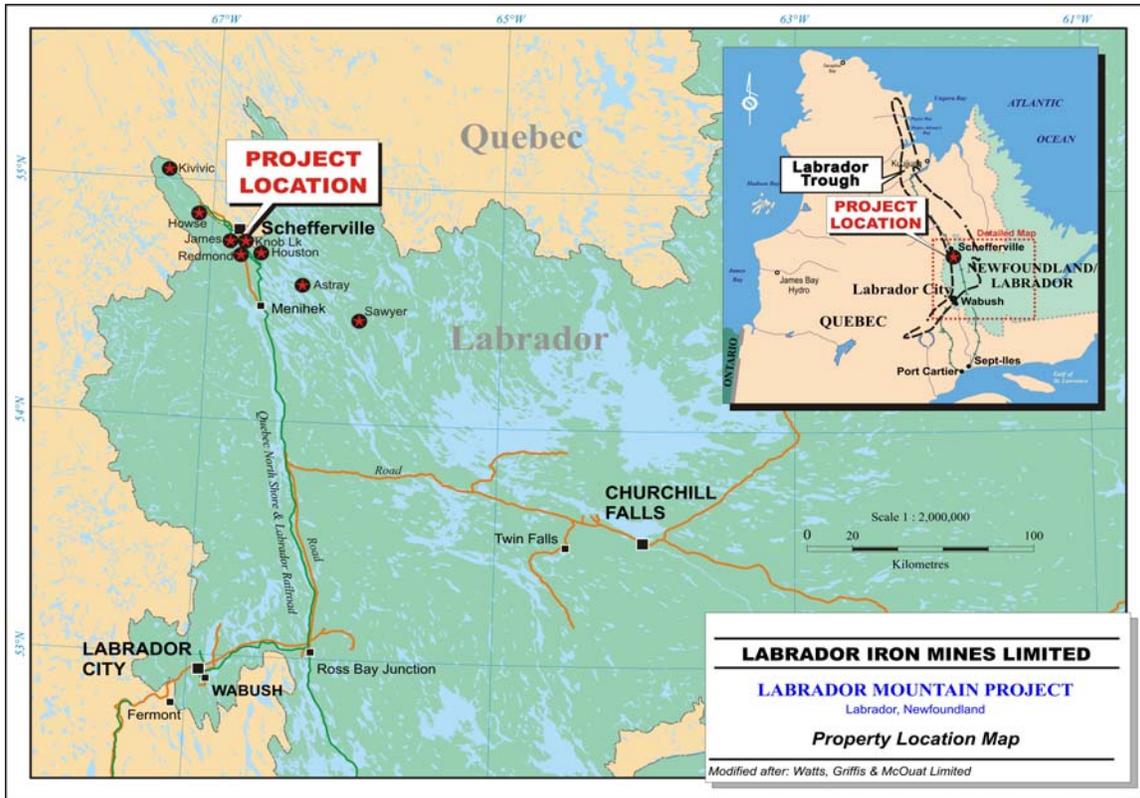
- ***Knob Lake Propert*** –consists of mining claims in the Ruth Lake area covering an area of 50 ha.
- ***Redmond Propert*** –consists of mining claims in the Gilling Lake area covering an area of 300 ha.
- ***James Property***–consists of mining claims in the Knob Lake area covering an area of 200 ha. Approximately one eighth of the James deposit lies on an adjacent claim held by New Millennium Capital Corp. ("New Millennium").
- ***Houston Property***–consists of mining claims in the Gilling River and Stakit Lake areas covering an area of 550 ha. Approximately one-third of the Houston deposit (as currently defined) lies on adjacent claims held by New Millennium.
- ***Astray Property***–consists of mining claims in the Astray Lake area covering an area of 1,250 ha.
- ***Sawyer Property***–consists of mining claims in the Sawyer Lake area covering an area of 400 ha. in three Mineral Rights Licenses.
- ***Howse Property***–consists of mining claims in the Howells River area covering an area of 375 ha.
- ***Kivivic Property***–consists of mining claims in the Kivivic Lake area covering an area of 375 ha.

Adjacent Properties

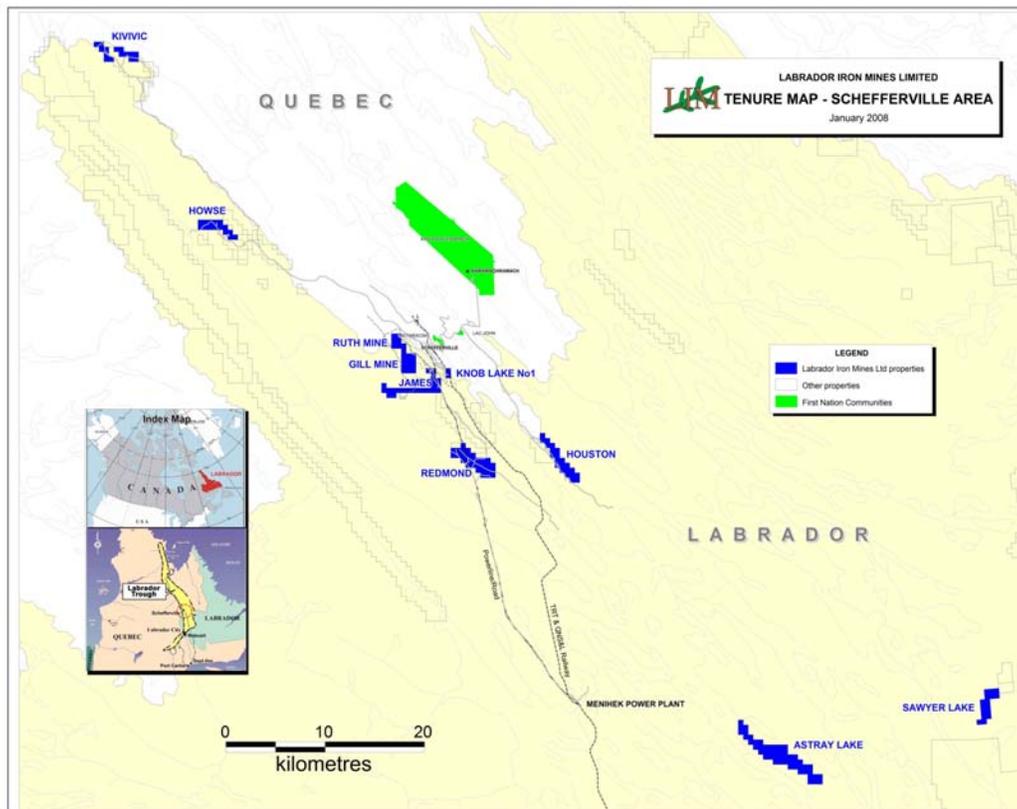
Adjacent to the Company's Properties in Labrador are other former operations of the Iron Ore Company of Canada ("IOCC") in Labrador and Québec that were either mined out or abandoned by IOCC in 1982. IOCC produced an approximate total of some 150,000,000 tons of direct shipping iron ore from all their Schefferville properties in Québec and Labrador during the operating years of 1954 to 1982. Some of the previously owned IOCC properties in Québec have reverted to the ownership of Hollinger North Shore Exploration Inc. New Millennium Capital Corp. owns some of the properties in Labrador and Québec.

The general location of the Schefferville Project and the individual deposits are shown in the following two figures.

Schefferville Project Location Map



Deposit Location Map



Mineral Titles and Ownership

Private ownership of mineral rights in Newfoundland and Labrador is either through mineral claims called “Mineral Rights Licenses” issued by the Department of Natural Resources, Province of Newfoundland and Labrador at the exploration stage or mining leases at the production stage. All of the Company’s Properties are currently subject to Mineral Rights Licenses.

Mineral Rights Licenses

Mineral Rights Licenses in the Province of Newfoundland and Labrador consist of a number of claim units which are either “ground staked” or “map staked claims”. In Labrador, all mineral claims are “map staked.” A map staked claim is a plot of land shown on maps maintained at the Department of Mines constituting one-quarter part of a UTM grid square comprising 25 hectares or less and bounded by one corner of a UTM grid square. A “map staked license” means a license giving the holder the exclusive right to explore for minerals in an area shown on maps maintained in the Department of Mines and described in accordance with the *Mineral Act* (Newfoundland and Labrador) (“NFMA”). A map staked licence may be issued by the recorder for up to 256 coterminous map staked claims.

Subject to the terms under which the license is issued, the licensee has the exclusive right to explore for minerals, in, on or under the area of land described in the license. A license confers no right to remove minerals except for sampling, assaying and testing purposes.

The holder of a map staked license shall be required to expend or cause to be expended on the licensed area the following amounts in performing assessment work of a type described in the NFMA:

- (b) \$200 per unit or map staked claim during the first year;
- (c) \$250 per unit or map staked claim during the second year;
- (d) \$300 per unit or map staked claim during the third year;
- (e) \$350 per unit or map staked claim during the fourth year; and
- (f) \$400 per unit or map staked claim during the fifth year.

Beyond the fifth year, the holder of a mineral license may apply for an extended license. The holder of an extended license shall be required to expend or cause to be expended on the licensed area the following amounts on assessment work of a type described in the NFMA:

- (a) for each year of the first extended term, years 6-10, by multiplying the number of claims or units held under the license by \$600;
- (b) for each year of the second extended term, years 11-15, by multiplying the number of claims or units held under the license by \$900; and
- (c) for each year of the third extended term, years 16-20, by multiplying the number of claims or units held under the license by \$1,200.

Subject to the terms under which the license is issued, the licensee has the exclusive right to explore for minerals, in, on or under the area of land described in the license. A license confers no right to remove minerals except for sampling, assaying and testing purposes.

Mining Leases

A holder of a Mineral Rights License who wishes to obtain a mining lease of the unalienated minerals in, on or under the land or part of the land covered by the license must ensure that an application for the lease is received by the Minister of Natural Resources during the currency of the license. The holder of a Mineral Rights License who delivers an application under the NFMA has a right to be issued a mining lease for a reasonable period, not

exceeding 25 years, that the Minister may determine, and subject to certain provisions including a survey of the perimeter of the area. If a Mineral Rights License held by the applicant for a mining lease has existed for a period of three years or less, a lease shall not be issued until all of the assessment work required for the first three years of the license has been completed. A mining lease issued under the NFMA shall provide for an annual rental fee as set out in the NFMA.

Technical Report

SNC Lavalin Inc. (“SNC”) was retained by the Company to prepare an independent technical report of the Schefferville Project within the meaning of NI 43-101. Information in this document of a scientific or technical nature in respect of the Schefferville Project is based in large part upon the technical report entitled “*Technical Report of an Iron Project in Northwest Labrador Province of Newfoundland and Labrador*” dated September 10, 2007 and amended October 10, 2007 (the “Technical Report”) prepared by A.S. Kroon, P.E. and Daniel Dufort, P.E. of SNC who are “Qualified Persons” as such term is defined in NI 43-101 and who are independent of the Company.

The Technical Report has been prepared in compliance with NI 43-101 and is based on work performed to June 30, 2007. The Technical Report has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available under the Company’s profile on SEDAR at www.sedar.com.

Accessibility, Climate, Local Resources, Infrastructure, Physiography

Accessibility

The Properties are part of the western central part of the Labrador Trough iron range. The Properties are located about 1,000 km northeast of Montreal and adjacent to or within 70 km of the town of Schefferville, Québec. There are no roads connecting the area to southern Labrador or to Québec. Access to the area is by rail from Sept-Îles to Schefferville or by air from Montreal and Sept-Îles.

The James and Knob Lake deposits are accessible by existing gravel roads and are located approximately 3 km southwest of the town of Schefferville. The Redmond deposit is located approximately 5 km south of the James deposit and can be reached by existing gravel roads. The Houston deposit is located approximately 18 km southeast of Schefferville and can also be reached by existing gravel roads. The Howse and Kivivic deposits are located approximately 21 km and 40 km to the northwest of the James deposit, respectively, and can be reached by existing gravel roads developed during the former IOCC/QNS&L operations. The Astray and Sawyer Lake deposits, approximately 50-65 km southeast of Schefferville, do not currently have road access but can be reached by float plane or by helicopter.

Climate

The Schefferville area and vicinity have a sub-arctic continental taiga climate with very severe winters. Daily average temperatures exceed 0°C for only five months a year. Daily mean temperatures for Schefferville average -24.1°C and -22.6°C in January and February respectively. Mean daily average temperatures in July and August are 12.4°C and 11.2°C, respectively. Snowfall in November, December and January generally exceeds 50 cm per month and the wettest summer month is July with an average rainfall of 106.8 mm.

Local Resources

The economy of Schefferville is, since the closure of the mining operations of IOCC, based on hunting and fishing, tourism and public service administration. Several fishing and hunting camp operators are based in Schefferville.

While there is a potential labour force in Schefferville and vicinity which may be available to the Company and its contractors, training programs for some of such workers may be required. Since the Company’s plan is to

utilize independent contractors for most aspects of its future operations, Management does not anticipate the cost of any such programs to the Company to be material.

Infrastructure

The Properties are located within a 65 km radius of Schefferville. The James, Houston, Knob Lake and Redmond deposits are within 20 km and form the first group of properties from which mining by LIM would commence. Sawyer Lake and Astray Lake properties are some 50 to 65 km southeast from Schefferville and are cut off from the local infrastructure by connected lakes. The Howse and Kivivic are some 25 and 45 km northwest from Schefferville. IOCC had mining activities close to all Properties other than Sawyer/Astray.

Schefferville, Québec is located in Innu territory at an approximate distance of 2 km from the Labrador border on the north shore of Knob Lake. The town was established by IOCC in 1954 to support mining operations in the area. The First Nations residents in the immediate vicinity of Schefferville are members of the Matimekossh-Lac John Band Council. The town and reserve are closely linked within the community and geographically separated by one street.

Physiography

The average elevation of the Properties varies from 500 m to 700 m above sea level. Generally the area slopes gently to the northwest away from the land representing the Québec-Labrador border and towards the Howells River valley parallel to the dip of the deposits. The terrain is generally gently rolling to flat sloping north-westerly, with total relief of about 50 - 100 m. However, a ground magnetic field survey of the Howse deposit describes a contrasting steep topography that covers the north slope of a hill just to the south of the property. This hill locally rises approximately 350 m above the lakes elevation and bedrock is likely exposed in that area.

History

The Québec-Labrador iron range has a tradition of mining since the early 1950s and is one of the largest iron producing regions in the world. The former direct shipping iron ore operations at Schefferville (Québec and Labrador) operated by IOCC produced in excess of 150 million tons of lump and sinter fine ores over the period 1954-1982. The Properties comprising the Schefferville Project were part of the original IOCC Schefferville operations and formed part of the 250 million tons of reserves and resources identified by IOCC (an historic estimate made in compliance with the standards used by IOCC described in section 17 of the Technical Report) but were not part of IOCC's producing properties.

The first serious exploration in the Labrador Trough occurred in the late 1930s and early 1940s when Hollinger North Shore Exploration Company Limited ("Hollinger") and Labrador Mining and Exploration Mining Company Limited acquired large mineral concessions in the Québec and Labrador portions of the Labrador Trough.

Mining and shipping from the Hollinger lands began in 1954 under the management of the IOCC, a company specifically formed to exploit the Schefferville area iron deposits.

In 1954, IOCC started to operate open pit mines in Schefferville containing 56-58% Fe, and exported the direct-shipping product to steel companies in the United States and Western Europe. The properties and iron deposits that currently form the Schefferville Project were part of the original IOCC Schefferville area operations and the reserves and resources identified at the James, Houston, Sawyer, Astray and Howse deposits were developed under the operations of IOCC during the time they operated their direct-shipping Schefferville iron operations.

From 1954 to 1982, a total of some 150 million tons of ore was produced from the Schefferville area.

Hollinger was the underlying owner of the iron ore mining leases in the Schefferville area of Québec covering the IOCC operations. Following the closure of the IOCC mining operations in 1982, ownership of the leases in Québec reverted to Hollinger and the mining rights held by IOCC in Labrador reverted to the Crown.

In the early 1990s, Hollinger was acquired by La Fosse Platinum Group Inc. (“La Fosse”) who conducted feasibility studies on marketing, bulk sampling, metallurgical test work and carried out some stripping of overburden at the James deposit. La Fosse sought and was granted a project release under the *Environmental Assessment Act* for the James deposit in June 1990 but did not proceed with project development and the claims subsequently were permitted to lapse.

With the exception of the pre-stripping work carried out on the James deposit and the mining of the Redmond deposit by IOCC, none of the iron deposits within the LIM mineral claims were previously developed for production during the IOCC period of ownership.

Geological Setting

Regional Geology

At least 45 hematite-goethite ore deposits have been discovered in an area 20 km wide that extends 100 km northwest of Astray Lake, referred to as the Knob Lake Iron Range, which consists of tightly folded and faulted iron-formation exposed along the height of land that forms the boundary between Québec and Labrador. The iron deposits occur in deformed segments of iron-formation, and the ore content of single deposits varies from one million to more than 50 million tonnes.

The Knob Lake properties are located on the western margin of the Labrador Trough adjacent to Archean basement gneisses. The Labrador Trough extends for more than 1,000 km along the eastern margin of the Superior craton from Ungava Bay to Lake Pletipi, Québec. The belt is about 100 km wide in its central part and narrows considerably to the north and south.

The Knob Lake Range section extends for 550 km south from the Koksoak River to the Grenville Front located 30 km north of Wabush Lake. The principal iron formation unit, the Sokoman Formation, part of the Knob Lake Group, forms a continuous stratigraphic unit that thickens and thins from sub-basin to sub-basin throughout the fold belt.

Local Geology

The Knob Lake Range occupies an area 100 km long by 8 km wide. The sedimentary rocks including the cherty iron formation of this area are weakly metamorphosed to greenschist facies. In the structurally complex areas, leaching and secondary enrichment have produced earthy textured iron deposits. Unaltered banded magnetite iron formation, often referred to as taconite, occurs as gently dipping beds west of Schefferville in the Howells River deposits.

The sedimentary rocks in the Knob Lake Range strike northwest, and their corrugated surface appearance is due to parallel ridges of quartzite and iron formation which alternate with low valleys of shales and slates. The Hudsonian Orogeny compressed the sediments into a series of synclines and anticlines, which are cut by steep angle reverse faults that dip primarily to the east. The synclines are overturned to the southwest with the east limits commonly truncated by strike faults.

Subsequent supergene processes converted some of the iron formations into high-grade ores, preferentially in synclinal depressions and/or down-faulted blocks.

Deposit Types

James Deposit

The iron mineralization in the James deposit consists of thin layers (<10 cms thick) of fine to medium grained steel blue hematite intercalated with minor cherty silica bands (<5 cms thick) dipping 30° to 45° to the northeast. The James deposit mineralization has been affected by strong alteration which removed most of the cementing silica giving it a sandy friable texture.

Knob Lake Deposit

Despite the proximity of the Knob Lake deposit to the James deposit, the mineralization in Knob Lake is different. The deposit at Knob Lake is capped by a medium grade very hard siliceous hematite mineralization dipping 35° - 45° to the northeast. The overall texture of the underlying mineralization is softer and moderately unconsolidated, similar to that in the Houston deposit.

Houston Deposit

The Houston deposit comprises three separate bodies that are referred to as Houston 1, Houston 2S and Houston 3 deposits. Iron mineralization of potential direct shipping quality extends NW-SE for 5 kilometres by 150 metres in its wider zone. The Houston deposit consists of hard and friable banded blue and red hematite that locally becomes massive.

Redmond Deposit

The Redmond deposits are developed along a northwest trending synclinal that extends to the south to the Redmond No.1 deposit and to the north to the Wishart mine. The Redmond deposits are small rounded medium Fe grade mineralized bodies.

Astray Lake Deposit

The Astray Lake deposit is a northeast dipping undefined iron deposit located approximately 500 m northeast from the eastern shore of Astray Lake and on the west side of a steeply sided NW-SE trending ridge.

The surface outline of the deposit has a northwest-southeast alignment consistent with the distribution of the iron formation generally located along the ridges. Some of the hematite jasper iron formation is brecciated and ore is developed where hard blue hematite cements this breccia or replaces silica in the banded iron formation.

Due to the hard nature of the mineralized iron formation and its differential erosion with respect to other rock units, iron ore mineralization tends to be on or about the hilltops. Consequently it is believed that the Astray Lake mineralization will favor a significant amount of lump ore compared to the other “soft ore” deposits.

Sawyer Lake Deposit

The Sawyer Lake deposit is a medium-sized iron deposit located approximately 1.6 km northwest of Sawyer Lake. The surface outline of the deposit is irregular and is generally discordant with the highly contorted banding of the fold. Cross-sections outlining the ore mass, however, show that it has an inverted “V” shape or saddle reef-like structure, suggesting that hematite enrichment followed bedding over the crest of the small anticline. The ore appears massive and consists of dark grey-blue hard microcrystalline hematite with minor amounts of silica (2%) as an impurity.

The Sawyer Lake iron deposit does not fit the two most common models for iron formation in the Labrador Trough. It differs from the Knob Lake deposits in that the ore is very hard dense blue hematite with practically

no goethite present and like Astray Lake, is therefore expected to produce a greater quantity of lump ore than the other “soft ore” deposits.

Howse and Kivivic Deposits

The geological database for the Howse and Kivivic deposits is more limited than for the other deposits. Howse was one of the last deposits to be discovered by IOCC. IOCC drilled some 110 reverse circulation drill holes on the Howse deposit but the results of these drilling programs have not yet been investigated. The property is located under a thick layer of overburden (~ 10 - 20 metres) that makes surface exploration difficult.

Mineralization

The earthy bedded iron deposits are a residually enriched type within the Sokoman iron formation that formed after two periods of intense folding and faulting, followed by the circulation of meteoric waters in the fractured rocks. The enrichment process was caused largely by leaching and the loss of silica, resulting in a strong increase in porosity. This produced a friable, granular and earthy-textured iron ore. The siderite and silica minerals were altered to hydrated oxides of goethite and limonite. The second stage of enrichment included the addition of secondary iron and manganese which appear to have moved in solution and filled pore spaces with limonite-goethite. The types of iron ores developed in the deposits are directly related to the original mineral facies. The predominant blue granular ore was formed from the oxide facies of the middle iron formation. The yellowish-brown ore, composed of limonite-goethite, formed from the carbonate-silicate facies, and the red painty hematite ore originated from mixed facies in the argillaceous slaty members.

Only the direct shipping ore is considered beneficiable to produce lumps and sinter feed and will be part of the resources for the Schefferville Project. The direct shipping ore was classified by IOCC in six categories based on their chemical, mineralogical and textural compositions.

The blue ores, which are composed mainly of the minerals hematite and martite, are generally coarse grained and friable. They are usually found in the middle section of the iron formation.

The yellow ores, which are made up of the minerals limonite and goethite, are located in the lower section of the iron formation. These ores have the unfavorable characteristic of retaining high moisture content.

The red ore is predominantly a red earthy hematite. It forms the basal layer that underlies the lower section of the iron formation. Red ore is characterized by its clay and slate-like texture.

Exploration

Past and Recent Exploration

Most exploration on the Properties was carried out by IOCC until the closure of their operation in 1982. Most data used in the evaluation of the current status of the resource and reserve evaluation is provided in the documents, sections and maps produced by IOCC or by consultants working for them.

Recent and Ongoing Exploration

The recent program of exploration was carried out by LIM during 2005 and 2006. A short program of bulk sampling was carried out in 2006. Bulk sampling was completed in two stages. The first stage consisted of trenching and sampling mineralization from the Houston 1 deposit and the second stage consisted of trenching and sampling mineralization from the James deposit.

Ongoing exploration on the Properties in the Schefferville area will essentially focus at two or three different levels depending upon the proposed development schedule for the particular deposit.

At the James and Houston deposits that are currently at the most advanced stage, additional verification reverse circulation drilling will be required to enable the classification of mineable reserves and resources to be compliant with NI 43-101. In addition, further bulk sampling for metallurgical testing is necessary prior to adoption of the final process flow sheet.

At Houston, the long and sinuous southern extension to the mineralized zone may also be investigated by a program of trenching and verification reverse circulation drilling.

The nearby deposits at Redmond Lake and Knob Lake will also require verification reverse circulation drilling to establish and/or verify any existing resource estimates for mineable reserves as well as bulk sampling for metallurgical test work.

It is proposed that the Howse and Kivivic deposits be initially investigated by detailed gravity surveys as a means of evaluating the high grade ore deposits. Eventually diamond and reverse circulation drilling programs will be necessary to verify and upgrade the IOCC resources estimates to mineable reserves pursuant to the standards prescribed by NI 43-101.

Detailed gravity and magnetometer surveys may be helpful at Astray Lake and Sawyer Lake to evaluate possible extensions of the known deposits. A combination of trenching and reverse circulation drilling will be necessary to evaluate and classify the existing resource estimates and for eventual upgrade to a mineable reserve. Trenching programs will be necessary for preliminary metallurgical test work.

Diamond drilling of the Schefferville iron deposits has been a problem historically in that the alternating hard and soft ore zones tend to preclude good core recovery. Traditionally, IOCC used a combination of reverse circulation drilling, diamond drilling and trenching to generate data for reserve and resource calculation.

A large number of original IOCC data have been recovered and reviewed by LIM. The systematic drilling has been carried out on sections 100 feet (30 metres) apart. A large number of trenches have been sampled.

LIM carried out a program of diamond drilling between July 21 and August 26, of 2006 on the James, Knob Lake, Houston and Astray Lake deposits. A total of 605 metres in 11 holes were completed.

Sampling Method and Approach

During the time that IOCC operated in the area, sampling of the exploration targets were by trenches and test pits as well as by drilling. In the test pits and trenches, geological mapping determined the lithologies and the samples were taken over 10 feet (3.0 metres). The results were plotted on vertical cross sections.

The first exploration phase by LIM consisted of trench sampling of the James deposit and the Houston deposit and a short diamond drilling program on the James deposit (two twin holes with old IOCC holes), on the Houston deposit 4 holes (also twin holes with old IOCC drilling), on the Knob Lake deposit one hole (a twin hole with an old unidentified drill hole) and on the Astray Lake deposit 3 holes.

Sampling of core was carried out in 1.5 m sections. Individual samples were confined to no more than one lithological type, in which case shorter samples of not less than 0.6 m and/or longer samples of not more than 2.1 m were taken. Samples were split using a conventional manual core splitter. Half of the core was bagged and labeled. Due to the strongly broken nature of most of the core, splitting core was not always necessary, in this case small pieces of core were hand picked to homogeneously select half of the core.

Samples from the Houston trenching are 5 metres in length and were collected using a rock hammer. Samples consisted of a mixture of soft sandy ore and broken fragments were rarely bigger than 12.7 cm. The sampling was undertaken as a verification of results obtained by IOCC.

Samples collected from drill core and trenching were shipped to ALS Chemex Labs in Sudbury, Ontario using ALS Chemex code ME-ICP87 for iron ore assay and analyses. Following sample preparation, sample aliquots were sent by ALS Chemex to their laboratory in Brisbane, Australia for verification assaying.

Sample Preparation, Analysis and Security

With the exception of a short drilling campaign (11 holes) carried out by LIM in 2006, all drilling and sampling of the iron deposits has been done by IOCC during the time that they owned and produced direct shipping iron ore from adjacent and nearby properties. The trench sampling and geological interpretation of the zones was also performed by IOCC. The sample preparation, analysis and security in place during the operations of IOCC is not specifically known but it can be assumed that it was done following acceptable industry practice and the standards for an experienced mining company at that time. Sample bags containing core and trench samples collected by LIM were placed in 5-gallon plastic pails for protection and transportation to the laboratory.

Data Verification

The majority of data used in the current review is derived from historic data of IOCC (documents recovered from IOCC files and from plans and sections on which the geology and assay results have been plotted). The reserve and resource estimates contained therein are non-compliant with NI 43-101. This geological and assay data will be used to guide the proposed confirmation exploration by reverse circulation drilling and bulk sampling from trenches.

The program of exploration and data verification recommended by the Technical Report will enable verification of the historic data.

Mineral Processing And Metallurgical Testing

During February 1989, three mineralized samples comprising approximately 12.7 tonnes of James ore were treated at Lakefield Research Laboratories (now SGS-Lakefield), Lakefield, Ontario.

The washing results were used to evaluate the James deposit mineralization as part of the open pit evaluation and provided an indication of the Lump, Fines and Tailings products quality.

In 1989, Midrex Technologies, Inc. (“Midrex”) of Charlotte, North Carolina sampled and tested lump ore samples from the James, Sawyer Lake and Houston 1 deposits for standard raw material evaluation purposes. All lump ore samples were estimated by Midrex to be suitable for commercial production using its technology.

In 1990, a bulk sample of mineralized material from the James deposit weighing approximately three tonnes was transported to Centre de Recherches Minerales (“CdRM”), Québec City, for testing on behalf of La Fosse.

Bulk samples from trenches at the James and Houston deposits were collected during the summer of 2006. Three bulk samples of some 400 kg each were collected from the James trench and four bulk samples of some 600 kg each were collected from the Houston deposit trench for testing. The testing for compressive strength, crusher index and abrasion index were done at SGS Lakefield. The composite crushing, dry and wet screen analysis, washing and classification tests were done at “rpc – The Technical Solutions Centre” in Fredericton, New Brunswick. An additional five composite samples from the different ore zones in the trench were collected and tested in the ALS Chemex Lab in Sudbury for chemical testing.

The bulk sampling tests produced data for rock hardness and work indices for crushing and grinding, average density data for the various ore zones as well as chemical data. The specific density tests have shown that there is a possibility that the average SG is higher than the 3.5 kg/t which was used in the IOCC calculations.

Mineral Resource and Mineral Reserves Estimates

The mineral resources shown in the Technical Report are not yet compliant with NI 43-101. They are predominantly based on estimates made by IOCC in 1982. IOCC categorized their estimates as “reserves”. SNC

has adopted the principle that these should be categorized as “resources” as defined by NI 43-101. All estimates were based on geological interpretations on cross sections and the calculations were done manually. A recent computerized estimate was prepared for LIM in 2006 by Wardrop Engineering Inc. for the James deposit using the data shown on vertical cross sections prepared by IOCC for their reserve calculations. The reported resource was considered indicative of potential for the Properties.

All resource estimates quoted in this section of the Technical Report are based on prior data and reports prepared by IOCC. These historical estimates are not current and do not meet NI 43-101 definition standards and are included here for historical purposes only. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources. The historical estimates should not be relied upon. These historical results provide an indication of the potential of the properties and are relevant to ongoing exploration.

The historic reserves were for DSO (direct shipping ore) which was ore that was sold directly to the customer in its raw state. The only processing done was the crushing to 4-inch size in the mine screening plant and, in case of wet ore, reduction of moisture content in the drying plant in Sept-Îles. The classification used in the IOCC reports are as follows:

- **Measured:** The ore is measured accurately in three dimensions. All development and engineering evaluations (economics, ore testing) are complete. The deposit is physically accessible and has a complete pit design. The reserve is economic and is marketable under current conditions.
- **Indicated:** Development and engineering evaluations (economics, ore testing) are complete. Deposits in this category do not meet all the criteria of measured ore.
- **Inferred:** Only preliminary development and evaluation are completed. Deposits may not be mineable because of location, engineering considerations, economics and quality.

It should be noted that the following estimates are based on the economics of 1983 and that although the geological, mineralogical and processing data will be the same today, economics and market conditions will have changed and therefore the terms and classification is now for resources and not for reserves as was used by IOCC.

There is no reason to conclude that IOCC utilized other than best industry practices. It is reasonable, therefore, to conclude that such historic resources can be easily brought to compliance with NI 43-101 requirements with a program of verification as recommended in the Technical Report. The first step for this study is the confirmation of the resources for the Properties and to make the resource estimates NI 43-101 compliant.

The following table shows the summary of the historic IOCC mineral resource estimates of deposits of the Schefferville Project.

Summary of Historic IOCC Mineral Resource Estimates (1,000 tons)

(The estimates are not compliant with NI 43-101 and are based on historical standards used by IOCC⁶)

LIM Property	IOCC (1983)
James ^{1,4}	4,486
Knob Lake ¹ 1	3,662
Redmond ¹ 2B + 5	1,357
Houston ¹ and ⁵ 1, 2S + 3	9,090
Howse ²	28,288
Kivivic ² 1 + 2	26,258
Astray Lake ³	3,909–7,818
Sawyer Lake ³	12,000
Total	89,050 – 96,868

Notes:

- (1) The tonnages shown are Measured and Indicated resources (or by IOCC classification Measured and Indicated reserves).
- (2) The tonnages shown are Inferred resources (or by IOCC classification Inferred reserves).
- (3) The tonnages shown are Inferred resources (or by IOCC classification Inferred reserves), estimated for Astray Lake based on 200, 300 and 400 feet vertical projections and for Sawyer Lake projections from a surface mapping exercise.
- (4) The tonnages shown for the James deposit represent 100% of the potential resources. Approximately 1/8th of the resource lies on an adjacent claim held by New Millennium.
- (5) The 9.09 Mt IOCC tonnage for the combined Houston properties reflects 100% ownership. LIM currently owns approximately 6.0 Mt of this resource. The balance of the resource lies on adjacent claims held by New Millennium.
- (6) The terms “Measured”, “Indicated” and “Inferred” used in this Table and the notes above describing resources and reserves have the meaning given to them in the IOCC reports described above which meanings are not the same as those prescribed under NI 43-101.
- (7) The grade of IOCC’s direct shipping iron ore operations in Schefferville was historically reported to have been between 56-58% Fe. It is expected based on historic operations and as reported in IOCC records that the grade of LIM’s deposits will be in a similar range. It is not possible to give precise grades for each of the deposits until the resources have been verified and brought in to compliance under NI 43-101.

The Railway

Schefferville is situated in a remote location and does not have road access to other parts of Canada. The only means to transport iron ore from Schefferville is by rail.

The Québec North Shore and Labrador Railway (“QNS&L”) was established in 1954 by IOCC to haul iron ore from Schefferville area mines to the port of Sept-Îles which is a distance of 568 km. Some 150 million tons of iron ore was shipped by rail between 1954 and 1982. After 1982, QNS&L maintained a passenger and freight service between Sept-Îles, Labrador City and Schefferville up to 2005. In 2005, IOCC/QNS&L sold the section of the railway known as the Menihék Division (208 km) between Ross Bay Junction and Schefferville to Tshuetin Rail Transportation Inc. (“TRTI”).

TRTI is owned equally by Naskapi Nation of Kawawachikamach, Nation Innu Matimekush-Lac John and Innu Takuaiakan Uashatmak Mani-Utenam (collectively, the “TRTI Shareholders”). The mandate of TRTI is to maintain the passenger and light freight traffic between Sept-Îles and Schefferville. QNS&L owns the railway from Ross Bay Junction to Sept-Îles and this southern section of the railway currently carries iron ore products from Labrador City and Wabush area iron mines to the port of Sept-Îles. Both TRTI and QNS&L are Common Carriers as such term is defined under the *Canada Transportation Act* (“CTA”). Federal railway companies that are Common Carriers must by law issue tariffs in respect of the movement of traffic at the request of a shipper, and must meet statutory “level of service” obligations to all shippers, detailed in sections 113 to 116 of the CTA.

The Menihék section of the railway owned by TRTI will require some upgrading, refurbishing and rehabilitation of the track, rail ties and culverts to carry iron ore between Schefferville and Ross Bay Junction.

LIM has entered into a Memorandum of Understanding (MOU) with TRTI dated June 12, 2007 pursuant to which LIM and TRTI have agreed to work together towards concluding a Transportation Services Agreement under which TRTI will provide rail transportation and other related infrastructure services to LIM to transport the iron ore products to be produced from the Schefferville Project by rail from the Schefferville region to the port of Sept-Îles. In addition, TRTI will provide storage and loading facilities services at the port and LIM will engage TRTI as its exclusive contractor to provide such services.

The First Nation of Innu Takuaiakan Uashatmak Mani-Utenam, a one third shareholder of TRTI, is based in the immediate vicinity of the Port of Sept-Îles.

TRTI wishes to expand and diversify the rail transportation and related transportation and shipping services that it offers. Providing rail transportation and related transportation and shipping services to LIM would be consistent with TRTI’s wish to expand and diversify its operations. As provided in the MOU, the transportation of iron ore cars requires the unanimous consent of the TRTI shareholders pursuant to a unanimous shareholders’ agreement dated August 23, 2004 among such parties. Such consent will be necessary in order for LIM to transport iron ore from the Properties to the port of Sept-Îles.

Required Permitting Prior To Development

The Schefferville Project is located in a remote area of north-western Labrador adjacent to the boundary with the Province of Québec. The Company is required to obtain various permits to carry on its activities and is subject to various reclamation and environmental conditions. While the Company has all necessary permits to complete the exploration work, resource definition work and the engineering study, additional permits will be required to bring the Schefferville Project to production.

The main permits, licenses, approvals, and other forms of authorization required for the development of a mine in Labrador and which shall be necessary for the Company to obtain prior to developing a mine on the Schefferville Project must be obtained from both the Government of Canada and the Government of the Province of Newfoundland and Labrador. These consist of a Mining Lease and a Permit to Mine issued under the *Mining Act* (Newfoundland and Labrador) and an approval and release of the project under the *Environmental Protection Act* (Newfoundland and Labrador) and the *Environmental Assessment Act* (Canada).

Legislation principally applicable to the permitting process by the Government of Canada includes (i) the *Environmental Assessment Act*, the *Environmental Protection Act* and the *Species at Risk Act* all administered by Environment Canada; (ii) the *Fisheries Act* administered by Fisheries and Oceans Canada; and (iii) the *Navigable Waters Protection Act* and the *Transportation of Dangerous Goods Act* administered by Transport Canada.

Legislation principally applicable to the permitting process by the Government of Newfoundland and Labrador includes (i) the *Environmental Protection Act*, the *Water Resources Act* and the *Endangered Species Act* administered by the Department of Environment and Conservation; (ii) the *Mining Act* administered by the Department of Natural Resources; and (iii) the *Occupational Health & Safety Act* and the *Workplace Health, Safety and Compensation Act* administered by the Department of Government Services. In addition, municipal

planning and zoning legislation may have some application to any facilities operated by the Company in the immediate vicinity of Schefferville.

The Company has submitted the Project Registration Application for the first phase of development of the Company's Schefferville iron ore project to the Department of Environment and Conservation in the Province of Newfoundland and Labrador and to the Canadian Environmental Assessment Agency (CEAA). The Project Registration Documentation addresses production from the Company's James North, James South and Redmond properties. The properties have been the subject of prior activity carried out by the Iron Ore Company of Canada and are already partially developed. Filing of the Project Registration application follows extensive studies carried out over the past three years by LIM's environmental teams. The Registration Document is posted on the Department of Environment and Conservation's website at www.gov.nl.ca.

There can be no assurance that the necessary permits will be obtained within a reasonable time or at all. If the necessary permits are not issued within a reasonable time the Company may be delayed in achieving its planned commencement of production by 2009. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned development of its Schefferville Project or other mineral properties or from commencing or continuing its mining operations.

Political and First Nations

The Company conducts its operations in north-western Labrador in the Province of Newfoundland and Labrador in an area which is subject to conflicting First Nations land claims. There are a number of First Nations peoples living in the Quebec-Labrador peninsula with overlapping claims to treaty or aboriginal land rights. Aboriginal claims to lands and the conflicting claims to traditional rights between aboriginal groups may have an impact on the Company's ability to develop the Schefferville Project. The boundaries of the traditional territories claims by these groups, if established, may impact on the Labrador area including the areas which constitute the Schefferville Project. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by the Governments with First Nations.

The Government of Newfoundland and Labrador, together with the Government of Canada, entered into a framework agreement in March 2006 as a first step in the process towards reaching a treaty with the Innu in Labrador. The land claim framework agreement provides a road map for the next stage in upcoming treaty negotiations. It outlines the subject to be negotiated such as land title, aboriginal harvesting rights, access to resources, aboriginal participation in resource management and financial compensation. No land claim settlement agreement has been reached between Canada and the Naskapi First Nation.

The Company has initiated a program of community consultation and intends to negotiate and enter into memoranda of understanding and later, impact benefits agreements, with such First Nations communities living in or adjacent to, or having an interest in or claims to, historic land or treaty rights in the Schefferville Project area or who may be impacted by the Schefferville Project. There can be no assurance that the Company will be successful in reaching any agreement with any of the First Nations groups who may have a claim which affects the Company's Properties or who may be impacted by the Schefferville Project.

The Company has entered into a Memorandum of Understanding with the Labrador Innu Association, representing the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, respectively living in the communities of Sheshatshiu and Natuashish, Labrador reflecting the agreement of the parties with respect to community support for the development of the Schefferville Project and their joint commitment to negotiate and enter into a more detailed impact and benefits agreement. In the Memorandum of Understanding, the Company has committed to building a relationship with the Innu Nation to focus on job creation and business opportunities and working together to provide training as well as protecting environmental and cultural values. The Labrador Innu has agreed to support the project. The principal items to be negotiated in the Impact and Benefits Agreement have been identified.

6. RISK FACTORS

The Company, and thus the securities of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this prospectus prior to making an investment in the Company. In addition to the other information presented in this prospectus, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities.

6.1 Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to and interests in the Properties, there is no guarantee that such title to or interests in the Properties will not be challenged or impugned and title insurance is generally not available. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by, among other things, undetected defects. Surveys have not been carried out on any of the Properties in accordance with the laws of Newfoundland and Labrador; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

6.2 Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. All of the claims to which the Company has a right to acquire an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

6.3 No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

6.4 Company at Exploration Stage Only - Limited Experience with Development-Stage Mining Operations

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

6.5 Factors Beyond Company's Control

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

6.6 Failure to Obtain Additional Financing

The Company does have the financial resources necessary to undertake its currently planned activities. However; there can be no assurance that the Company will be successful in obtaining any additional required funding necessary to conduct additional exploration, if warranted, on the Company's exploration properties or to develop mineral resources on such properties, if commercially mineable quantities of such resources are located thereon. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, the interests of shareholders in the net assets of the Company may be diluted.

6.7 Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

6.8 Permitting

The Schefferville Project is located in a remote area of north-western Labrador adjacent to the boundary with the Province of Québec. The Company is required to obtain various permits to carry on its activities and is subject to various reclamation and environmental conditions. While the Company has all necessary permits to complete the exploration work, resource definition work and the feasibility and engineering studies, additional permits will be required to bring the Schefferville Project to production. The Company has submitted the Project Registration Application for the first phase of the Schefferville Project to the Department of Environment and Conservation in the Province of Newfoundland and Labrador and to the Canadian Environmental Assessment

Agency (CEAA). There can be no assurance that the necessary permits will be obtained within a reasonable time or at all. If the necessary permits are not issued within a reasonable time the Company may be delayed in achieving its planned commencement of production by 2009. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned development of its Schefferville Project or other mineral properties or from commencing or continuing its mining operations.

6.9 Environmental Risks and Hazards

The Company's activities are subject to extensive national, provincial, and local laws and regulations governing environmental protection and employee health and safety. The Company is required to obtain governmental permits and provide bonding requirements under environmental laws. All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner, which will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The ultimate amount of reclamation to be incurred for the planned mining operations at the Schefferville Project is uncertain. Although the Company will make provision for reclamation obligations when these arise, it cannot be assured that these provisions will be adequate to discharge its obligations for these costs. Environmental hazards may exist on the properties on which the Company holds interests which have been caused by previous owners or operators of the properties. As environmental protection laws and administrative policies change, the Company will revise the estimate of its total obligations and may be obliged to make further provisions or provide further security for mine reclamation cost.

Environmental laws and regulations are complex and have tended to become more stringent over time. These laws are continuously evolving. Any changes in such laws, or in the environmental conditions at the Schefferville Project, could have a material adverse effect on the Company's financial condition, liquidity or results of operations. The Company is not able to determine the impact of any future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on the Schefferville Project, the Company must obtain regulatory approval, permits and licences and there is no assurance that such approvals will be obtained. No assurance can be given that new rules and regulations will not be enacted or made, or that existing rules and regulations will not be applied, in a manner which could limit or curtail production or development.

Failure to comply with applicable environmental and health and safety laws can result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There can be no assurance that the Company has been or will be at all times in complete compliance with all such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially adversely affect the Company's business, results of operations or financial condition. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, or require abandonment or delays in development of mining properties.

6.10 Political and First Nations

The Company conducts its operations in north-western Labrador in the Province of Newfoundland and Labrador in an area which is subject to conflicting First Nations land claims. There are a number of First Nations peoples living in the Quebec-Labrador peninsula with overlapping claims to treaty or aboriginal land rights. Aboriginal claims to lands, and the conflicting claims to traditional rights between aboriginal groups, may have an impact on the Company's ability to develop the Schefferville Project. The boundaries of the traditional territories

claims by these groups, if established, may impact on the Labrador area, including the areas which constitute the Schefferville Project. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by the Governments with First Nations.

The Government of Newfoundland and Labrador, together with the Government of Canada, entered into a framework agreement in March 2006 with the Innu in Labrador as a first step in the process towards reaching a treaty. The land claim framework agreement provides a road map for the next stage in upcoming treaty negotiations. It outlines the subjects to be negotiated such as land title, aboriginal harvesting rights, access to resources, aboriginal participation in resource management and financial compensation. No land claim settlement agreement has been reached between Canada and the Naskapi First Nation.

The Company has initiated a program of community consultation and intends to negotiate and enter into memoranda of understanding and later, impact benefits or co-operation agreements with such First Nations communities living in or adjacent to, or having an interest in or claims to, historic land or treaty rights in the Schefferville Project area or who may be impacted by the Schefferville Project. The Company has entered into a Memorandum of Understanding with the Labrador Innu Association, representing the Sheshatshiu Innu First Nation and the Mushuau Innu First Nation, respectively, living in the communities of Sheshatshiu and Natuashish, Labrador reflecting the agreement of the parties with respect to community support for the development of the Schefferville Project and their joint commitment to negotiate and enter into a more detailed Impact and Benefits Agreement. In the Memorandum of Understanding, the Company has committed to building a relationship with the Innu Nation to focus on job creation and business opportunities and working together to provide training as well as protecting environmental and cultural values. The Labrador Innu have agreed to support the project. The principal items to be negotiated in the Impact and Benefits Agreement have been identified.

There can be no assurance that the Company will be successful in reaching any agreement with any of the First Nations groups who may have a claim which affects the Company's Properties or who may be impacted by the Schefferville Project.

6.11 Government Regulation and Permitting

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

6.12 Lags

The Company is unable to predict the amount of time which may elapse between the date when any new mineral reserve may be discovered, the date upon which such discovery may be deemed to be economic pursuant to a feasibility study and the date when production will commence from any such discovery.

6.13 Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's future operations will require rail transportation from the Schefferville region to a sea port and ship berthing, storage and loading facilities at such port. There can be no assurance that the Company will be successful in negotiating such arrangements or in negotiating them on economically feasible terms. Failure to negotiate such arrangements could render the Properties unviable. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

6.14 Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other mining companies in connection with the acquisition of properties producing or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical facilities than the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. Consequently, the Company's revenue, operations and financial condition could be materially adversely affected.

6.15 Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse affect on the Company and its prospects.

6.16 Ability to Attract and Retain Qualified Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although the Company believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

6.17 Fluctuating Mineral Prices

Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. The principal factors include: diminished demand which may arise if current rates of economic growth in India and China are not sustained; supply interruptions due to changes in government policies in iron ore consuming nations, war, or international trade embargoes; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest iron ore producers; and, increases in supply resulting from the discovery and the development of new sources of iron ore. See "*The Iron Ore Market.*" The effect of these factors on the Company's operations cannot be predicted.

6.18 Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian dollars, while prices for iron ore are generally quoted in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar, if it occurs, may have a significant impact on the Company's financial position and results of operations in the future.

6.19 Conflicts of Interest

Some of the directors and officers serve as directors or officers of or own shareholdings in other corporations and are engaged and will continue to be engaged in the search for business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

6.20 Dividends

The Company has not paid any dividends on its Common Shares since incorporation. The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

6.21 Limited Operating History

The Company has no history of earnings. The Properties are in the exploration and development stage and there are no proven commercial quantities of mineral reserves on the Properties.

7. CAPITAL STRUCTURE

Labrador Iron Mines Holdings' capital structure consists of only one class of common shares without par value, with an unlimited authorized capital. Each common share is entitled to one vote and all common shares rank equally for the payment of dividends and for all distributions, whether upon dissolution, a winding up or otherwise.

At March 31, 2008 and June 26, 2008, the Company had outstanding 37,193,951 common shares.

At March 31, 2008 the Company also had 3,350,000 stock options and 7,454,582 share purchase warrants outstanding. At June 26, 2008 the Company had 3,350,000 stock options and 7,454,582 share purchase warrants outstanding.

Stock Options

Options March 31, 2008	Options June 26 2008	Exercise Price	Expiry Date
2,950,000	2,950,000	\$4.00	August 10, 2012
400,000	400,000	\$4.85	March 11, 2013
3,350,000	3,350,000		

Warrants

Warrants March 31, 2008	Warrants June 26 2008	Exercise Price	Expiry Date
857,607 ⁽¹⁾	857,607	\$4.00	June 2, 2009
6,596,675 ⁽²⁾	6,596,675	\$5.00	December 3, 2009
7,454,582	7,454,582		

- (1) The Broker Warrants entitle the holder to purchase Units at a price of \$4.00 per Unit. Each Unit consists of one common share and one half of one common share purchase warrant and each whole Unit entitles the to purchase one common share at a price of \$5.00 per share until December 2, 2009.
- (2) Each Share Purchase Warrant entitles the holder to purchase one common share at a price of \$5.00 per Warrant Share, until December 2, 2009 (for a total of, 6,596,675 warrants issued).

8. MARKET FOR SECURITIES

The Company's common shares and share purchase warrants trade on the Toronto Stock Exchange under the symbol "LIR".

The following tables show the price ranges and volume traded of the Company's common shares and warrants on the Toronto Stock Exchange on a monthly basis for each month since the IPO on December 03, 2007.

Share Price Range 2007/08			
Month	High Cdn. \$	Low Cdn \$	Volume
December 2007	3.99	3.40	4,550,200
January 2008	4.09	3.25	1,676,400
February 2008	5.95	4.00	1,442,900
March 2008	5.20	4.25	206,300
April 2008	4.85	3.80	77,600
May 2008	4.17	3.35	636,240

Warrant Price Range 2007/08			
Month	High Cdn. \$	Low Cdn \$	Volume
December 2007	0.60	0.30	1,135,580
January 2008	0.68	0.45	277,150
February 2008	1.69	0.55	781,134
March 2008	1.40	1.06	93,500
April 2008	1.30	0.70	64,800
May 2008	0.90	0.58	161,941

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Common Shares include the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities and the trading volume and general market interest in the Company's securities may affect an investor's ability to trade the Common Shares;

As a result of any of these factors, the market price of the Common Shares at any given point in time may decline not accurately reflecting the Company's long-term value.

9. DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

Name and Municipality of Residence	Offices with the Company	Principal Occupation	Director/Officer Since	Shares held Directly or Indirectly or over which control or direction is exercised
John F. Kearney Toronto, Ontario	Chairman, Chief Executive Officer and Director	Chairman of Canadian Zinc Corporation, Labrador Iron Mines Limited and Anglesey Mining plc	May, 2007	2,275,001
D. William Hooley Rhos-on-Sea, Wales, United Kingdom	President, Chief Operating Officer and Director	Chief Executive of Anglesey Mining plc, and President of Labrador Iron Mines Limited	May, 2007	6,250
Terence N. McKillen ⁽³⁾ Mississauga, Ontario	Vice-President and Director	President and Chief Executive Officer of Conquest Resources Limited and Orca Minerals Limited	May, 2007	1,600,000

<u>Name and Municipality of Residence</u>	<u>Offices with the Company</u>	<u>Principal Occupation</u>	<u>Director/Officer Since</u>	<u>Shares held Directly or Indirectly or over which control or direction is exercised</u>
Danesh Varma London, England	Chief Financial Officer	Chief Financial Officer of Minco plc, Conquest Resources Limited and Labrador Iron Mines Limited	May, 2007	Nil
Matthew Coon Come ⁽²⁾ Ottawa, Ontario	Director	Board Member of the Grand Council of the Crees and the Cree Regional Authority. Previous National Grand Chief of Assembly of First Nations	August, 2007	Nil
Richard Lister ⁽¹⁾⁽²⁾ Toronto, Ontario	Director	Mining Executive, retired	August, 2007	Nil
Eric W. Cunningham ⁽¹⁾⁽²⁾ Toronto, Ontario	Director	Mining Consultant	August, 2007	nil
Gerald Gauthier ⁽¹⁾ Toronto, Ontario	Director	Mining Engineer	August, 2007	Nil
Neil Steenberg Toronto, Ontario	Secretary	Lawyer		

Notes:

- (1) Independent director and Member of the Company's Audit Committee.
(2) Independent director and Member of the Company's Human Resources and Corporate Governance Committee.
(3) Mr. McKillen is the controlling shareholder of 3222594 which holds 1,600,000 Common Shares.

9.2 Corporate Cease Trade Orders or Bankruptcies

No director, officer, promoter or other member of Management is, or within the ten years prior to the date hereof has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except as follows:

- (a) Mr. Kearney was a non-executive director of McCarthy Corporation plc, CNQ an investment company from July 2000 to March 2003. In June 2003, McCarthy Corporation plc adopted a voluntary arrangement with its creditors pursuant to the legislation of the United Kingdom.
- (b) Mr. Gauthier was an executive director and President of United Keno Hill Mines Limited (TSX:UKH) from May 1999 to October 2001. In February 2000, United Keno Hill Mines Limited

filed for protection pursuant to the *Company's Creditors Arrangement Act* and on October 30, 2000 proposed a plan of arrangement with its creditors. The plan was approved but never implemented.

- (c) Mr. Varma was President and Managing Director of American Resource Corporation Limited in respect of which a cease trade order was issued in June 2004 for failure to file its financial statements. The cease trade order is still currently in effect.

9.3 Personal Bankruptcies

No director, officer, promoter or other member of management of the Company is, or within the ten years prior to the date hereof has been bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

10. TRANSFER AGENTS AND REGISTRARS

Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares is Olympia Transfer Services Inc., located at 120 Adelaide Street West, Suite 920, Toronto, Ontario, M5H 1T1.

11. MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company since its incorporation:

1. Transfer Agreement among the Company, Subco, Kensam and 3222594 effective as of July 30, 2007 referred to under "*The Business of the Company – Significant Acquisitions – Transfer Agreement*" in the prospectus filed on SEDAR November 23rd 2007.;
 2. Merger Agreement among the Company, Subco and LIM dated September 10, 2007 referred to under "*The Business of the Company – Significant Acquisitions – Merger Agreement*" in the prospectus filed on SEDAR November 23rd 2007.;
 3. Option Agreement between Fonteneau and Kensam dated January 30, 2005 referred to under "*The Business of the Company – The Schefferville Joint Venture Agreement – Fonteneau/Energold Agreement*" in the prospectus filed on SEDAR November 23rd 2007.;
 4. Assignment Agreement among Kensam, 3222594 and Energold dated as of September 15, 2005 referred to under "*The Business of the Company - The Schefferville Joint Venture Agreement – Fonteneau/Energold Agreement*" in the prospectus filed on SEDAR November 23rd 2007.;
- Option Agreement between Fonteneau and Energold dated September 15, 2005 referred to under "*The Business of the Company - The Schefferville Joint Venture Agreement - Fonteneau/Energold Agreement*"; in the prospectus filed on SEDAR November 23rd 2007.
5. Option Agreement among Anglesey, Parys Mountain Mines Limited, Kensam, Energold and 3222594 dated September 30, 2005 referred to under "*The Business of the Company - The Schefferville Joint Venture Agreement – Anglesey Option Agreement*" in the prospectus filed on SEDAR November 23rd 2007.;
 6. Assignment Agreement between Energold and LIM dated September 30, 2006 referred to under "*The Business of the Company - The Schefferville Joint Venture Agreement – Energold and Anglesey Assignments to LIM*" in the prospectus filed on SEDAR November 23rd 2007.;

7. Assignment and Assumption Agreement between Energold and LIM dated September 30, 2006 referred to under “*The Business of the Company - The Schefferville Joint Venture and Option Agreements - Energold and Anglesey Assignments to LIM*” in the prospectus filed on SEDAR November 23rd 2007.;
8. Assignment and Assumption Agreement between Anglesey and LIM dated September 30, 2006 referred to under “*The Business of the Company - The Schefferville Joint Venture Agreement- Energold and Anglesey Assignments to LIM*” in the prospectus filed on SEDAR November 23rd 2007.;
9. Joint Venture Agreement among LIM, Kensam, Energold and 3222594 dated as of October 1, 2006 referred to under “*The Business of the Company – The Schefferville Joint Venture Agreement*” in the prospectus filed on SEDAR November 23rd 2007.;
10. Amending Agreement among Fonteneau, Fenton Scott, Graeme Scott, Energold and LIM dated June 30, 2007 referred to under “*The Business of the Company - The Schefferville Joint Venture Agreement - Fonteneau Amending Agreement*” in the prospectus filed on SEDAR November 23rd 2007.;
11. Agency Agreement between the Company and Canaccord Capital Corporation dated November 23, 2007 referred to under “*Plan of Distribution*” in the prospectus filed on SEDAR November 23rd 2007.
12. Warrant Indenture between the Company Olympic Transfer Services Inc.

12. INTERESTS OF EXPERTS

Certain information of a scientific or technical nature regarding the Company’s properties included in this AIF are based upon the Technical Report of SNC Lavalin Inc. The Technical Report was prepared by A.S. Kroon, P.E. and Daniel Dufort, P.E. of SNC who are “Qualified Persons” as such term is defined in NI 43-101. Each of the authors of the Technical Report is independent of the Company within the meaning of NI 43-101 and Messrs. Kroon and Dufort do not have any interest in the Properties and do not own any securities of the Company. A copy of this report can be found on the Company’s disclosure page on www.sedar.com.

13. AUDIT COMMITTEE INFORMATION

The Audit Committee has adopted a Charter, the text of which is set out below:

“Charter of the Audit Committee of the Board of Directors”

I. MANDATE

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Canadian Zinc Corporation (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s mandate and responsibilities are to:

- recommend to the Board the external auditors to be nominated and the compensation of such auditor;
- oversee and monitor the work and performance of the Corporation's external auditors, including meeting with the external auditors and reviewing and recommending all renewals or replacements of the external auditors and their remuneration;
- pre-approve all non-audit services to be provided to the Corporation by the external auditors;
- review the financial statements and management's discussion and analysis (MD&A) and annual and interim financial results press releases of the Corporation;
- oversees the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;

- provide oversight to any related party transactions entered into by the Corporation.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (1) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (2) set and pay the compensation for advisors employed by the Audit Committee; and
- (3) communicate directly with the external auditors.

III. COMPOSITION AND MEETINGS

- (1) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including those of all applicable securities regulatory authorities.
- (2) The Committee shall be composed of three directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. A minimum of two members of the Committee present either in person or by telephone shall constitute a quorum.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

- (1) Each member of the Committee shall be “independent” and shall be “financially literate” (as each such term is defined in Multilateral Instrument 52-110)
- (2) The Committee shall meet at least quarterly, as circumstances dictate or as may be required by applicable legal or listing requirements.
- (3) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

IV. RESPONSIBILITIES

- (1) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles (“GAAP”) and report thereon to the Board and recommend to the Board whether or not same should be approved, prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.
- (2) The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management’s response.
- (3) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, management’s discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses this information.
- (4) The Committee shall review management’s discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim earnings press releases, before the Corporation publicly disclose this information.
- (5) The Committee shall meet no less frequently than annually with the external auditors to review accounting practices, internal controls and such other matters as the Committee deems appropriate.
- (6) The Committee shall establish procedures for
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (7) The Committee shall provide oversight to any related party transactions entered into by the Corporation.
 - (8) In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance or tax advice or any non-audit services the Chief Financial Officer of the Corporation shall consult with the Audit Committee, who shall have the authority to approve or disapprove such non-audit services. The Audit Committee shall maintain a record of non-audit services approved by the Audit Committee for each fiscal year and provide a report to the Board on an annual basis.
 - (9) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
 - (10) The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

13.2 Composition of Audit Committee

The Audit Committee is composed of Gerald Gauthier, Eric Cunningham, and Richard Lister. The Company considers each member of the Audit Committee to be financially literate and independent for the purposes of National Instrument 52-110 ("NI 52-110")

The education and experience of each Audit Committee Member is set out below:

Gerald Gauthier, Age 61, Director. Mr. Gauthier is a mining engineer and since August 2005 has been Chief Operating Officer of Nevsun Resources Ltd. From June 2004 until August 2005 he was a mining consultant and previously from December 2002, until April 2004, he was Vice-President, Mining of Glencairn Gold Corp. From May 2002 to December 2002 he served as Vice President Mining of Conquest Resources Limited (and is currently still acting as a director of Conquest Resources Limited). Mr. Gauthier has served as President and CEO of United Keno Hill Mines Limited prior to 2001, President, COO Santa Cruz Gold Inc. prior to 1999, and formerly Senior Vice-President Operations Lac Minerals Limited.

Eric W. Cunningham, Age 68, Director. Mr. Cunningham has been engaged as an independent mining consultant since 1996. He has been a director of Aurora Energy Resources Inc. since April 2006 and was formerly a director of Viceroy Exploration Ltd. Mr. Cunningham was the joint owner of the Golden Kopje Mine in Zimbabwe from 1997 to 2001 and general manager and director of Trillion Resources Inc. He also was Manager of Wright Engineers, and held various positions with Sherritt Gordon Mines. Mr. Cunningham holds a B.Sc in Geology from Rhodes University in South Africa.

Dr. Richard Lister, Age 68, Director. Dr. Lister has over 40 years of experience in the mining, metallurgical and chemical industries. He has served as President and CEO of Zemex Corporation, Vice Chairman of Dundee Bancorp Inc. and Chairman and President of Campbell Resources Inc. Dr. Lister holds the degrees of Bachelor of Science, a Master of Science and a Doctor of Philosophy from the University of Toronto. Dr. Lister was also a Director of Timminco Limited and Tiberon Minerals Ltd.

13.3 Pre-Approval Policies and Procedures

The Audit Committee has adopted procedures requiring Audit Committee review and approval in advance of all particular engagement for services provided by the Auditors. Consistent with applicable laws, the procedures permit limited amounts of services, other than audit services, to be approved by the Audit Committee provided the audit committee is informed of each particular service. All of the engagements and fees for Fiscal 2006 and

2007 were approved by the Audit Committee. The Audit Committee reviews with the auditors whether the non-audit services to be provided are compatible with maintaining the Auditor's independence.

Since the commencement of the Company's most recently completed financial period from incorporation to March 31, 2008 there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

13.4 Audit Fees and Services

The aggregate amounts billed by auditors for the two fiscal period ended December 31, 2007 and 2006 for audit fees, audit related fees, tax fees and all other fees are set forth below:

	Period Ended March 31, 2008
Audit Fees ⁽¹⁾	\$30,000
Audit-Relates Fees ⁽²⁾	30,000
Tax Fees ⁽³⁾	-
All Other Fees	-
Total	\$60,000

⁽¹⁾ "Audit Fees" represent fees for the audit of the annual financial statements, and review in connection with the statutory and regulatory filings.

⁽²⁾ "Audit Related Fees" represent fees for assurance and related services that are related to the performance of the audit.

⁽³⁾ "Tax Fees" represent fees for tax compliance, tax advice and planning.

14. ADDITIONAL INFORMATION

Additional financial information is contained in the Company's Prospectus dated November 23, 2007 and in the Audited Financial Statements and Management's Discussion and Analysis for the years ended March 31, 2008 which may be found on SEDAR at www.SEDAR.com.

The Company shall provide, upon request and upon payment of a reasonable charge where permitted, a copy of its 2008 Annual Information Form, the March 31, 2008 audited financial statements and the accompanying auditor's report thereon, Management Discussion and Analysis, any subsequent interim financial statements and the Information Circular.

Cautionary Note – Forward Looking Statements

This Annual Information Form contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan", or similar expressions, are intended to identify forward-looking statements. Such forward-looking statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995.

Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, mineral

reserves, mineral resources, results of exploration, reclamation and other post-closure costs, capital costs, mine production costs, the timing of exploration, development and mining activities and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements by reason of factors such as changes in general economic conditions and conditions in the financial markets, changes in demand and prices for the minerals the Company expects to produce, delays in obtaining permits, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the Company operates, technological and operational difficulties encountered in connection with the Company's activities, labour relations matters, costs and changing foreign exchange rates and other matters discussed under "Risk Factors" herein and in "Management's Discussion and Analysis" for the year ended March 31, 2008.

Other factors that may cause actual results to vary materially include, but are not limited to delays in the receipt of permits or approvals, changes in commodity and power prices, changes in interest and currency exchange rates, geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources), unanticipated operational difficulties (including failure with plant, equipment or processes to operate in accordance with specifications or expectations), cost escalation, unavailability of materials and equipment, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters, political risk, social unrest, and changes in general economic conditions or conditions in the financial markets.

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 Company does not currently hold a permit for the operation of the Schefferville Project.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the filings by the Company with securities regulatory authorities. The Company does not undertake to update any forward-looking statements that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.