Labrador Iron Mines Holdings Limited

(A Development Stage Company)

Interim Consolidated Financial Statements

(Note: These Consolidated Financial Statements have not been reviewed by the Company's Auditors)

(Amended)

December 31, 2007

INDEX

LABRADOR IRON MINES HOLDINGS LIMITED
(A Development Stage Company)
Consolidated Balance Sheets
As at December 31, 2007
Unaudited - these interim consolidated financial statements have not been reviewed by the Company's Auditors

		December 31 2007 $ (Unaudited)	June 30 2007 $ (Audited)
ASSETS			
Current Assets			
Cash and short-term investments		42,746,311	1
Accounts receivable		61,029	-
		42,807,340	1
Non-current assets			
Mineral property interests	Note 4	126,493,835	-
		169,301,175	**1**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	Note 6	1,777,580	-
FUTURE INCOME TAXES	Note 8 (b)	35,560,020	-
SHARE CAPITAL AND DEFICIT			
Share capital	Note 5 (a)	119,894,873	1
Warrants	Note 5 (b)	5,175,859	-
Contributed surplus	Note 5 (c)	3,274,500	-
Accumulative comprehensive income (loss)		-	-
Retained earnings		3,618,643	-
		131,963,875	1
		169,301,475	**1**

Approved by the Board of Directors

signed "John F. Kearney"	signed "Terence N. McKillen"
John F. Kearney	Terence N. McKillen
Director	Director

See accompanying notes to interim consolidated financial statements

LABRADOR IRON MINES HOLDINGS LIMITED
(A Development Stage Company)
Consolidated Statements of Operations and Comprehensive Income and Deficit
For the Three Months and the period ended December 31, 2007
Unaudited - these interim consolidated financial statements have not been reviewed by the Company's Auditors

	Three months ended Dec 31 2007 $	Period May 17-Dec 31 2007 $
Revenue		
Interest	139,288	139,288
Expenses		
Professional fees	23,940	83,940
Corporate expenses	12,105	82,105
Management costs	20,000	70,000
Directors' fees	16,833	16,833
Administration	13,513	33,513
	86,391	286,391
Income (loss) before income taxes	52,897	(147,103)
Comprehensive items	-	-
Future income tax recovery (Note 8 (a))	3,765,746	3,765,746
Net and comprehensive Income for the period	3,818,643	3,618,643
Deficit, beginning of period	200,000	-
Deficit, end of period	**3,618,643**	**3,618,643**
Net loss per share - basic and diluted	$0.10	$0.10
Common shares outstanding - basis and diluted	35,473,001	35,473,001

See accompanying notes to interim consolidated financial statements

LABRADOR IRON MINES HOLDINGS LIMITED

(A Development Stage Company)

Consolidated Statements of Cash Flows

For the Three Months and the period ended December 31, 2007

Unaudited - these interim consolidated financial statements have not been reviewed by the Company's Auditors

	Three months ended Dec 31 2007 $	Period May 17-Dec 31 2007 $
Cash Flows from Operating Activities		
Net and comprehensive Income for the period	3,818,643	3,618,643
Items not involving cash		
Stock-based compensation		
Future income tax (Recovery)	(3,765,746)	(3,765,746)
	52,897	(147,103)
Changes in non-cash working capital balances	917,656	1,367,656
Cash flows from operating activities	970,553	1,220,553
Cash Flows from Investing Activities		
Mineral property interests	94,031	94,031
Cash Flows from financing Activities		
Issuance of Capital Stock	45,892,000	45,892,001
Offering Costs	(4,459,974)	(4,459,974)
	41,432,026	41,432,027
Increase in cash and short-term investments	**42,496,610**	**42,746,611**
Cash and short-term investments, beginning of period	250,001	-
Cash and short-term investments, end of period	**42,746,611**	**42,746,611**

Supplemental disclosure of Cash Flow Information:

Changes from issuance of shares for mineral		
Shares issued for mineral property interests	85,440,000	85,440,000
Future income tax liability related to mineral property interest	40,798,972	40,798,972

See accompanying notes to interim consolidated financial statements

1. BASIS OF PRESENTATION

These interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("CGAAP"). They do not include all of the information and disclosures required by CGAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended December 31, 2007 are not necessarily indicative of the results that may be expected for the full year ending March 31, 2008.

2. NATURE OF OPERATIONS

The Company was incorporated on May 17, 2007 under the Ontario Business Corporations Act. On December 3, 2007, the Company completed an Initial Public Offering. Its shares were listed on the Toronto Stock Exchange (See Note 5 (a) (ii)).

The Company is engaged in the search, evaluation and development of iron ore resources in Canada. There has been no determination whether the Company's interests in its properties contain ore reserves which are economically recoverable. The Company's exploration and development operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to mineral properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. Management reviews the carrying value of the Company's interest in each property and where necessary, exploration properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets. Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements or transfers or native land claims, and title may be affected by undetected defects.

3. Summary of significant accounting policies

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant.

Financial Instruments

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities.
Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair

value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

Comprehensive income

Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a separate category in shareholders' equity.

Mineral property interests and deferred exploration expenditures

Where properties are acquired in exchange for Company’s shares, the properties are valued at the fair market value of the shares. The cost of mineral property interests and related exploration and development costs are deferred. These costs will be amortized over the estimated useful life of the properties following commencement of commercial production or written off if the properties are sold, allowed to lapse, or the property shows no promise from prior exploration results, or management determines that there is a permanent and significant impairment in value. All of the Company’s properties are considered to be in the exploration or development stage and none have achieved commercial production. Accordingly, any revenue generated from testing or pilot plant processing is credited to mineral property interests. The Company does not accrue the future costs to keep the properties in good standing. Administrative expenditures, not directly related to property maintenance, are charged to operations as incurred.

Asset retirement obligations

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mineral property interests. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral property interests and is amortized over the useful life of the property. Management is not aware of any asset retirement obligations.

Use of estimates

The preparation of the financial statements in conformity with CGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the year. Actual results could differ from estimates. During the fiscal periods presented, management has made a number of significant estimates and valuation assumptions, including the recoverability of investments in mineral property interests, the future costs associated with environmental remediation and site restoration matters, fair value of financial instruments and valuation of tax accounts. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as an assumption about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

Loss per share
Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Foreign currency translation
Transactions in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary assets have been translated at the historical rate of exchange prevailing at the date of the transaction. Expenses have been translated at the average rate of exchange during the year. Realized and unrealized foreign exchange gains and losses are included in operations.

Stock-based compensation
The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to capital stock.

4. Mineral property interest

The Company holds interests in a series of iron ore deposits in the Province of Newfoundland and Labrador near Schefferville ("Schefferville Property").

Mineral property acquisition	$ 126,337,866
Additions:	
Geology	105,529
Community outreach	46,702
Travel	3,738
	$ 126,493,835

5. Share capital

(a) Common shares

	Shares #	Amount $
Authorized		
Unlimited common shares		
Issued		
Shares issued on incorporation	1	1
Shares issued upon amalgamation (i)	24,000,000	85,440,000
Shares issued in Initial Public Offering ("IPO") (ii)	11,473,000	45,892,000
Warrants (Note 3 (b))		(3,965,996)
Agent warrants (iii)		(812,863)
Offering costs (iv)		(6,658,269)
Balance, December 31, 2007	35,473,001	119,894,873

(i) On July 31, 2007, the Company entered into an acquisition agreement with Kensam Enterprises Inc. ("Kensam") and 3222594 Canada Inc. ("3222594") whereby in consideration of 5,400,000 Class A shares of the Company's subsidiary, the Company acquired from Kensam and 3222594 a 22.5% interest in the Schefferville Property.

On September 10, 2007, the Company entered into a merger agreement with Labrador Iron Mines Limited ("LIM") which provided that LIM would amalgamate with the Company's wholly owned subsidiary to form a new company. Upon the amalgamation which was completed on November 30, 2007, the existing Class A shares of the Company's subsidiary were exchanged for common shares of the Company and the existing common shares of LIM were exchanged for common shares of the Company. The Company issued 24,000,000 common shares pursuant to the amalgamation.

(ii) On December 3, 2007 the Company completed an Initial Public Offering ("Offering") of 11,473,000 units at a price of $ 4.00 per unit for gross proceeds of $45,892,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for a period of 24 months from December 3, 2007 at a price of $ 5.00 per share. The share portion of the unit was valued at $3.56.

The fair value of the warrants was estimated at $3,965,996 net of warrants issue costs, using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.5%, expected life of 2 years, expected dividend rate of 0%, and expected volatility of 60%.

(iii) The Company granted the Agent non-assignable 745,745 warrants (the "Compensation Warrants") to purchase units at an exercise price of $4.00 per unit for a period of 18 months from the closing date of the Offering. The fair value of the Compensation Warrants was estimated at $925,000 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.5%, expected life of 18 months, expected dividend rate of 0%, and expected volatility of 60%.

The Company has also granted the Agent an over-allotment option to purchase an additional 1,720,950 Units for a period of 30 days. The Agent exercised the over allotment option on January 4, 2008.

(iv) Offering costs:

Agent's commission	$2,982,980
IPO Agent's compensation warrants	1,046,281
Stock based compensation	3,274,500
Other Offering expenses	827,714
Future income tax asset	(1,473,206)
	$6,658,269

Share issue costs have been allocated as follows:

Common shares	6,088,319
Warrants	569,950
	$ 6,656,269

b. Share purchase warrants

As at December 31, 2007, the Company had the following outstanding share purchase warrants:

Warrants	Value	Exercise Price	Expiry Date
5,736,500	3,965,996	$5.00	December 2, 2009. See Note 3(a)(ii)
745,745	812,863	$4.00	June 2, 2009. See Note 3(a)(iii)
6,482,245	4,778,859		
	397,000		Over allotment option
	5,175,859		

c. Stock options

The board of directors has approved a stock option plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed ten percent of the total number of common shares outstanding immediately prior to such an issuance. The options are exercisable over a period not exceeding ten years The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

On August 7, 2007 the Company granted 2,950,000 options to purchase securities of the Company pursuant to the Stock Option Plan. These options expire on August 6, 2012. One-half of the options vested immediately and one-half will vest on August 7, 2008.

The fair value of the options was estimated at $3,274,500 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.5%, expected life of five years, expected dividend rate of 0%, and expected volatility of 60%.

The fair value of the options was credited to contributed surplus.

6. Related party transaction

The Company made payments to directors and officers and or to corporations controlled by directors or officers of the Company in respect of Directors fees and management compensation and incurred expenses to corporations with common directors of $30,000 in respect of rent. Transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties

7. Financial instruments

Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash, amounts receivable and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of the instruments.

Commodity price risk

The future profitability of the company is directly related to the market price of iron ore.

Foreign exchange risk

The Company conducts some of its financing activities in currencies other than the Canadian dollar. The Company is therefore subject to gains or losses due to fluctuations in these currencies relative to the Canadian dollar.

8. INCOME TAXES

(a) Provision for income taxes

The major items causing the Company's income tax expense to differ from the Canadian combined federal and provincial statutory rate of 33.5% were:

	$
Loss before income taxes	147,103
Expected income tax recovery at statutory rates	49,280
Adjustments resulting from:	
Change in tax rates	3,696,767
Other	(19,699)
Future income tax recovery	3,765,746

In December 2007, lower Canadian federal income tax rates became substantially enacted. As a result, the future income tax liability and other future income tax assets and liabilities of the Company were reassessed at the new substantially enacted tax rates expected to be in effect at the time the temporary differences are expected to reverse. This reassessment resulted in a significant future income tax recovery.

(b) Future income tax balances

The future income tax liability initially arose due to the difference between the purchase price and the underlying income tax values of the mineral property interests acquired (Note 3).The tax effect of temporary differences that give rise to future income tax assets and liabilities in Canada at December 31, 2007 are as follows:

	$
Future income tax assets (liabilities)	
Non-capital losses	159,302
Mineral property interests	(37,192,528)
Capital losses	143,000
Share issue costs	1,473,206
Valuation allowance	(143,000)
Future income tax liability (net)	(35,560,020)

9. Subsequent events

On January 4, 2008, the Agent in the Company's Initial Public Offering exercised its over-allotment option to purchase an additional 1,720,950 units at the exercise price of $4.00 per unit. Cash totaling $6,436,353, after commission of 6.5%, was received on January 8, 2008 and 1,720,950 units and 111,862 Compensation Warrants were issued.