LABRADOR IRON MINES HOLDINGS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the Period Ended December 31, 2007

Dated: February 11, 2008 Amended June, 26, 2008

GENERAL

This management discussion and analysis should be read in conjunction with the unaudited consolidated financial statements of Labrador Iron Mines Holdings Limited (the "Company") for the period ended December 31, 2007 and the historical financial statements of Labrador Iron Mines Limited, and the related notes thereto included in the Company's Prospectus dated November 23, 2007 (the "Prospectus"). The financial information contained in the discussion of results and operations was prepared in accordance with Canadian generally accepted accounting principles. All amounts in this discussion are expressed in Canadian dollars, unless identified otherwise.

The discussion contains forward-looking statements that involve numerous risks and uncertainties, including those risks set out in the Prospectus under "*Cautionary Statement Regarding Forward-Looking Statements*" and under "*Risk Factors*" and set out under Risk Factors below. Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties.

DESCRIPTION OF BUSINESS

The Company was incorporated under the *Business Corporations Act* (Ontario) on May 17, 2007 for the purpose of becoming the holding company for and, through a wholly owned subsidiary, Labrador Iron Mines Limited, ("LIM") to carry on the business of exploring and developing a direct shipping iron ore project in the Labrador, in the Province of Newfoundland and Labrador, near Schefferville, Quebec (the "Schefferville Project").

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 were amended on December 15, 2005 to change its corporate name to Labrador Iron Mines Limited. Prior to November 2007, LIM was a wholly-owned subsidiary of Anglesey Mining plc, a public company incorporated under the laws of England and Wales with its shares listed on the London Stock Exchange.

On July 30, 2007, the Company acquired an indirect 22.5 % interest in the Schefferville Project by the issue of 5,400,000 Class A shares of the Company's wholly owned subsidiary ("Subco").

On September 10, 2007, the Company entered into a merger agreement with LIM and Subco under which LIM amalgamated with Subco to form a new company, also named Labrador Iron Mines Limited ("LIM"). Upon the amalgamation, which was completed on November 30, 2007, the existing Class A shares of Subco were exchanged for 5,400,000 common shares of the Company and the existing common shares of LIM were exchanged for 18,600,000 common shares of the Company. The effect of the forgoing transactions was that, in consideration of the issue of an aggregate of 24,000,000 common shares, the Company acquired a 100% interest in the Schefferville Project, which is held through the Company's wholly owned subsidiary LIM.

LIM is a natural resource company with the primary business objective of exploring for and developing direct shipping iron ore deposits on its properties ("Schefferville Property") with a view to undertaking a production feasibility study and, if warranted, the commencement of commercial production of iron ore and related by-products from the deposits located on the Schefferville Property at the earliest opportunity.

LIM holds interests in 29 Mineral Rights Licenses issued by the Department of Natural Resources, Provinces 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 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.

On December 3, 2007, the Company closed an Initial Public Offering ("IPO") through the issue of 11,473,000 Units (each Unit comprising one common share and one-half share purchase warrant) for gross proceeds of $45,892,000.

Subsequent to the end of the period, on January 2, 2008, the Agent in the Company's IPO exercised its over-allotment option and on January 8, 2008 the Company issued a further 1,720,950 Units for gross proceeds of $6,883,800.

The Company's primary business is to develop and commercially exploit iron ore deposits located on the Schefferville Property. Initially, the Company, through LIM, plans to complete a program of verification of drilling and sampling on each of the properties, calculation of a current mineral resource leading to the undertaking of a detailed feasibility study to assess the economic viability of mining and selling direct shipping lump and sinter fine ore to European or Far Eastern steelmakers.

RESULTS OF OPERATIONS

Quarter and Period Ended December 31, 2007

The Company was incorporated on May 17, 2007 and completed an Initial Public Offering on December 3, 2007.

The Company is in the exploration and development stage and had no operations for the quarter and period (from May 17, 2007) ended December 31, 2007. Interest income of $139,288 for both the quarter and the period arose from the investment of the net cash proceeds of the IPO.

For the quarter and period ended December 31, 2007, the Company reported net incomes of $$3,818,643 and $3,618,643 respectively. The principal component of the income was a future income tax recovery of $3,765,746. The future income tax recovery arose due to a reduction in tax rates expected to be in effect at the time that temporary differences are expected to reverse.

During the period, the Company recorded the acquisition of mineral properties at $126,337,866 through the issue of 24,000,000 shares valued at the IPO issue price of $3.56 per share. This amount includes a future income tax liability of $40,798,972 arising from the temporary differences created by the difference between the recorded purchase price and the underlying income tax value of the mineral property interests.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2007, the Company had $42.8 million in cash and current assets representing the net proceeds of the IPO. Current liabilities of $1.4 million largely represent expenses of the IPO.

The Schefferville Property is in the exploration and development stage and, as a result, the Company has no source of operating revenue. The exploration and development activity depends upon the Company's ability to obtain continued financing. The Company depends upon its cash resources and interest income to fund its exploration, development, operating and administrative expenses.

If the Company's exploration programs are successful, additional funds may be required to develop the Schefferville Properties and, if such development is successful, to place the properties into commercial production. The Company intends to raise additional funds to complete its projects. The only sources of future funds presently available to the Company are the sale of equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration or development activities or relinquish rights to certain of its property interests. Failure to obtain additional financing on a timely basis could cause the Company to lose or reduce its interests in some or all of the properties and reduce or terminate its operations.

As discussed above, the Company's properties are in the exploration and development stage, and the Company has no source of operating revenue. During the quarter and period ended December 31, 2007, the Company raised through the IPO the financial resources to undertake it's currently planned activities and is now able to undertake an exploration and development program and prepare a feasibility study on the Schefferville Property. However, there can be no assurance that the Company will be successful in obtaining any additional required funding necessary to conduct additional exploration, development work, to develop mineral resources and, if warranted, commence production on the properties.

OFF BALANCE SHEET TRANSACTIONS

The Company has no off balance sheet transactions.

OBLIGATIONS AND CONTRACTUAL COMMITMENTS

The Company has no long term obligations and contractual commitments. Certain of the Schefferville Property interests are subject to a continuing obligation to arrange production financing for the first one million tons of production from such properties by September 30, 2008.

FINANCIAL INSTRUMENTS

The balance sheet carrying amounts for cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

OUTSTANDING SHARE CAPITAL

The Company's authorized share capital is an unlimited number of common shares.

At December 31, 2007 the Company had outstanding 35,473,001 common shares. The Company also had outstanding 5,736,500 share purchase warrants, 745,745 compensation warrants and 2,950,000 stock options as at December 31, 2007.

On January 8, 2008, the Company issued a further 1,720,950 common shares, 860,475 share purchase warrants and 111,862 compensation warrants.

TRANSACTIONS WITH RELATED PARTIES

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 in which directors or officers of the Company were also directors or officers of $30,000 in respect of office rent. These transactions with related parties were within the normal course of business and have been recorded at the exchange amounts, being the amounts agreed to be the transacting parties.

See also the "*Pre-Offering Restructuring*" described in the Prospectus and Note 4 to the historical financial statements of LIM contained in the Prospectus.

CRITICAL ACCOUNTING ESTIMATES

The Company’s critical accounting policies are described in note 3 to the financial statements of the Company. Management considers the following to be the most critical in understanding the judgments involved in preparing the Company’s financial statements and the uncertainties that could impact its results of operations, financial conditions and future cash flows.

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 Canadian generally accepted accounting principles 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 years 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.

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 expenses and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to capital stock.

The Black-Scholes model was developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restriction. The Company’s options have characteristics that are significantly different from those of traded options and changes in any of the assumptions used can materially affect fair value estimates.

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 statements 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.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties. The principal risks and uncertainties faced by the Company are summarized below.

Exploration Development and Operating Risks
Exploration for minerals and development of mining operations involve many risks, most of which are outside the Company’s control. There can be no assurance that any mineral production will be obtained or continued from the Company’s properties, or that any such production will be profitable. In addition to the normal and usual risks of exploration and mining, 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 and refurbishment of the tracks, rails and culverts will have to be carried out. 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.

Permitting and Environment
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 study, additional permits will be required to bring the Schefferville Project to production. The requirements to obtain these permits will be delineated in the feasibility study. There can be no assurance that the necessary permits will be obtained within a reasonable time or at all.

Political and Legislative
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. No land claim settlement agreement has been reached between Canada and the Naskapi First Nation and title to the land is in dispute.

The Company’s operations are potentially subject to a number of political and legislative risks and the Company is not able to determine the impact of these risks on its business. The Company’s operations and exploration activities are subject to extensive federal, provincial, and local laws and regulations. Such laws and regulations are subject to change and can become more stringent and costly over time.

Metal Prices and Market Sentiment
The prices of metals including iron and steel fluctuate widely and are affected by many factors outside the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. Metal price fluctuations may be either exacerbated or mitigated by international currency fluctuations which affect the metal price received in terms of the domestic currency in which they are produced. The Company relies on equity financings for its working capital requirements and to fund its exploration, development and permitting activities. The Company does not have sufficient funds to put the Schefferville Project into production from its own financial resources. There is no assurance that such financing will be available to the Company or that it will be available on acceptable terms.

Currency risk
The Company is exposed to currency risk as the prices for iron ore are generally denominated in U.S. dollars. Changes in the U.S. dollar/Canadian dollar exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Market risk
Market risk is the risk that the value of a financial instrument might be adversely affected by a change in commodity prices, interest rates or currency exchange rates. The Company manages the market risk associated with commodity prices by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Title risk
Title to mineral properties and mining rights involves certain inherent risks due to the difficulties of identification of the actual Property and of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous convincing history of many mining properties. Although the Company has investigated title to all of its mineral properties for which it holds contractual interests or mineral licenses, the Company cannot give any assurance that title to such properties will not be challenged, impugned or become the subject of title claims by First Nations groups or other parties and cannot be certain that it will have valid title to its mining properties. The Company relies on contracts with third parties and on title opinions by legal counsel who base such opinions on the laws of Newfoundland and Labrador and the federal laws of Canada applicable therein.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company’s disclosure controls and procedures as of December 31, 2007. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Management’s Discussion and Analysis the Company’s disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings, were effective to provide reasonable assurance that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company’s disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures can prevent all errors or mistakes. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Chief Executive Officer and the Chief Financial Officer have evaluated and continue to evaluate the design of internal controls over financial reporting. During this process, management identified certain potential deficiencies in internal controls over financial reporting. These deficiencies are not considered to be significant. During period ended December 31, 2007, the Company adopted basic systems of internal controls over financial reporting. The design of a control system must reflect that there are staffing and financial resource constraints, and that the benefits of controls must be considered relative to their costs to the Company. Due to the limited number of staff at the Company, it is not feasible or cost effective to achieve “ideal” segregation of duties. These matters and their related risks are not uncommon in a company of this size and stage of growth and are not considered to be significant. The Company has taken such action as it considered appropriate to minimize any potential risks from these potential deficiencies, including increased senior management review. The Company anticipates hiring additional accounting and administrative staff, as the Company grows.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal control over financial reporting, including those systems determined to be effective and no matter how well conceived and operated, has inherent limitations and can provide only reasonable, not absolute, assurance that the objectives of the control system are met with respect to financial statement preparation and presentation. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error, mistake or faulty communication. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be detected.

OUTLOOK

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, increasing by in excess of 100% over the last two years, and which are expected to remain robust.

The price of iron ore and steel is impacted by many factors, ultimately reflected in supply and demand. Factors influencing management's opinion that iron ore will continue to be strong include increasing Asian demand for steel, particularly in India and China, combined with perceived lagging world production over the next several years. These supply and demand factors support management's opinion that the price of steel and, consequently, iron ore will continue to be strong.

ADDITIONAL INFORMATION

The Company has filed a Prospectus dated November 23, 2007. This document and other documents filed by the Company are available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This management's discussion and analysis and the accompanying consolidated financial statements contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.