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Labrador Iron Mines Holdings Limited

PRESS RELEASE

CLOSING OF INITIAL PUBLIC OFFERING OVER-ALLOTMENT OPTION ADDITIONAL \$6.9 MILLION

Toronto, ON, January 08, 2008 – Labrador Iron Mines Holdings Limited (TSX:LIR) is pleased to announce that it has closed the sale of an additional 1,720,950 units of the Company for gross proceeds of \$6,883,800 to complete its Initial Public Offering, following the full exercise by the agent, Canaccord Capital Corporation, of its over-allotment option.

As part of the Initial Public Offering of \$45,892,000, which closed December 3, 2007, the Company had granted Canaccord Capital Corporation an over-allotment option, exercisable for a period of 30 days following the closing of the offering, to offer for sale up to an additional 15% of the number of units issued pursuant to the offering at a price of \$4.00 per unit.

Including exercise of the over-allotment option, the Initial Public Offering consisted of 13,193,950 units at an issue price of \$4.00 per unit raising total gross proceeds of \$52,775,800. Each unit consisted of one common share and one-half of one common share purchase warrant, each whole warrant exercisable to purchase one additional common share at a price of \$5.00 per share at any time prior to December 3, 2009.

About Labrador Iron Mines Holdings Limited

The Company was established to explore and develop “direct shipping” iron ore deposits on properties in which it holds interests located in the Labrador Trough, in the province of Newfoundland and Labrador, near Schefferville, Québec.

Following the second closing of the Initial Public Offering the Company now has 37,193,951 common shares outstanding.

The common shares and warrants of Labrador Iron Mines Holdings Limited are listed on the Toronto Stock Exchange under the symbols “LIR” and “LIR.WT”, respectively.

Cautionary Notes:

The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state and may not be offered or sold in the United States absent an exemption from registration.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.

This press release contains “forward-looking information” within the meaning of applicable Canadian securities legislation.

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