



Labrador Iron Mines Holdings Limited

PRESS RELEASE

INITIAL PUBLIC OFFERING INCREASED TO AGGREGATE GROSS PROCEEDS OF \$52.8 MILLION OVER-ALLOTMENT OPTION EXERCISED

Toronto, ON, January 02, 2008 – Labrador Iron Mines Holdings Limited (the “Company”) (TSX:LIR) is pleased to announce that Canaccord Capital Corporation, the agent in the Company’s recently completed initial public offering, has exercised in full its over-allotment option to offer for sale an additional 1,720,950 units of the Company for gross proceeds of \$6,883,800.

As part of the Initial Public Offering, 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.

The offering consisted of 11,473,000 units at an issue price of \$4.00 per unit. Exercise of the over-allotment option has increased the size of the Initial Public Offering to 13,193,950 units raising total gross proceeds of \$52,775,800. Each unit consists 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 24 months from the closing of the offering. The closing of the over-allotment option is anticipated to take place on January 8, 2008.

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.

About Labrador Iron Mines Holdings Limited

The Company was established with the primary business objective 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 exercise of the over-allotment option, the Company will have 37,193,951 common shares, and 6,596,975 share purchase warrants, 857,606 broker warrants and 2,950,000 director and employee stock options outstanding.

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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