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PROSPECTUS



Initial Public Offering

November 23, 2007

LABRADOR IRON MINES HOLDINGS LIMITED

\$45,892,000 (11,473,000 Units)

(Each Unit consisting of one common share and one-half of one common share purchase warrant)

This prospectus qualifies the distribution (the "Offering") by Labrador Iron Mines Holdings Limited (the "Company") of 11,473,000 units (the "Units") at a price of \$4.00 per Unit. Each Unit is comprised of one common share in the capital of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant entitles the holder to purchase one Common Share (a "Warrant Share") for a period of 24 months from the date of closing of the Offering at a price of \$5.00 per Warrant Share. The Units are immediately severable into their constituent Common Shares and Warrants. The Units will be issued pursuant to an agency agreement (the "Agency Agreement") dated as of November 23, 2007, between the Company and Canaccord Capital Corporation (the "Agent"). The offering price of the Units was determined by negotiation between the Company and the Agent.

Price: \$4.00 per Unit

	Price to Public	Agent's Commission⁽¹⁾	Net Proceeds to the Company⁽²⁾⁽³⁾
Per Unit	\$4.00	\$0.26	\$3.74
Total Offering ⁽⁴⁾	\$45,892,000	\$2,982,980	\$42,909,020

Notes:

(1) Pursuant to the terms of the Agency Agreement, the Company has agreed to pay to the Agent a cash commission equal to 6.5% of the aggregate gross proceeds of the Offering (the "Agent's Commission"). In addition, a cash commission of 6.5% of the gross proceeds shall be paid to the Agent in connection with any Units sold pursuant to the exercise of the Over-Allotment Option (as defined herein). The Agent will also be granted non-assignable Warrants (the "Compensation Warrants") to purchase at an exercise price of \$4.00 for a period of 18 months from the Closing Date (as defined herein) that number of Units equal to 6.5% of the number of Units issued pursuant to the Offering including

- those sold upon exercise of the Over-Allotment Option. This prospectus qualifies the issuance of the Compensation Warrants. See “*Plan of Distribution*”.
- (2) Before deducting the expenses of the Offering, estimated to be \$750,000, which the Company will pay from the proceeds of the Offering.
 - (3) The Company has granted the Agent an option (the “Over-Allotment Option”), which is exercisable in whole or in part in the sole discretion of the Agent at any time up to 30 days following the Closing Date, to purchase a number of additional Units equal to 15% of Units sold pursuant to the Offering on the same terms as set out above to cover over-allotments, if any, and for market stabilization purposes. Unless the context otherwise requires, references herein to “Offering”, “Units”, “Common Shares”, “Warrants” or “Warrant Shares” assumes the exercise of the Over-Allotment Option in full. This prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the Units and any Common Shares, Warrants and Warrant Shares comprising the Units issuable upon exercise of the Over-Allotment Option. See “*Plan of Distribution*”.
 - (4) If the Over-Allotment Option is exercised in full, the total price to the public, Agent’s Commission and net proceeds to the Company will be \$52,775,800, \$3,430,427 and \$49,345,373, respectively.

There is currently no market through which any of the securities offered hereby may be sold and purchasers may not be able to resell such securities purchased under this prospectus or those Warrant Shares issued upon the exercise of the Warrants.

The Toronto Stock Exchange (“TSX”) has conditionally approved the listing of the Common Shares and Warrants distributed under this prospectus and the Warrant Shares issuable upon the exercise of the Warrants. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before February 18, 2008.

The Agent has agreed to conditionally offer the Units on a “commercially reasonable efforts” basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*”, and subject to the approval of certain legal matters on behalf of the Company by Neil J. F. Steenberg, Barrister & Solicitor, and on behalf of the Agent by Blake, Cassels & Graydon LLP. In connection with the distribution of the Units, the Agent may engage in market stabilization activities.

Subscriptions for the Units offered pursuant to the Offering will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering (the “Closing”) will take place on or about December 3, 2007, or such later date as the Agent and the Company may agree, but in any event not later than December 31, 2007 (the “Closing Date”), and that certificates representing the Common Shares and Warrants will be issued on the Closing Date.

The completion of the Offering is subject to completion of certain transactions described under “*General Development of the Business – Significant Acquisitions*”.

An investment in the securities offered hereby is highly speculative and involves a significant degree of risk. Investors should carefully review and consider the risk factors outlined in this prospectus before purchasing securities offered hereby. See “*Risk Factors*”.

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SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Unless otherwise indicated or the context requires otherwise, information in this prospectus is presented as if the corporate restructuring transactions described under “Labrador Iron Mines Holdings Limited – Pre-Offering Restructuring” had been completed and references to the “Company” refer to Labrador Iron Mines Holdings Limited and Labrador Iron Mines Limited, its wholly-owned subsidiary, after giving effect to such transactions. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars and U.S. dollars are referred to as “US\$”.

Issuer: Labrador Iron Mines Holdings Limited (the “Company”)

Business of the Company: The Company was established to be the holding company and to carry on the business of Labrador Iron Mines Limited (“LIM”). LIM is a natural resource company with the primary business objective of exploring for and developing direct shipping iron ore deposits on properties in which it holds interests located in and around the Labrador Trough in the Province of Newfoundland and Labrador near Schefferville, Québec (the “Properties”) with a view to undertaking a production feasibility study and, if warranted, the commencement of commercial production of direct shipping iron ore from the deposits located on the Properties at the earliest opportunity. The Properties and LIM’s options and joint venture interests therein and thereto are collectively referred to in this prospectus as the “Schefferville Project”. See *“The Schefferville Project”*.

Management’s current focus is the advancement of the Schefferville Project to commercial production in order to take advantage of strong international demand and the high prices currently prevailing in the iron ore market. The objective of Management is to commence production in mid-2009 with full commercial production of 3.5 million tonnes of saleable direct shipping hematite lump iron ore and sinter fine ore per annum to be achieved by 2010.

The Company’s interests in the Properties comprising the Schefferville Project are currently subject to a joint venture agreement (the “Schefferville Joint Venture Agreement”). See *“The Schefferville Joint Venture Agreement”*.

Pre-Offering Restructuring: The Company was incorporated for the purposes of acquiring an interest in, developing and commercially exploiting the Schefferville Project.

The Offering is conditional upon completion of the merger (the “LIM Merger”) between 1735081 Ontario Limited (“Subco”) and LIM, to form “Labrador Iron Mines Limited” (“Amalco”), whereby Amalco will become a wholly-owned subsidiary of the Company holding a 100% interest in the options and joint venture interests constituting the Schefferville Project (collectively, the “Pre-Offering Restructuring”). See *“The Business of the Company – Significant Acquisitions – Pre-Offering Restructuring”*.

THE SCHEFFERVILLE PROJECT

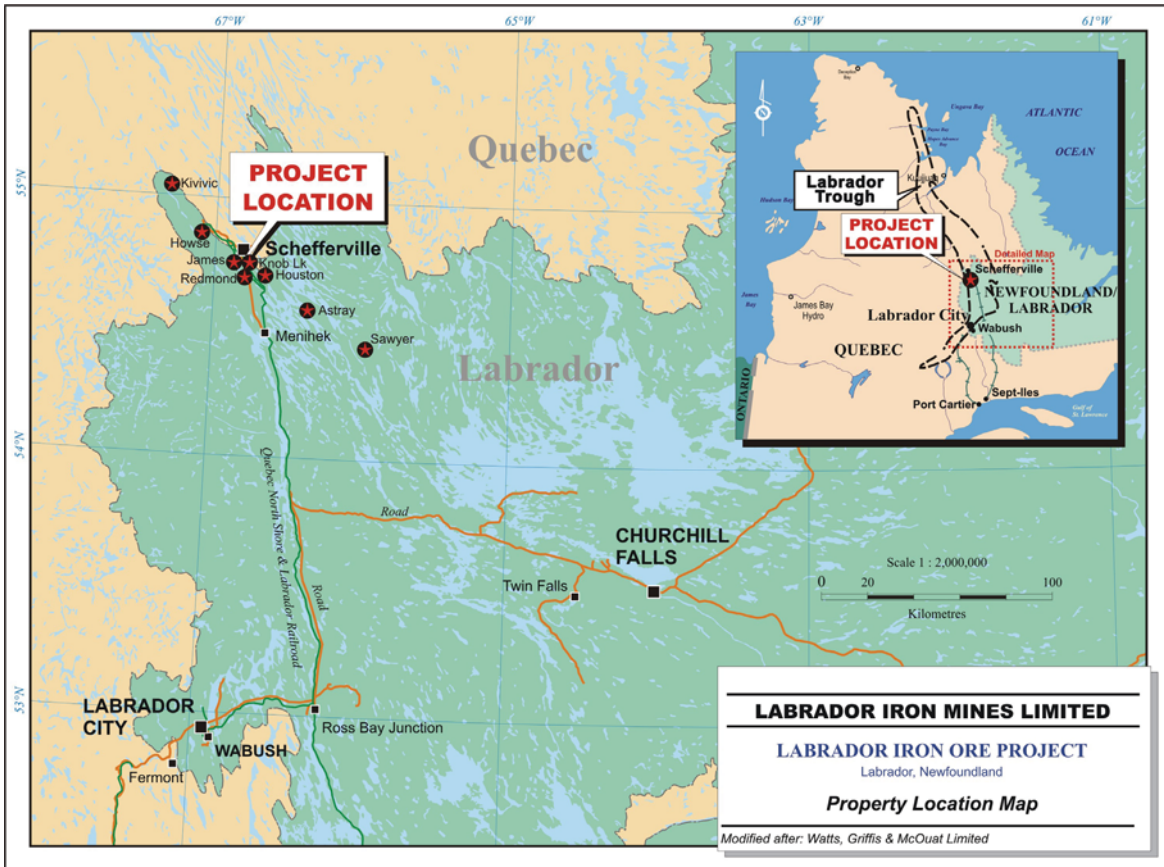
The following are highlights of the Schefferville Project as described in the Technical Report prepared by SNC Lavalin Inc. See *“The Schefferville Project - Technical Report”*.

- The Schefferville Project consists of 29 Mineral Rights Licences in the Province of Newfoundland and Labrador representing 140 mineral claims over 3,500 hectares. The mineral claims are located in the prolific Labrador Trough region of Labrador and Québec, known for its world-class iron deposits including Québec Cartier Mining Company’s (ArcelorMittal) Mont-Wright Project, Iron Ore Company of Canada’s Carol Lake Mine and the Wabush Mine owned by Dofasco Inc. (ArcelorMittal). Canada is one of the top five exporters of iron ore with production concentrated in the Labrador Trough region.
- The deposits at the Schefferville Project are predominantly high grade direct shipping hematite lump and sinter fine iron ore, highly desired by European and Far Eastern steel makers and requiring minimal processing.
- The Schefferville Project is a brownfield development project previously operated by the Iron Ore Company of Canada (“IOCC”) and reported to have produced in excess of 150 million tons of hematite lump and sinter fine iron ore between 1954 and 1982.
- Historical resource estimates of approximately 100 million tons (established by the IOCC - currently non National Instrument 43-101 (“NI 43-101”) compliant). These historical resource estimates can be defined in accordance with standards prescribed by NI 43-101 with the completion of an approximately \$2.0 million drilling program.
- A significant portion of the resource at the Schefferville Project is hematite lump iron ore, a highly sought after product by many of the world’s steelmakers, currently in short supply and often commanding a significant premium in price in the market relative to iron ore fines.
- \$3.3 million budgeted for the completion of a feasibility study aimed at evaluating the development of the project to initially produce 2.0 million tonnes per annum of saleable product, with full production of 3.5 million tonnes by 2010.
- First production is anticipated by mid-2009.
- Extensive infrastructure in place in and around the Schefferville Project.

The resource estimates quoted above are based on prior data and reports prepared by IOCC. These historical estimates are not current and do not meet standards prescribed by NI 43-101 and are reported 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.

See “The Schefferville Project – Technical Report – Mineral Resource and Reserve Estimates”.

Property Location Map



THE OFFERING

- Offering:** The Company is hereby offering 11,473,000 Units for aggregate gross proceeds of \$45,892,000. In addition, the Agent has been granted the Over-Allotment Option, exercisable at any time up to 30 days from the Closing Date, to purchase a number of additional Units equal to 15% of the Units sold pursuant to the Offering at a price equal to the Issue Price, to cover over-allotments, if any, and for market stabilization purposes. See “*Plan of Distribution*”.
- Issue Price:** \$4.00 per Unit.
- Units:** Each Unit is comprised of one Common Share and one-half of one Warrant. Each whole Warrant entitles the holder to purchase one Common Share in the capital of the Company (a “Warrant Share”) for a period of 24 months from the date of Closing at a price of \$5.00 per Common Share.
- Use of Proceeds:** The net proceeds to the Company from the Offering are estimated to be \$42,159,020 (\$48,595,373 if the Over-Allotment Option is exercised in full) after deducting the Agent’s Commission of \$2,982,980 (\$3,430,427 if the Over-Allotment Option is exercised in full) and the expenses of the Offering estimated to be \$750,000.

Such proceeds and other available cash will be used to fund a two phase program of further exploration and development of the Schefferville Project, preparation of a feasibility study and for general working capital. Actual use of these proceeds may vary, depending on the Company’s operational and capital needs from time to time.

The Company expects to use the net proceeds of the Offering as follows:

Intended Use of Available Funds	
Phase 1 Work Program	\$ 2,000,000
Feasibility Study	1,300,000
Environmental and other studies	1,200,000
Phase 1 General and Administrative Expenses	\$ 1,000,000
Phase 1 Total	<u>5,500,000</u>
	\$
Phase 2 Work Program	\$ 3,500,000
Feasibility Study	<u>900,000</u>
Marketing and other studies	<u>2,100,000</u>
Phase 2 General and Administrative Expenses	\$ 850,000
Phase 2 Total	<u>7,350,000</u>
Reserve for infrastructure upgrades and capital expenditures	\$ 12,000,000
Unallocated Working Capital	\$ 17,309,020
TOTAL	<u><u>42,159,020</u></u>

Following completion of the feasibility study and in accordance with its recommendations, the Company will review its capital needs to bring the Schefferville Project into full operation and seek such additional financing, whether in the form of equity, debt or a combination of both, as it considers advisable at that time.

See “*Use of Proceeds*”.

**Summary of
Financial
Information:**

The following provides a summary of certain financial information of LIM for the financial years ended March 31, 2007, March 31, 2006 and March 31, 2005 and the three month periods ended June 30, 2007 and June 30, 2006 and should be read in conjunction with the sections of this prospectus entitled “*Selected Consolidated Financial Information*” and “*Management’s Discussion and Analysis*”, the financial statements of the Company and LIM and the notes thereto included elsewhere in this prospectus.

	Financial year ended March 31, 2007 (audited)	Financial year ended March 31, 2006 (audited)	Financial year ended March 31, 2005 (audited)	Three month period ended June 30, 2007 (unaudited)	Three month period ended June 30, 2006 (unaudited)
Revenue	–	–	–	–	–
Net loss	\$ 54,710	25,500	–	6,855	7,408
Net loss per share	\$ 547	255	–	69	74
Total assets	\$ 1,278,266	192,552	–	1,481,891	264,576
Total long-term debt	\$ Nil	Nil	Nil	Nil	Nil
Shareholders’ equity (deficiency)	\$ (80,210)	(25,500)	–	(87,065)	(32,908)
Cash dividends declared per share	\$ Nil	Nil	Nil	Nil	Nil

Risk Factors:

There are risk factors that should be considered by persons proposing to make an investment in securities of the Company, which should be considered highly speculative, and investors may incur a loss on their investment. The Company is currently at the exploration and development stage and to date has not defined any commercial quantities of mineral reserves on its Properties. There is no assurance any resources developed on the Properties may prove to be economically mineable. While the Company has followed standard, industry-accepted due diligence procedures to ensure that it has valid contractual interests or title to its Properties, there is no guarantee that the Company’s ownership interest is 100% certain or that it cannot be challenged by claims from unknown third parties including first nations claiming an interest in its Properties. The Company’s activities will require permits or licenses which may not be granted to the Company. The Company will need to negotiate transportation agreements with third parties and there is no assurance that such negotiations will be successful. The Company competes with other companies with greater financial resources and technical facilities. The Company has no history of earnings. The Company may be affected by political, economic, environmental and regulatory risks beyond its control. The Company and its assets may also become subject to uninsurable risks. The Company is currently largely dependent on the performance of its directors and officers and there is no assurance the Company can retain their services. In recent years, both metal prices and publicly traded securities prices have fluctuated widely. See “*Risk Factors*” for details of these and other risks relating to the Company’s business.

ELIGIBILITY FOR INVESTMENT

In the opinion of Neil J. F. Steenberg, Barrister & Solicitor, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agent, based on the current provisions of the *Income Tax Act* (Canada) and regulations thereunder, if, as and when the Common Shares and Warrants are listed on a prescribed stock exchange (which currently includes the TSX) the Common Shares and Warrants comprising the Units will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking information” (also referred to as “forward-looking statements”) which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects, the future price of iron ore, the estimation of mineral reserves and resources, the realization of mineral resource estimates, the operating and exploration expenditures, costs and timing of future exploration and production, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and feasibility studies; economic evaluations which prove to be inaccurate; changes in project parameters as plans continue to be refined; the future assumptions in the price of iron ore; possible variations of ore grade or recovery rates; failure of the plant, equipment or processes to operate as anticipated; accidents, labour disputes or slowdowns and other risks of the mining industry; climate conditions; arbitrary decision by governmental authorities; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled “*Risk Factors*” in this prospectus. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this prospectus and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances, management’s estimates or opinions should change. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

LABRADOR IRON MINES HOLDINGS LIMITED

The Company was incorporated by Articles of Incorporation dated May 17, 2007 under the *Business Corporations Act* (Ontario) with a registered office located at Suite 1002, 111 Richmond Street West, Toronto, Ontario, Canada, M5H 2G4. The Company has one wholly-owned subsidiary, 1735081 Ontario Limited (“Subco”), which was incorporated on May 17, 2007 by Articles of Incorporation under the *Business Corporations Act* (Ontario).

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 Properties and the related option and joint venture interests therein and thereto are sometimes collectively referred to in this prospectus as the “Schefferville Project”. See “*The Schefferville Project*” and “*The Business of the Company - Significant Acquisitions*”.

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. The registered office of LIM is located at Suite 1002, 111 Richmond Street West, Toronto, Ontario, Canada, M5H 2G4. LIM is 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”. See “*Principal Holders of Common Shares*”. LIM has no subsidiaries.

The Properties are currently held subject to: (i) a joint venture agreement dated as of October 1, 2006 (the “Schefferville Joint Venture Agreement”) among LIM, Kensam Enterprises Inc. (“Kensam”) and 3222594 Canada Inc. (“3222594”), a corporation controlled by Terence N. McKillen, a director and officer of the Company, and Energold Minerals Inc. (“Energold”), a corporation controlled by John F. Kearney, a director and officer of the Company, and (ii) an option agreement dated September 15, 2005 between Energold and Fonteneau Resources Limited (“Fonteneau”) as amended by an amending agreement dated June 30, 2007 (the “Fonteneau/Energold Agreement”). See “*The Business of the Company - The Schefferville Joint Venture Agreement*”.

The Properties include certain properties referred to as the Houston, Astray, Howse and Kivivic properties (collectively, the “LIM Properties”) held by LIM; and the James, Knob Lake, Redmond and Houston properties (the “Fonteneau Development Properties”) and the Sawyer and Astray properties (the “Fonteneau Sawyer/Astray Properties”) (collectively, the “Fonteneau Properties”) which are held by Fonteneau and in which LIM has earned a 20% interest and holds an option to earn the remaining 80%. See “*The Schefferville Project*” and “*The Business of the Company - Significant Acquisitions*”.

THE BUSINESS OF THE COMPANY

Business Objectives and Milestones

The Company was established to be the holding company and to carry on the business of LIM. LIM is a natural resource company with the primary business objective of exploring for and developing direct shipping iron ore deposits on the Properties located in western Labrador in the Province of Newfoundland and Labrador near Schefferville, Québec with a view to undertaking a production feasibility study and, if warranted, the commencement of commercial production of direct shipping iron ore from the deposits located on the Properties at the earliest opportunity.

The Schefferville Project is a brownfield development project in a region with 28 years of historic production by Iron Ore Company of Canada (“IOCC”) which reported producing in excess of 150 million tons of lump and fine ore or “fines” between 1954 and 1982. The deposits at the Schefferville Project are predominantly direct shipping hematite lump and sinter fine ore that is sought after by European and Far Eastern steel makers and is in short supply. 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 iron deposits comprising the Schefferville Project currently have a historical resource of iron ore estimated to be approximately 100 million tons by IOCC in 1982, prior to the closure of its Schefferville operations in what was then a significantly different iron ore price environment. 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 Schefferville Project is located in the center of the Labrador Trough, one of the top five iron ore producing regions in the world. See “*The Schefferville Project – Technical Report*”.

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. See “*The Schefferville Project – Technical Report – Recommendations*”.

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. The objective of Management is to commence production by mid-2009 with full commercial production of 3.5 million tonnes of saleable product per annum to be achieved by 2010.

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. See “*The Iron Ore Market*”, “*Management’s Discussion and Analysis*” and “*Risk Factors*”.

Initially, the Company, through LIM, plans to complete a program of verification drilling and sampling on each of the Properties leading to the definition of a resource on the Properties in compliance with the standards prescribed by NI 43-101, and completion of a detailed feasibility study to assess 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 feasibility study, the Company will evaluate the most suitable utilization of existing pits in the immediate vicinity for waste disposal.

Subject to the results of the feasibility study described above, 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. See "*The Schefferville Project – Technical Report – Transport and Shipping*".

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. See "*The Iron Ore Market*".

Subject to the availability of necessary financing, the Company also intends to seek out, evaluate and acquire other mineral exploration properties and projects.

Exploration and Development

During the period from September 2005 to June 30, 2007, LIM has expended \$1,371,175 in conducting exploration, development and other work on the Schefferville Project. Such work consisted of 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. Summaries of this work are detailed in the Technical Report prepared by SNC Lavalin Inc. See "*The Schefferville Project – Technical Report*".

Infrastructure

The Properties are located inside a 65 km radius of the town of Schefferville, Québec. Management anticipates that the first group of properties from which mining by LIM would commence are the James, Houston, Knob Lake and Redmond deposits which are located within 20 km of Schefferville. The Sawyer Lake and Astray Lake properties are some 50 to 65 km southeast from Schefferville, respectively, and are cut off from the local infrastructure by connected lakes. The Howse and Kivivic deposits are some 25 and 45 km northwest from Schefferville, respectively. Historically IOCC undertook excavation or pre-development activities on or adjacent to all the Properties other than Sawyer and Astray.

Schefferville is located in Innu territory on the north shore of Knob Lake at an approximate distance of 2 km from Labrador. The town was established by IOCC in 1954 to support mining operations in the area. There are 222 residents in the town of Schefferville. Very few residents in Schefferville are unemployed.

Infrastructure services available in Schefferville include fire, police and emergency medical care (Dispensaire de Schefferville), as well as community water and sewer services and electricity supply

through the Schefferville Power Company. Available community services include a community radio station, recreation centre, parish hall, gymnasium, playground, childcare centre and drop-in centre.

The First Nations residents of the reserve in the immediate vicinity of Schefferville are members of the Matimekosh-Lac John Band Council. The town and reserve are closely linked within the community and geographically separated by one street. The Naskapi Nation of Kawawachikamach is located in the community of Kawawachikamach situated in Québec about 20 km outside the town of Schefferville.

Travel to Schefferville is by rail or air. The Schefferville airport, owned by Transport Canada, and operated by the Schefferville Airport Corporation since March 1999, is serviced by regularly scheduled commercial flights. Facilities include a 200 m² air terminal building built in 1971 and one 1500m X 45m (5000' X 150') asphalted runway.

Schefferville is connected by rail with Labrador City and with the sea port of Sept-Îles on the Gulf of St. Lawrence and a passenger and light freight rail service is operated twice weekly between Schefferville and Sept-Îles. See *“The Railway”*.

The Railway

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 Menihek Division (208 km) between Ross Bay Junction and Schefferville to Tshiuetin Rail Transportation Inc. (“TRTI”).

TRTI is owned equally by Naskapi Nation of Kawawachikamach, Nation Innu Matimekush-Lac John and Innu Takuaikan 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 Menihek section of the railway owned by TRTI will require some upgrading and rehabilitation to carry iron ore between Schefferville and Ross Bay Junction as detailed in the Technical Report. See *“The Schefferville Project - Technical Report”*.

LIM / TRT Transportation Memorandum of Understanding (“MOU”)

LIM has entered into a Memorandum of Understanding 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.

TRTI is the sole owner and the exclusive operator of rail service between Schefferville and Ross Bay Junction over which any iron ore mined from the Properties must be transported. The First Nation of

Innu Takuaikan 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.

First Nations Land Claims

There are a number of First Nations peoples living in the Québec-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 Properties which constitute the Schefferville Project. The boundaries of the traditional territories claimed by these groups, if established, may impact on the Labrador area including the areas which constitute the Schefferville Project.

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 subjects to be negotiated such as land title, aboriginal harvesting rights, access to resources, aboriginal participation in resource management and financial compensation.

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 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 Properties or who may be impacted by the Schefferville Project.

The Schefferville Joint Venture Agreement

The Properties of the Schefferville Project are subject to a series of contractual arrangements including the Schefferville Joint Venture Agreement pursuant to which LIM currently holds a 77.5% joint venture interest in the Schefferville Project. The remaining 22.5% was held by Kensam and 3222594 in equal shares until July 30, 2007. Effective July 30, 2007, the Company, through Subco, acquired Kensam and 3222594's 22.5% joint venture interest in the Schefferville Project. See "*Significant Acquisitions – Transfer Agreement*". The Schefferville Project is also subject to the Fonteneau/Energold Agreement.

Kensam has retained the right to enter into a non-exclusive marketing agreement with LIM to market iron ore and related products produced in connection with the Schefferville Project.

The following is a description of the material agreements underlying and affecting the rights of the parties to the Schefferville Joint Venture Agreement:

Fonteneau/Energold Agreement

Pursuant to the Fonteneau/Energold Agreement dated September 15, 2005, Energold and Fonteneau combined their respective interests in the Properties and agreed to cooperate in the further exploration and development of such interests.

The Fonteneau/Energold Agreement granted Energold two options on the Fonteneau Properties: (i) a development option with respect to the Fonteneau Development Properties (the “Development Option”); and (ii) an option with respect to the Fonteneau Sawyer/Astray Properties (the “Sawyer/Astray Option”).

Under the Development Option, Energold was granted the right to earn a 20% interest in each of the Fonteneau Development Properties by incurring \$400,000 in expenditures and completing a feasibility study by September 30, 2006. If Energold elected on or before September 30, 2006 to continue with the Development Option, Energold had the right to earn a further 80% interest in the Fonteneau Development Properties by committing to put one or more of the Fonteneau Development Properties into production pursuant to the feasibility study and arranging production financing for the first one million tons of production from one or more of the Development Properties, whereupon Energold would earn a 100% interest in each of the Fonteneau Development Properties, subject only to the Fonteneau Royalty (as defined below).

Under the Sawyer/Astray Option, Energold was granted the right to earn a 40% (subsequently adjusted to 20%) interest in the Fonteneau Sawyer/Astray Properties by incurring \$200,000 in expenditures in carrying out an exploration program by September 30, 2006. If Energold elected to continue with the Sawyer/Astray Option it was required to incur expenditures on development work including the preparation of a feasibility study. Energold was granted the right to earn a further 60% (subsequently adjusted to 80%) interest in the Fonteneau Sawyer/Astray Properties by committing to put the Fonteneau Sawyer/Astray Properties into production, either individually or in combination with other properties, pursuant to a feasibility study and arranging production financing for the first one million tons of production from the Fonteneau Sawyer/Astray Properties and other properties, whereupon Energold would earn a 100% interest in the Fonteneau Sawyer/Astray Properties, subject only to the Fonteneau Royalty.

Under the Fonteneau/Energold Agreement, Fonteneau was also granted a royalty (the “Fonteneau Royalty”) of 3% on the Energold Properties, as well as retaining a 3% royalty on the Fonteneau Properties. The Fonteneau Royalty is capped at US\$1.50 per ton on the James, Knob Lake, Redmond, and Houston properties; US\$1.00 per ton on the Fonteneau Sawyer/Astray Properties; and US\$0.50 per ton on the Howse and Kivivic properties.

The Fonteneau/Energold Agreement replaced an earlier option and development agreement between Fonteneau and Kensam dated January 30, 2005 whereby Kensam had been granted the option to earn a 90% interest in certain Sawyer, Astray and James properties.

Anglesey Option Agreement

Pursuant to an option agreement dated September 30, 2005 between Energold, Kensam and 3222594 of the one part and Anglesey and LIM of the other part (the “Anglesey Option Agreement”), Anglesey and LIM were granted an option to earn a 70% interest in the Schefferville Project by assuming the obligations of Energold under the Fonteneau/Energold Agreement and by carrying out exploration and completing a preliminary feasibility study on the Properties. The remaining 30% interest was retained by Energold, Kensam and 3222594 in equal shares.

Pursuant to the Anglesey Option Agreement, LIM, as nominee of Energold, incurred expenditures and carried out the work required to be completed on the Properties as set out therein. As a result of this work, LIM also exercised its option under the Anglesey Option Agreement and earned a 70% interest in the Schefferville Project.

Energold and Anglesey Assignments to LIM

Pursuant to an assignment and assumption agreement dated September 30, 2006, Anglesey assigned to LIM all of its rights and interests under the Anglesey Option Agreement.

Pursuant to assignment agreements dated September 30, 2006, Energold assigned and transferred to LIM: the LIM Properties; its 10% interest in the Schefferville Project; and all of its rights and interests under the Fonteneau/Energold Agreement, subject to the rights of Kensam and 3222594, and subject to the Fonteneau Royalty in consideration of LIM assuming all of Energold's obligations under the Fonteneau/Energold Agreement.

Following the assignment agreements dated September 30, 2006, LIM held an 80% interest in the Schefferville Project, subject to the 20% combined interest held by Kensam and 3222594, and also subject to the Fonteneau/Energold Agreement, now assigned to LIM. Pursuant to the Schefferville Joint Venture Agreement, the combined interest of Kensam and 3222594 in the Schefferville Project was increased from 20% to 22.5% by the subsequent contribution of \$250,000 to exploration and development expenditures on the Properties, and LIM's interest was adjusted to 77.5%. Effective July 30, 2007, the Company, through Subco, acquired the 22.5% combined interest of Kensam and 3222594 in the Schefferville Project. See "*Significant Acquisitions – Transfer Agreement*".

Fonteneau Amending Agreement

By way of two notification letters addressed to Fonteneau dated September 28, 2006 and March 21, 2007, respectively, LIM on behalf of itself and Energold, informed Fonteneau that the initial conditions to the Development Option and the Sawyer/Astray Option had been met, and that Energold's interest under the Fonteneau/Energold Agreement had been assigned to LIM.

Pursuant to an amending agreement dated June 30, 2007 among Fonteneau, Fenton Scott and Graeme Scott, and LIM, Kensam, 3222594 and Energold, among other things, Fonteneau, Fenton Scott and Graeme Scott acknowledged that Energold's interest in the Properties and obligations under the Fonteneau/Energold Agreement had been assigned to LIM; that LIM had earned a 20% interest in each of the Fonteneau Properties; and that LIM had the right to earn a further 80% interest in the Fonteneau Properties by arranging production financing for the first one million tons of production from one or more of the Fonteneau Properties.

The Fonteneau/Energold Agreement, as amended, provides that if LIM has not arranged production financing for the first one million tons of production from the Fonteneau Properties by September 30, 2008, LIM will retain a 20% undivided interest in the Development Properties (James, Houston, Knob and Redmond) and a 20% undivided interest in the Fonteneau Sawyer/Astray Properties subject to the Fonteneau/Energold Agreement. LIM will also hold a 100% interest in the LIM Properties.

Significant Acquisitions

Pre-Offering Restructuring

The Offering is conditional upon completion of the merger (the “LIM Merger”) between Subco and LIM to form “Labrador Iron Mines Limited” (“Amalco”), whereby Amalco will become a wholly-owned subsidiary of the Company holding a 100% interest in the options and joint venture interests constituting the Schefferville Project.

Effective July 30, 2007, Subco entered into an acquisition agreement with Kensam and 3222594 (the “Transfer Agreement”) whereby in consideration of 5,400,000 Class A shares of Subco, Subco acquired from Kensam and 3222594, a 22.5% interest in the Schefferville Project, subject to the terms and conditions of the Transfer Agreement. See “*The Business of the Company – Significant Acquisitions – Transfer Agreement*”.

On September 10, 2007, the Company entered into a merger agreement with Subco and LIM (the “Merger Agreement”), which provides that LIM and Subco will complete the LIM Merger pursuant to the *Business Corporations Act* (Ontario) to form Amalco. Upon the LIM Merger becoming effective, the existing Class A shares of Subco will be exchanged for Common Shares of the Company, the existing common shares of Subco will be exchanged for common shares of Amalco and existing shares of LIM will be exchanged for Common Shares of the Company. See “*Merger Agreement*”.

As a result of the Transfer Agreement and the Merger Agreement, upon the LIM Merger becoming effective, Amalco will be a wholly-owned subsidiary of the Company holding a 100% interest in the Schefferville Project.

The completion of the Offering is conditional upon the completion of the Pre-Offering Restructuring. The completion of the LIM Merger is subject to, among other things, the approval of the LIM Merger by the shareholders of Anglesey. The meeting of Anglesey shareholders shall be convened on November 30, 2007. Anglesey has received verbal undertakings from shareholders holding in excess of 50% of its shares that they will vote their shares for approval at the meeting. If the requisite approval is not obtained, the LIM Merger and the Offering will not proceed. See “*Plan of Distribution*”. The Company has agreed to assume the costs of the Pre-Offering Restructuring which are recorded as costs of the issue in the pro forma financial statements included in this prospectus. See “*Financial Statements*”.

Transfer Agreement

Kensam and 3222594 previously held, in equal shares, a 20% interest in the Schefferville Project pursuant to the Schefferville Joint Venture Agreement. Kensam also had the right under that agreement to earn a further 2.5% interest in the Properties by contributing at least \$250,000 to further exploration and development expenditures on the Properties. Kensam and 3222594 has subsequently contributed \$250,000 and Kensam and 3222594 collectively held a 22.5% interest in the Schefferville Project.

Effective July 30, 2007, Kensam, 3222594 and Subco entered into the Transfer Agreement pursuant to which, among other things, Kensam and 3222594 transferred all of their 22.5% interest in the Schefferville Project to Subco in consideration for 5,400,000 Class A shares of Subco.

Following the effective date of the LIM Merger, and pursuant to the Merger Agreement, Kensam and 3222594 will exchange their 5,400,000 Class A shares of Subco for 5,400,000 Common Shares of the Company.

Merger Agreement

In order to unify the interests held by each of LIM and Subco, respectively, in the Schefferville Project, and to implement its business objectives, the Company entered into the Merger Agreement with Subco and LIM on September 10, 2007, whereby Subco and LIM will amalgamate to form Amalco. The Merger Agreement provides as follows:

1. Amalco will be named “Labrador Iron Mines Limited”;
2. the Company, being the sole common shareholder of Subco, will exchange its common shares of Subco for common shares of Amalco on the basis of one common share of Amalco for each common share of Subco;
3. Labrador Iron plc (a wholly-owned subsidiary of Anglesey), being the sole shareholder of LIM, will exchange its common shares of LIM for 18,600,000 Common Shares of the Company;
4. Kensam and 3222594, being the sole Class A shareholders of Subco, will exchange their Class A shares of Subco for 5,400,000 Common Shares of the Company;
5. the by-laws of LIM will become the by-laws of Amalco;
6. the registered office of LIM will become the registered office of Amalco, namely Suite 1002, 111 Richmond Street West, Toronto, Ontario, M5H 2G4; and
7. the board of directors of Amalco shall consist of Messrs. Kearney, Hooley and McKillen, each of whom are directors of the Company.

Completion of the LIM Merger is subject to the satisfaction of certain preconditions as follows:

1. signing of the Agency Agreement in respect of the Offering;
2. approval by the shareholders of Anglesey, the sole shareholder of LIM’s parent corporation, Labrador Iron plc;
3. conditional approval for listing of the Common Shares on a recognized stock exchange in Canada; and
4. completion of the Transfer Agreement and assignment to Subco of Kensam and 3222594’s 22.5% interest in the Schefferville Project.

Upon completion of the LIM Merger, LIM will be a wholly-owned subsidiary of the Company. Upon completion of the Offering, a total of 18,600,000 Common Shares (52.43%) will be indirectly held by Anglesey, the former sole shareholder of LIM, 2,700,000 Common Shares (7.61%) will be held by Kensam, 2,700,000 Common Shares (7.61%) will be held by 3222594 and the remaining 11,473,000 Common Shares (32.34%) will have been distributed pursuant to the Offering (each on an undiluted basis). If the Over-Allotment Option is fully exercised 18,600,000 (50.01%) Common Shares will be indirectly held by Anglesey, 2,700,000 (7.26%) Common Shares will be held by Kensam, 2,700,000 (7.26%) Common Shares will be held by 3222594 and 13,193,950 (35.48%) will have been distributed pursuant to the Offering. See “*Principal Holders of Common Shares*”.

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 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:

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

Required Permitting Prior To Development

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).

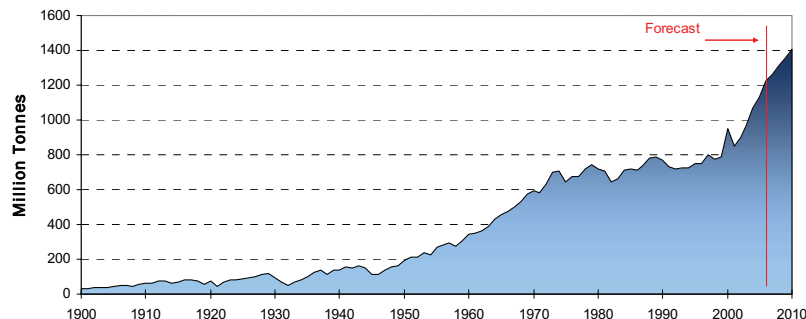
Legislation principally applicable to the permitting process by the Government of Canada includes (i) the *Environmental Assessment Act*, the *Environmental Protection Act* and the *Species at Risk Act* all administered by Environment Canada; (ii) the *Fisheries Act* administered by Fisheries and Oceans 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 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. Currently, the value of global steel production is approximately US\$800 billion per annum, up substantially from the US\$300-400 billion range in the 1980s and 1990s. 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.

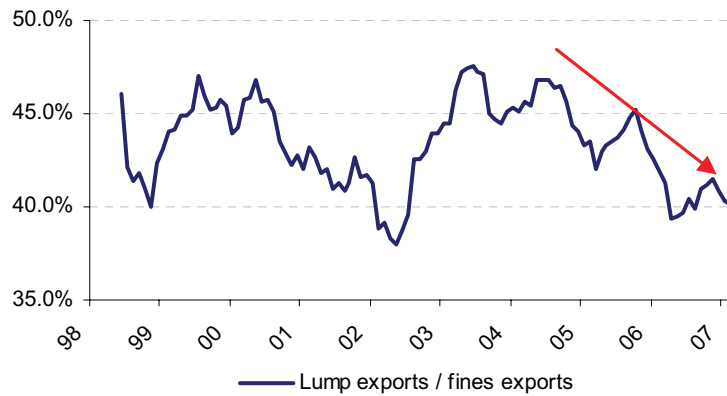
Global Steel Production



Source: IISI, Canaccord Adams Forecasts

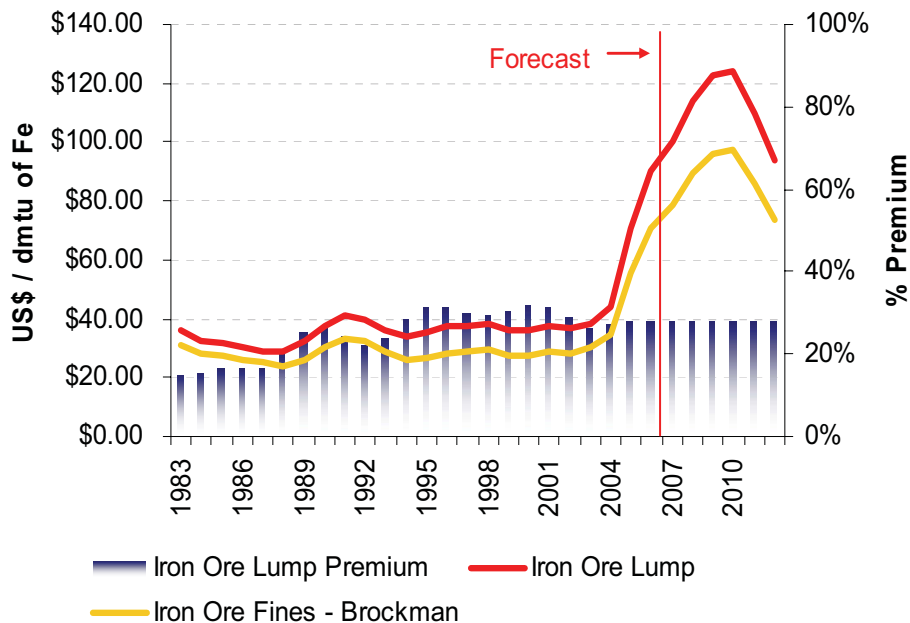
Iron ore consists of oxygen and iron atoms bonded together to form the iron-oxide molecule and needs to have the oxygen removed through smelting to create a purer iron product. During this process, the iron ore is heated to extreme temperatures in blast furnaces where lump ore is more stable and therefore preferred. By comparison, iron fines must be sintered before charging to the furnace. The graphs below show the lump to fines export ratio and the historic and forecasted premium for lump ore relative to fines. Both of these graphs show that the premium for lump ore 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.

Lump Exports / Fines Exports



Australian Bureau of Statistics

Historical Iron Ore Price



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.

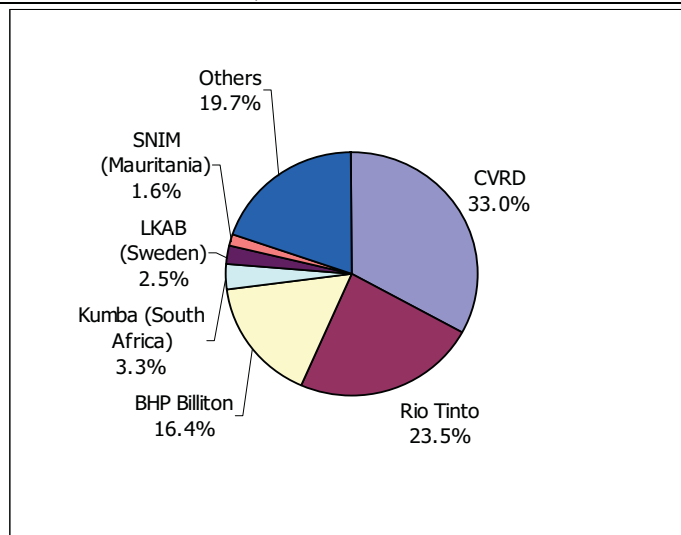
Demand is expected to continue to drive the market. For example, Baosteel Group Corp., China’s largest steelmaker, has stated that it will increase annual purchases of iron ore by 90% by 2012 as it expands its milling operations to meet demand from the automotive and appliance makers.

Supply constraints are expected to add to the upward pressure on steel prices. In February 2007, India’s government announced a tariff that was later revised in May 2007, to be imposed on iron ore exports, in order to dis-incentivize the foreign purchase of Indian iron ore, and ensure sufficient supply of iron to meet domestic needs. Chronic and on-going professional and skilled labour shortages experienced by the world’s largest producers of iron including Rio Tinto plc and BHP Billiton plc are also likely to constrain expansion and therefore future supply.

As noted in the chart below, the three largest iron ore producers (Compania Vale de Rio Doce or CVRD, Rio Tinto plc and BHP Billiton plc) control approximately 73% of the global seaborne iron ore market. This dominant market share is expected to provide relative stability of iron ore supply and prices for the foreseeable future.

On November 12, 2007, BHP Billiton plc launched an unsolicited offer for Rio Tinto plc. If successful, this transaction would result in a further concentration of the seaborne iron ore trade and should provide increased supply and price discipline by the world’s largest iron ore producers.

Market share of global seaborne iron ore market, 2006



Source: AME Minerals Economics

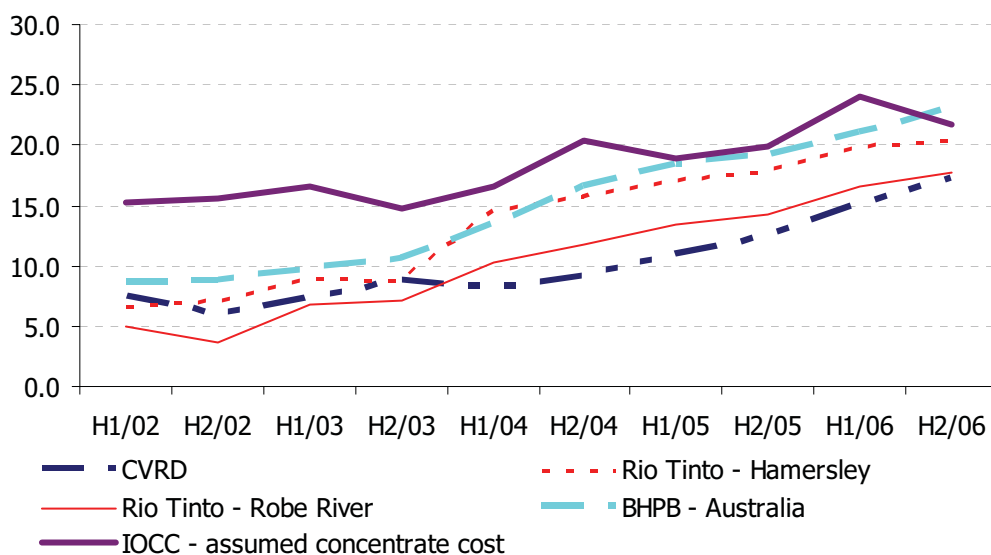
The Canadian Iron Ore Market

Canada produced 31 million tonnes of iron ore and exported 23 million tonnes of iron ore in 2004, 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, LIM is well positioned to capitalize on

the existing industry-related infrastructure facilitating export of its product to the leading importers of Canadian iron ore.

In addition, CVRD is experiencing operating cost pressure in Brazil while Rio Tinto plc and BHP Billiton plc are facing higher Australian operating costs. This pressure has benefited the competitive position of Canadian iron ore producers, the largest being Rio Tinto plc's IOCC operations. This cost trend experience is noted in the following chart:

Profit and Loss cash costs of iron ore production for IOCC compared to the majors, US\$/t



Source: Company data, Canaccord Adams

LIM expects to benefit from the increased competitiveness of Canadian iron ore operations, manpower availability and ready access to existing infrastructure.

Competitive Conditions

The mineral exploration and mining industry is competitive in all phases of exploration, development and production. The Company competes with a number of other entities and individuals in the search for and the acquisition of attractive mineral properties. As a result of this competition, the majority of which is with corporations with greater financial resources than the Company, the Company may not be able to acquire attractive properties in the future on terms it considers acceptable. Finally, the Company competes with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investments and other capital. The ability of the Company to acquire and develop attractive mineral properties in the future depends not only on its success in exploring and developing the Properties but also on its ability to select, acquire and bring into production suitable properties or prospects for future exploration, mining and development. Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company. See “*Risk Factors*”.

THE SCHEFFERVILLE PROJECT

For an explanation of certain technical terms used in this prospectus, see “Glossary of Technical Terms” beginning on page 80 of this prospectus.

Introduction

The following disclosure concerning the Schefferville Project is made based on the assumption of a 100% interest in the Schefferville Project by the Company, subject to the Fonteneau Royalty, through the ownership of all of the shares of Amalco following completion of the LIM Merger. See “*The Business of the Company – Pre-Offering Restructuring*”.

The Properties are located in the prolific Labrador Trough region, in the Province of Newfoundland and Labrador in the vicinity of the town of Schefferville, Québec. LIM’s holdings consist of interests in the Astray, Howse, Houston, James, Kivivic, Knob Lake, Redmond, Sawyer and other properties held under 29 Mineral Rights Licences issued by the Department of Natural Resources, the Province of Newfoundland and Labrador, representing 140 mineral claims covering a total area of approximately 3,500 hectares, all of which are subject to the Fonteneau Royalty and the terms of the Schefferville Joint Venture Agreement. The Properties consist of the following:

- ***Knob Lake Property*** – consists of mining claims in the Ruth Lake area covering an area of 50 ha. in one Mineral Rights License.
- ***Redmond Property*** – consists of mining claims in the Gilling Lake area covering an area of 300 ha. in one Mineral Rights License.
- ***James Property*** – consists of mining claims in the Knob Lake area covering an area of 200 ha. in two Mineral Rights Licenses. 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. in eight Mineral Rights Licenses. 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. in six Mineral Rights Licenses, five of which are held by LIM and one of which is held by Fonteneau.
- ***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. in two Mineral Rights Licenses.
- ***Kivivic Property*** – consists of mining claims in the Kivivic Lake area covering an area of 375 ha. in six Mineral Rights Licenses.

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 section of a scientific or technical nature in respect of the Schefferville Project is based 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 following summary has been prepared with the consent of SNC and, in some cases, is a direct extract from the Technical Report.

The Technical Report has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR at www.sedar.com. A copy of the Technical Report may be inspected during distribution of the securities being offered under this prospectus and for 30 days thereafter during normal business hours at the Company’s offices at Suite 1002, 111 Richmond Street West, Toronto, Ontario M5H 2G4 and at the offices of its legal counsel, Neil J.F. Steenberg, Suite 1002, 111 Richmond Street West, Toronto, Ontario M5H 2G4.

Monetary units in the Technical Report are shown in a combination of \$ and US\$. US\$ are used as iron ore is predominately sold in this currency on world markets. Abbreviations used in the Technical Report are listed in the Glossary of Technical Terms.

Property Description and Location

LIM holds title to or an interest in, subject to option and joint venture agreements described below, 29 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.

List of Claims

Claim	Area	No. Units ¹	Date Recorded	Deposit
011231M	Knob Lake	4.0	2005/09/08	James
010039M	Knob Lake	4.0	2004/04/12	James
011074M	Ruth Lake	2.0	2005/07/01	Knob Lake
011201M	Gilling Lake	12.0	2005/08/25	Redmond
010040M	Gilling River	2.0	2004/04/12	Houston
010041M	Gilling River	1.0	2004/04/12	Houston
010042M	Gilling River	2.0	2004/04/12	Houston
010043M	Gilling River	1.0	2004/04/12	Houston
010835M	Stakit Lake	1.0	2005/04/21	Houston

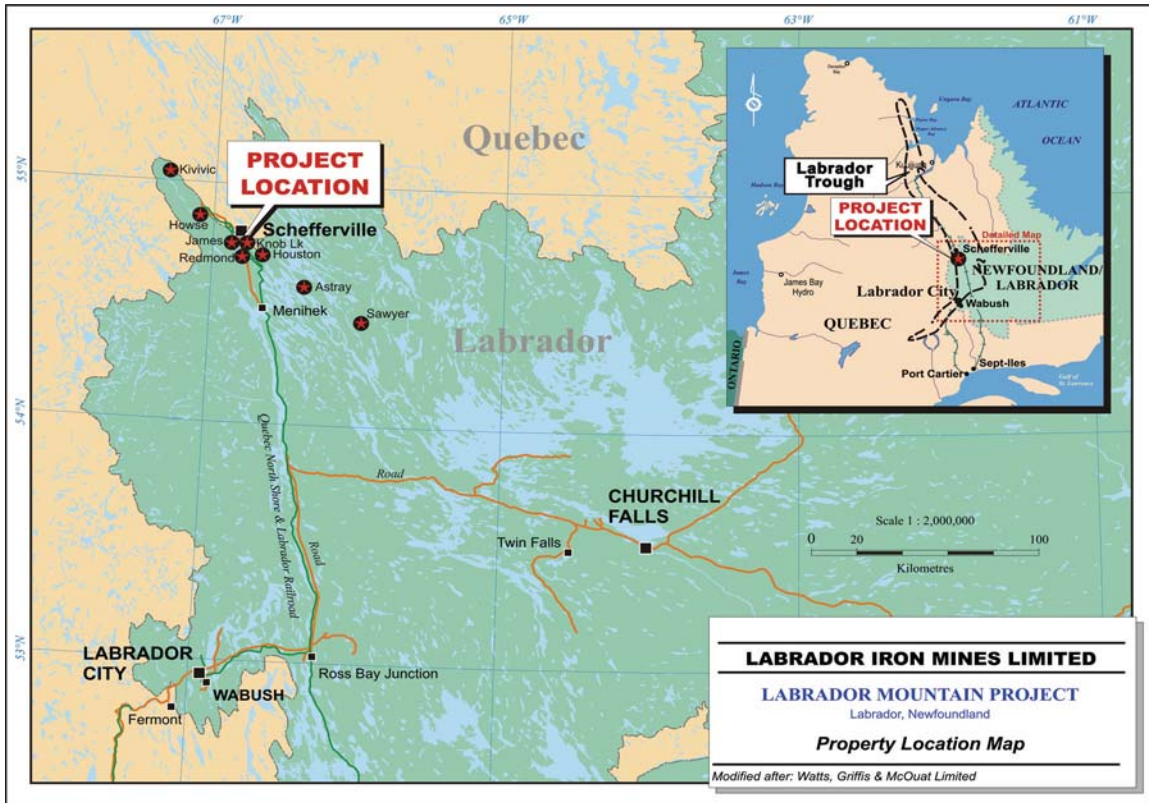
Claim	Area	No. Units¹	Date Recorded	Deposit
010834M	Stakit Lake	1.0	2005/04/21	Houston
010833M	Stakit Lake	2.0	2005/04/21	Houston
010832M	Stakit Lake	12.0	2005/04/21	Houston
010883M	Kivivic Lake	3.0	2005/05/02	Kivivic
010884M	Kivivic Lake	2.0	2005/05/02	Kivivic
011121M	Kivivic Lake	4.0	2005/07/15	Kivivic
011928M	Kivivic Lake	3.0	2006/04/24	Kivivic
011930M	Kivivic Lake	1.0	2006/03/24	Kivivic
011929M	Kivivic Lake	2.0	2006/04/24	Kivivic
010879M	Howells River	9.0	2005/05/02	Howse
011307M	Howells River	6.0	2005/05/02	Howse
010874M	Astray Lake	5.0	2005/05/02	Astray Lake
010875M	Marble Lake	3.0	2005/05/02	Astray Lake
011171M	Astray Lake	6.0	2005/08/11	Astray Lake
011305M	Astray Lake	13.0	2005/10/17	Astray Lake
011306M	Astray Lake	19.0	2005/10/17	Astray Lake
010483M	Astray Lake	4.0	2004/12/17	Astray Lake
009690M	Sawyer Lake	8.0	2003/09/18	Sawyer Lake
010481M	Sawyer Lake	6.0	2004/12/17	Sawyer Lake
010482M	Sawyer Lake	2.0	2004/12/17	Sawyer Lake

Note:

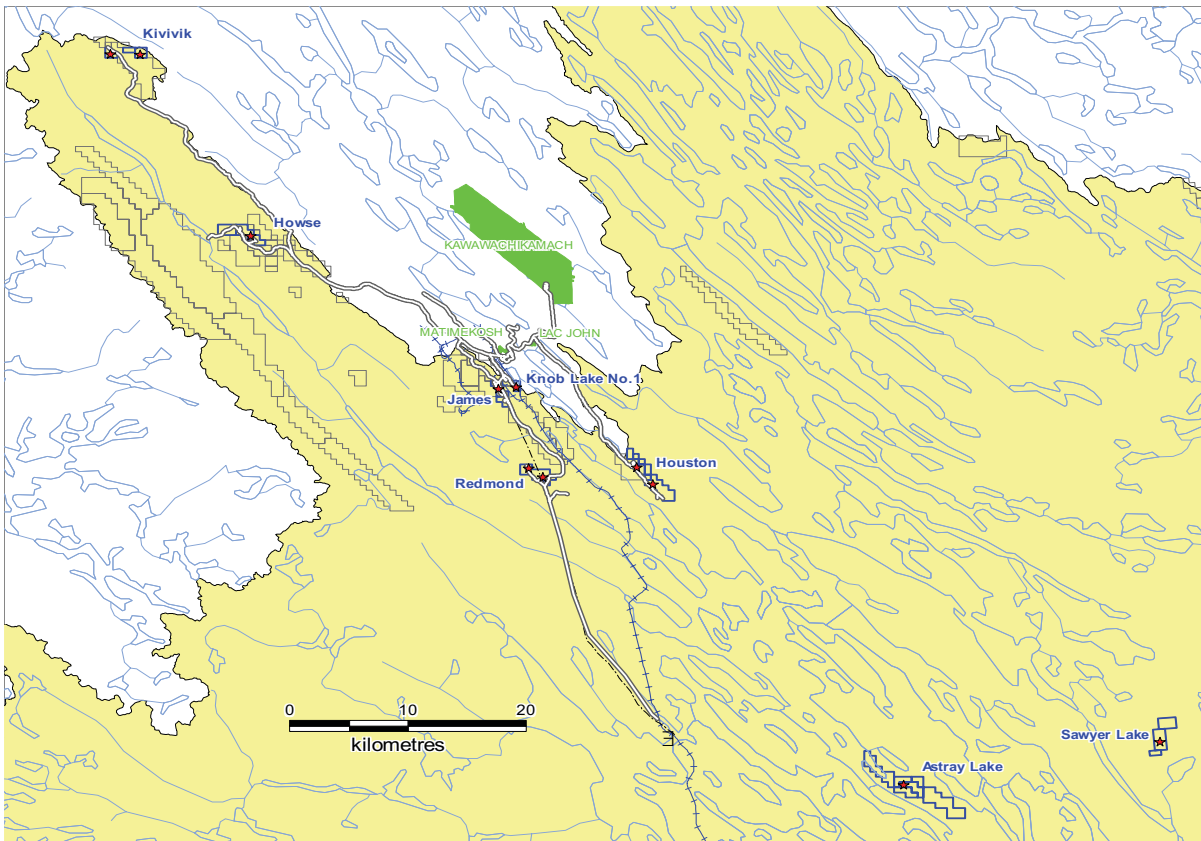
- (1) A Unit comprises an area of 25 hectares based upon predetermined boundaries described by reference to UTM grid co-ordinates (1,000 metres universal transverse Mercator grid as defined by NAD 27). A map staked license may be issued for up to 256 coterminous map staked claims.

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

Schefferville Project Location Map



Deposit Location Map



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 Labrador on the north shore of Knob Lake. The town was established by IOCC in 1954 to support mining operations in the area. There are 222 residents in the Town of Schefferville. 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. Very few residents in Schefferville are unemployed. Additional information on these matters can be found in the Technical Report.

The Railway

QNS&L was established by IOCC to haul iron ore from the Schefferville area mines to Sept-Îles, a distance of some 568 km, starting in 1954. After shipping some 150 million tons of iron ore from the area the operation was closed in 1982, although, as a Common Carrier, it maintained a passenger and freight service between Sept-Îles, Labrador City and Schefferville up to 2005. In 2005, the IOCC/QNS&L sold a section of the railway (208 km) between Ross Bay Junction and Schefferville to TRTI, owned by the Naskapi and two Innu Nations. The mandate of TRTI is to maintain the passenger and light freight traffic between Sept-Îles and Schefferville.

Physiography

The average elevation of the Properties varies from 500 m to 700 m above sea level. Generally the area slopes gently from west to northeast 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.

There are currently three major iron ore producers in the Labrador City-Wabush region to the south, which include IOCC, Québec Cartier Mining Company and Wabush Mines, with a total annual production of more than 40 million tonnes of iron concentrate and pellets per year. Two major new iron ore projects in the Québec-Labrador Peninsula are currently at the feasibility stage.

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.

Between September 2003 and March 2006, Fenton and Graeme Scott (the principals of Fonteneau) and Energold began staking claims over the soft iron ores in the Labrador part of the Schefferville camp. Recognizing a need to consolidate the mineral ownership, Energold entered into agreements with the various parties which have subsequently been assumed by LIM. New Millennium has also staked some claims in the area, including claims adjacent to the James and Houston deposits.

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.

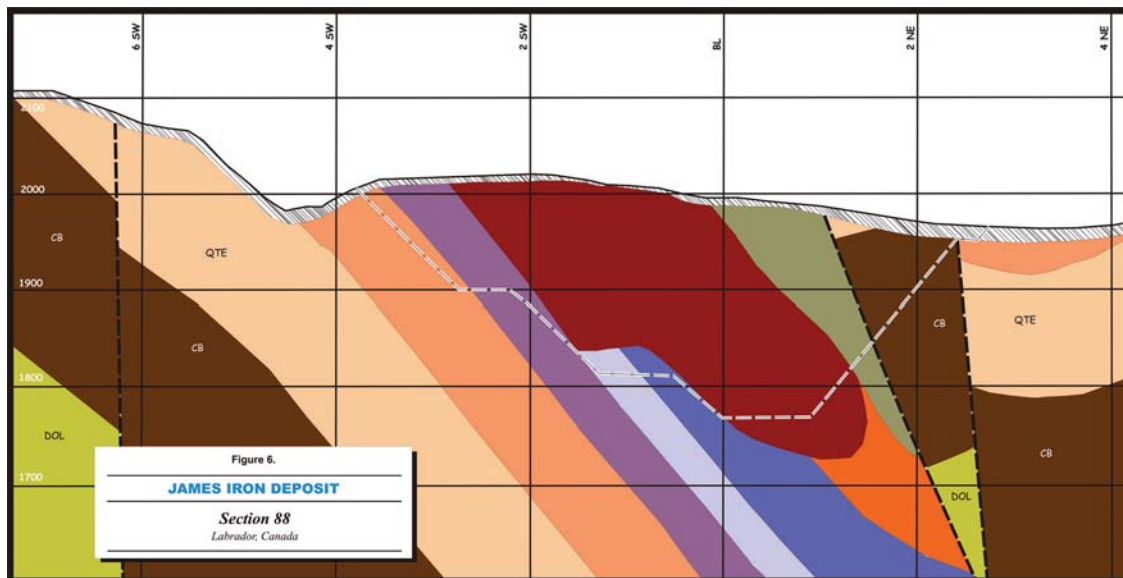
Subsequent supergene processes converted some of the iron formations into high-grade ores, preferentially in synclinal depressions and/or down-faulted blocks.

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.

Generalized Cross Section – James Deposit



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. 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

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.

Drilling

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 using Cartwright Drilling Inc. of Goose Bay. 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 covered in this report 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.

Adjacent Properties

Adjacent to the Properties in Labrador are other former operations of 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 properties in Québec and Labrador during the operating years of 1954 to 1982. IOCC (Rio Tinto plc) is currently operating the large Carol Lake iron property some 200 km south of Schefferville near Labrador City in Labrador.

Some of the previously owned IOCC properties in Québec have reverted to the ownership of Hollinger. New Millennium owns some of the properties in Labrador and Québec.

A feasibility study is currently being carried out by New Millennium on the large scale LabMag taconite iron deposit in the Howells River area of Labrador and the adjacent K-MAG taconite deposit in Québec, located some 30 to 40 km northwest of Schefferville.

A feasibility study has recently been completed by Consolidated Thompson Iron Mines for a 7 Mtpa iron operation at their Bloom Lake Deposit in Québec, east of Québec Cartier's Mont-Wright iron ore operation, near Labrador City.

Mineral Processing And Metallurgical Testing

Lakefield Research Laboratories

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.

Midrex Tests

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.

Centre de Recherches Minérales

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

2006 Bulk Sampling by LIM

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

Summary

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.

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

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 were 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.

In July 2006, Wardrop Engineering (“Wardrop”) conducted a preliminary resource model estimate on the James deposit for LIM. The estimation was based on historical geology interpretation on vertical sections by IOCC. The reported resource was considered indicative of potential for the Properties.

James Property

The estimates of the resources for the James deposit have been calculated with the data developed by IOCC during their exploration of the property. The strike length of the James deposit is some 1,000 metres and two ore zones have been recognized. The zones have been drilled with 121 (reverse circulation and diamond) drill holes. The drilling and structural mapping was done on sections 100 feet (30 metres) apart.

Knob Lake Property

The Knob Lake deposit is shown on eight original IOCC sections some 100 feet (30 metres) apart which represents a strike length of about 500 metres. Not all sections within this strike length have yet been recovered. Some 25 drill holes have been drilled on this property which includes one hole drilled by LIM. Details of the IOCC resource estimate will be verified in the future program through drilling and sampling.

Redmond 2B and 5 Property

Only the Redmond 5 property has been shown on the ten recovered original IOCC sections which are 100 feet (30 metres) apart. This represents a strike length of some 300 metres. Data of some 30 drill holes are shown on the sections but no detailed verification has yet been made. Details of the IOCC resource estimate will be verified in the future program through drilling and sampling.

Houston 1, 2S and 3 Property

The Houston properties (1, 2S and 3) have a strike length of some 800 metres, 1,000 metres and 2,400 metres, respectively. LIM has some 29 sections, 100 feet (30 metres) apart, of the Houston 1 deposit from the files of IOCC, showing the different ore zones and the drilling information of some 25 drill holes. The IOCC information on the Houston 2S deposit is shown on some 23 sections also 100 feet (30 metres) apart which show the results of some 20 drill holes. Details of the IOCC resource estimate will be verified in the future program through drilling and sampling.

Astray Lake and Sawyer Lake Properties

The current interpretation of the Astray Lake deposit is based on a compilation map dated November 1950. The map shows several mineralized rock sample results over a strike length of some 500 m each. The Sawyer Lake deposit covers some 6.5 ha over an approximate strike length of 300 m and is of irregular shape located on top of a hill. Rock samples were taken and showed high grade massive hematite mineralization.

Howse and Kivivic Properties

The Howse deposit has been drilled by IOCC but the detailed information has not yet been fully analyzed by LIM. LIM carried out a field exploration program of rock and old drill cutting sampling, mapping and surveying of old drill holes. It is reasonable to believe that the resource estimate from IOCC was developed on some drilling/trenching results, details of which are not currently available.

Other Relevant Data and Information

The Knob Lake Iron Range is well known for the hematite-goethite iron deposits and this region has been exploited for some 30 years by IOCC. Following the verification of the historical resources of IOCC, the Schefferville Project will attempt to reactivate the area and determine the potential economics of any new exploitation. The project should not be considered as a “greenfield” exploration project but as a potential development project. The current and forecasted “direct shipping” iron markets are encouraging for this exercise.

Interpretation and Conclusions

The review of the data that was made available to SNC related to a renewed development of the iron deposits in Labrador near Schefferville, Québec and has shown that there is more than sufficient merit for

an exploration program to verify the resources estimated by IOCC. The results of the program will support the undertaking of a feasibility study, which will, among other things, bring the historic estimates of resources into compliance with the requirements of NI 43-101.

IOCC worked in the same areas of Québec and Labrador between 1954 and 1982 and produced some 150 million tons of “lump and direct shipping” iron ore and carried out exploration to extend the life of these operations to well after 1982. When the economic conditions changed and the market for that ore was no longer attractive, the mines closed. However, the explored deposits remained ready for exploitation when favorable market conditions would return and the economics of new mines could be demonstrated. A feasibility study will have to be produced to demonstrate economic viability of the restart of the iron ore production. The resource estimates for the Properties comprising the Schefferville Project were established by IOCC, an experienced iron ore operator, during the 20 plus year period that IOCC successfully operated mines in the Schefferville area, which mines were developed on the basis of similar resource estimates. 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 resources from four deposit sites (James, Knob Lake, Houston and Redmond) are the closest to the existing Schefferville infrastructure. Most infrastructure is already in place and relative low capital expenditures will be required to restore and revamp the old structures and rail yards. The production of the “direct shipping” ore requires only a simple process of screening, crushing and, in some cases, washing, and the capital cost of building such a processing plant near Schefferville would be relatively low.

Following the initial production phase, the plant can be moved closer to the other deposits. A first phase of confirmation exploration will be needed to confirm and supplement the old data produced by IOCC for these four sites.

The other four deposits (Astray Lake, Sawyer Lake, Howse and Kivivik) are all considerably further from Schefferville and require more infrastructure development and higher capital expenditures. The knowledge of these deposits is also less detailed and more exploration will be required to bring these historic inferred resources to an indicated classification compliant with the standards prescribed by NI 43-101. When these resources are demonstrated to exist, the feasibility of producing from these deposits can be better evaluated.

Recommendations

Introduction

Following the review of all supplied data and the interpretation and conclusions of this review, SNC recommended that a three-phase exploration program should be started. The continuation of each phase of the program depends on the exploration results obtained and on the evaluation of the new data. The three phases are related to the projection of the possible iron production scenarios that are made possible because of the exploration results. The following phases were proposed by SNC with only the first phase outlined and budgeted in detail.

Phase I

The resource data for James, Houston, Knob Lake and Redmond deposits must be confirmed and the resource estimates made NI 43-101 compliant through reverse circulation drilling and trench sampling.

Magnetometer and gravity surveys as well as some trenching and sampling of the Astray Lake and Sawyer Lake deposits will be scheduled for a second production period. Gravity surveys and general exploration of the Howse and Kivivic deposits will be scheduled to be mined as a third production period. A program of reverse circulation drilling will be used to confirm the interpretation of the IOCC grades and geological formations. The trench sampling will provide material for process testing recommended to be carried out to optimize the selection of a final process flow sheet.

The Phase I program and budget required to bring the resource and reserve estimates of the various deposits to be NI 43-101 compliant are as follows:

James Deposit

It is proposed that two trenches be excavated, mapped and sampled in the Northern Ore Body. Two reverse circulation drill holes are recommended, each some 100 metres deep.

It is proposed that two trenches be excavated, mapped and sampled in the Southern Ore Body. Two reverse circulation drill holes are recommended, each some 100 metres deep.

Estimated budget for James Deposit:

Trenches	400 metres @ \$ 250/m	\$ 100,000
Drilling	400 metres @ \$ 200/m	\$ 80,000
Total James Deposit		\$ 180,000

Knob Lake Deposit

It is proposed to excavate one trench that must be mapped and sampled. Two reverse circulation drill holes are recommended, each some 100 metres deep.

Estimated budget for Knob Lake Deposit:

Trench	100 metres @ \$ 250/m	\$ 25,000
Drilling	200 metres @ \$ 200/m	\$ 40,000
Total Knob Lake Deposit		\$ 65,000

Redmond Deposits

To confirm the resources reported by IOCC, one drill hole on the Redmond 2B deposit and two on the Redmond 5 deposit would be required. The reverse circulation drill holes are expected to be some 100 metres and 70 metres deep, respectively. One trench should be excavated, mapped and sampled.

Estimated budget for Redmond Deposits:

Trench	400 metres @ \$ 250/m	\$ 100,000
Drilling	170 metres @ \$ 200/m	\$ 34,000
Total Redmond Deposits		\$ 134,000

Houston Lake Deposits

The Houston deposits form the largest amount of resources in the area close to Schefferville. The most southern deposit should be drilled with three reverse circulation drill holes each about 100 metres deep. Two 300 metres long trenches should be excavated, mapped and sampled.

Two reverse circulation drill holes should be drilled on the Houston deposit, each some 100 to 120 metres deep. Two 200 metres long trenches should be excavated, mapped and sampled.

Detailed information for the Houston deposit has not yet been studied but it is anticipated that one reverse circulation drill hole of some 100 metres deep and one 200 metres long trench will be sufficient to confirm these resources.

Estimated budget for Houston Deposits:

Trenches	900 metres @ \$ 250/m	\$ 225,000
Drilling	620 metres @ \$ 200/m	\$ 124,000
Total Houston Deposits		\$ 349,000

The interpretation and results of the above drilling and sampling programs should be sufficient to convert the IOCC resources estimate for these deposits into an estimate compliant with NI 43-101.

Other Phase I recommended exploration for the four other deposits, Astray Lake and Sawyer Lake and Howse and Kivivic, will consist of gravity surveys, magnetometer surveys and some trenching, mapping and sampling.

Budget Estimate for Phase I Confirmation Exploration

Description	Cost
Mobilization/Demobilization Contractors	\$ 50,000
RC Drilling, Sampling, Transport and Assaying	\$ 278,000
Trenches, Sampling, Transport and Assaying	\$ 450,000
Trenches other area (Excavation by hand) Allowance	\$ 100,000
Gravity and Magnetic Surveys	\$ 400,000
Geologists (office and field)	\$ 150,000
Bulk sampling	\$ 100,000
Field Accommodation etc.	\$ 150,000
Equipment/Helicopter Rentals	\$ 75,000
Office, drafting, etc.	\$ 50,000
Consultants	\$ 100,000
Mining plans etc.	\$ 100,000
Total Estimated Cost Phase I Confirmation Exploration	\$ 2,003,000

Phase II

Additional reverse circulation drilling and trench sampling of the Astray Lake and Sawyer Lake deposits and confirmation of the resources estimated during Phase I. Reverse circulation drilling and trenching of the Howse and Kivivic deposits and estimate of resources. This exploration phase can be carried out while production of the James, Houston, Knob Lake and Redmond deposits is in progress.

Phase III

Continued exploration of the Astray Lake and Sawyer Lake deposits as well as the Howse and Kivivic deposits to ascertain sufficient reserves for continued iron production.

Feasibility Study

Subsequent to the confirmation exploration program, a complete feasibility study has to be prepared to determine the viability of the project for the renewed iron production. The feasibility study will have to emphasize not only the volume and value of the resources and the production costs, but in particular on the environmental requirements of the region, the transport of the iron ore to the harbour for shipment to markets and on the demands of local communities and the social issues.

The environmental base line studies are started and will continue and discussions with federal and provincial authorities are to be held to obtain the various permits.

The negotiations with rail transportation companies will have to be held and agreements for ore transport to be signed. Detailed studies for the rehabilitation of the existing rail yards and rail tracks have to be carried out, as well as the determination and negotiations for the availability and use of harbour unloading and ship loading facilities.

Budget Estimate for Feasibility Study

Description	Cost
Metallurgical Testing	\$ 300,000
Marketing	\$ 350,000
Railway Study and Estimates	\$ 350,000
Environmental Studies	\$ 860,000
Community and Social Studies	\$ 250,000
Feasibility Study	\$ 1,000,000
Total	\$ 3,310,000

The Schefferville Project is an early stage development project and insufficient work has been carried out to fully complete a mine plan and economic analysis. Brief details are given below for those particular areas of the operation on which some design and progress has been made.

Other Relevant Data and Information Regarding the Schefferville Project

Due to the fact that the same area has been mined for iron over a period of almost 30 years by a well established iron production company that still operates mines in the Labrador-Québec region, and with iron ore prices having increased considerably, the potential of the Properties now held by LIM appears to be encouraging. The following are some observations and estimates that illustrate that, after a relatively short exploration program, the Properties could enter the production phase.

The short-term strategy will be to establish the operation on the best-known deposits of the James and Houston properties close to Schefferville and consolidate the regional position of LIM. It is assumed that contractors will carry out all mining and materials handling operations. It is also likely that LIM will arrange for washing and screening of the iron ore. It is planned that the plant will operate on a 12-hour/day basis in April and November and for a 24-hour (two shift) operation for the months of May to October resulting in a total production period of seven months.

Mining

The initial production can commence with only minimal additions to the current existing infrastructure. It is the intention of LIM to outsource as much of the direct production operations, including camp

maintenance and light fleet operation, to experienced contractors and facility operators as is practical both from an operating and from a financial standpoint. As was the case with IOCC, all mining operations will be by conventional open pit mining methods. Relatively low stripping ratios of waste over ore will be mined during the life of the operations.

The working period is assumed to start in April and to continue to November with a work stoppage of four months. The contractor will mobilize every year in the beginning of April to fix roads and service lines, assure adequate supplies and rehabilitate the operating pits to a working condition after winter. The Company will perform all mine planning, survey and resource/grade control with their own personnel.

The mining contractor will provide all equipment to drill, blast, load and haul ore, waste rock and top soils to the designated locations. Due to the short distance from the James and Knob Lake deposits, ore transport to the processing and shipping site would most likely not require an additional haulage fleet because the mining trucks could be used. From the Houston property and later from the Redmond property, semi-trailer units will haul the ore to the processing site. The waste will be hauled to the specific waste dump sites. For the Astray Lake and Sawyer Lake deposits, there will be a barge loading and unloading cycle in addition to the truck hauling.

Processing

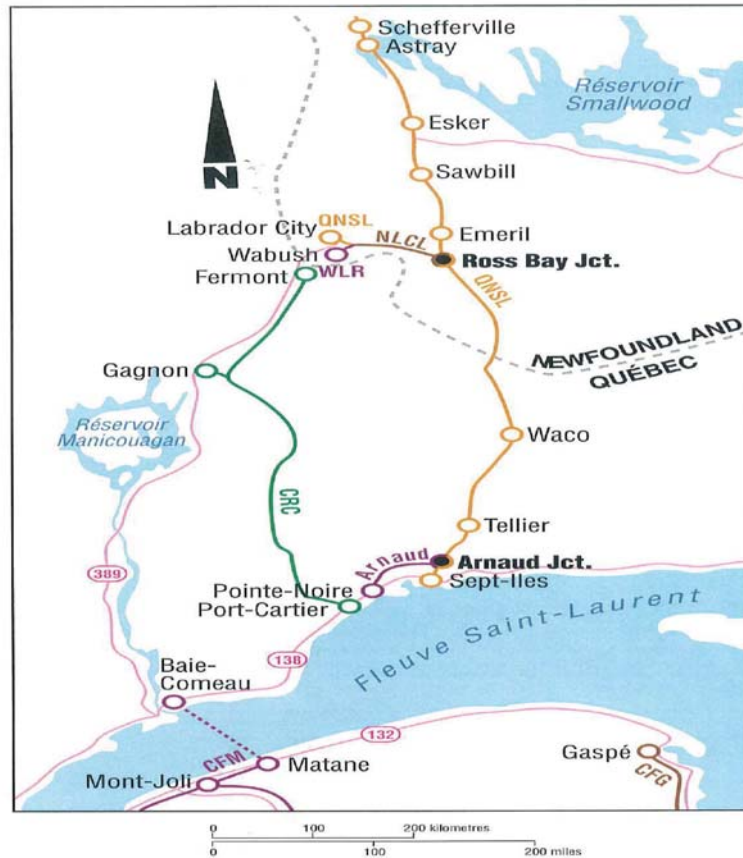
It is believed that the “direct shipping” iron ore produced by IOCC needed none or only very little processing and that only crushing and screening was performed before the ore was loaded on trains to be transported to Sept-Îles. Wet screening to wash out the fines was not performed. Some testing has been carried out in the past which showed that most of the ore was “self-draining” so that there was only a low moisture ore shipped in case of washing.

LIM intends to evaluate washing and screening of the ore to improve the quality and grade of product and to ensure a greater degree of consistency in the production of lump ore and sinter fines. IOCC did not wash the ore during historical operations at Schefferville. The capital and operating costs of this processing have been included in the cost estimates. 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.

Transport and Shipping

The only means to transport iron ore from Schefferville to sea-ports is by rail. The railway originally constructed by IOCC is still available and in operation. It is operated by TRTI. TRTI owns the railway track from Schefferville to Ross Bay Junction but operates from Schefferville to Sept-Îles for passenger and light freight traffic. No iron ore is currently hauled on the TRTI section of the track. An independent preliminary study of the TRTI railway was carried out for LIM in August 2006 by Hatch Mott MacDonald (“Hatch”) which concluded that the Menihok Subdivision was in very good condition despite more than 20 years of under-capitalization. However, some refurbishing of the tracks, rails and culverts will have to be carried out through a recommended multi-year repair and replacement program. LIM will have to negotiate an agreement with TRTI and also QNS&L to reach Sept-Îles.

Map of Existing Railway Systems



LIM plans to rehabilitate the old IOCC loading area at Schefferville called the Silver Yards. The ore storage, processing facility and product storage based on side-loading the rail cars, are to be established on the Silver Yards area to handle ores from the James, Houston, Knob Lake and Redmond properties.

Access to any of the three facilities at Sept-Îles for handling iron ore pellets or concentrates in the area needs to be negotiated with the owners of IOCC, Wabush Mines or Québec Cartier Mining Company or a new facility has to be built. Port Cartier is presently not accessible by rail from Schefferville. Ship loading with existing port installations is assumed to be possible.

Infrastructure

The Schefferville area has the infrastructure to fulfill the needs of LIM in regards to roads, power and water supply, buildings and sewage facilities.

The Menihek power plant located 35 km southeast from Schefferville is the only provider of electric power to the area. The power plant is sufficient to supply the power that LIM would require for the early development sites close to Schefferville (James, Knob Lake and Redmond). In the case of the establishment of the other excavation sites (Houston, Astray Lake, Sawyer Lake, Howse and Kivivic), portable generators could be used.

Most of the existing roads that provide access to the different properties designated for early development exist and will only need minor clean-up.

Three processing sites are envisioned for the total life of the project: the first near Schefferville, the second near Astray Lake and the third one near the Howse and Kivivic properties. All processing sites will have a workshop, a warehouse and a fuelling station nearby. General services and infrastructures will be shared with the contractor. LIM will establish an administrative office in Schefferville to house the engineering, geology and supervisors to control contracted activities.

Environment

Although all of the Properties are located in the Province of Newfoundland and Labrador, they will utilize, to some extent, present connecting roads on the Québec side of the border and most probably the services available from the town of Schefferville and the surrounding communities located in the province of Québec.

The Schefferville area is located at an inter-provincial boundary area and work that is conducted which crosses the border will result in the involvement of both Québec and Newfoundland and Labrador regulatory agencies, as well as Canadian federal agencies. Transportation routes, power lines and possibly water circulation lines may cross the provincial border. The construction of a road or rail route/spur is subject to an environmental assessment under the *Environmental Quality Act* (Québec).

Once approval from the ministry is obtained, applications for permits need to be submitted and approval obtained before construction and installation can proceed.

LIM has been collecting seasonal baseline data since mid-2006 and has entered into preliminary discussions with federal and provincial regulators with respect to permit applications and specific requirements for project designation.

Each mine site will be closed after depletion of mineable reserves and restored according to regulations. The aim is to carry out the final closures without continued monitoring requirements. The rehabilitation measures as established in the rehabilitation and closure plans are to be started as early as practical during operating mine life leaving the final closure activities to a minimum.

Community and Social Issues

LIM has established an active community relations program since mid-2005 and an ongoing effort is made to work very closely with the four First Nations groups having claims in the Schefferville Project area to focus on developing and maintaining productive working relations, and ensuring a good understanding of the proposed project.

Regular meetings are held with the different groups and a memorandum of understanding is under discussion which will focus on the identification of issues to be included in a formal impact benefits agreement.

Benefits of the Project

The successful start up of a direct shipping iron ore project by LIM will likely be the first positive economic stimulus to the northwest Labrador and Québec economies in 30 years. It should lead to 20 plus years of economic stability.

The Schefferville Project will develop deposits of iron ore not previously worked by IOCC but which were evaluated by IOCC and were part of IOCC's reserves and resources at the time of closure of its operations in the area in 1982. The James, Houston, Knob Lake and Redmond deposits are located within reach of existing infrastructure, including road access, adjacent to electrical power lines and close to the railway terminal and proposed loading yard.

Cost effective and reliable rail transportation is going to be a key component of any direct shipping iron ore operation. TRTI is already owned by a consortium of First Nations and provides an ideal basis upon which to develop other transportation solutions for the Schefferville Project.

In the construction phase, the Schefferville Project could generate up to 300 jobs with that number falling to about 150 on an ongoing production basis. The economic impact of such employment and contracting business on the surrounding communities could be very positive and lead to the development of other support and service sector jobs and the consistent and planned development and growth of the town of Schefferville and surrounding communities.

Capital Costs

There is a high level of existing infrastructure in the Schefferville area, and LIM currently intends to utilize contractors for the majority of the operational activities who will supply their own capital equipment. It is not possible at this time to provide an estimate of capital costs until the exploration work recommended by SNC has been carried out, the historic resource estimates have been converted to current NI 43-101 compliant resource estimates and the feasibility study completed.

Operating Costs

It is not possible at this time to provide an estimate of operating costs until the exploration work recommended by SNC has been carried out, the historic resource estimates have been converted to current NI 43-101 compliant resource estimates and the feasibility study completed.

Markets

The market for iron ores and related products has seen some substantial changes in recent years. These have been driven for the most part by the booming resurgence of the Chinese economy and that country's rapidly increasing demand for raw materials, particularly steel and its feed product, iron ore. This demand in the first instance has been met by increases in Australian and, to a lesser extent, Indian and Brazilian supply.

It is expected that the European market is the most likely destination for products from the Schefferville Project given the potential freight advantage over other producers, but there remains a strong demand from the Far East and, in particular, from China for iron ore.

Iron ore prices, other than for pellets and some minor direct reduced iron feeds, are based on sinter fine prices, with a premium for lump. In practice, this lump premium varies, thereby establishing a true lump price.

It is generally forecast that iron ore prices will increase through to 2008 and then gradually fall back before settling at a relatively constant level.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table provides a summary of certain historical financial data of LIM for the financial years ended March 31, 2007, March 31, 2006 and March 31, 2005 and for the three months ended June 30, 2007 and June 30, 2006.

	Financial year ended March 31, 2007 (audited)	Financial year ended March 31, 2006 (audited)	Financial year ended March 31, 2005 (audited)	Three months ended June 30, 2007 (unaudited)	Three months ended June 30, 2006 (unaudited)
Revenue	–	–	–	–	–
Net loss	\$ 54,710	25,500	–	6,855	7,408
Net loss per share	\$ 547	255	–	69	74
Total assets	\$ 1,278,266	192,552	–	1,481,891	264,576
Total long-term debt	\$ Nil	Nil	Nil	Nil	Nil
Shareholders' deficiency	\$ (80,210)	(25,500)	–	(87,065)	(32,908)
Cash dividends declared per share	\$ Nil	Nil	Nil	Nil	Nil

The Company has undertaken to each of the securities regulators with whom this prospectus has been filed that in complying with its reporting issuer obligations, the Company will treat LIM as a subsidiary of the Company; however, if generally accepted accounting principles (“GAAP”) used by the Company prohibit the consolidation of financial information of LIM and the Company, then for as long as LIM (including any of its significant business interests) represents a significant asset of the Company will provide its security holders with separate audited annual financial statements and interim financial statements, prepared in accordance with the same GAAP as the Company’s financial statements, and related management’s discussion and analysis, prepared in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* or its successor, for LIM (including information about any of its significant business interests). In addition, the Company will annually certify that it has complied with this undertaking, and file the certificate on SEDAR concurrently with the filing of its annual financial statements.

CERTAIN CANADIAN FEDERAL INCOME TAX MATTERS

In the opinion of Neil J.F. Steenberg, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally applicable to prospective purchasers of the Units offered by this prospectus who, within the meaning of the Tax Act and at all relevant times, are or are deemed to be residents of Canada, deal with the Company at arm’s length and are not affiliated with the Company, and hold or will hold Common Shares and Warrants as capital property. The Common Shares and Warrants will generally be considered capital property to a purchaser unless either the purchaser holds such Common Shares or Warrants in the course of carrying on a business of buying and selling securities or the purchaser has acquired the Common Shares or Warrants in a transaction or transactions considered to be an adventure in the nature of trade. Certain purchasers who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have their Common Shares (and all other “Canadian securities” as defined in the Tax Act owned by such purchaser in the taxation year of the election and in all subsequent taxation years)

treated as capital property. As the Warrants are not “Canadian securities”, the election under subsection 39(4) will not apply to them.

This summary is not applicable to a “financial institution” within the meaning of section 142.2 of the Tax Act, a “specified financial institution” as defined in the Tax Act, or to a holder in which an interest is a “tax shelter investment” as defined in the Tax Act. Such purchasers should consult their own advisors.

This summary is based upon the current provisions of the Tax Act and regulations thereunder in force as at the date hereof, specific proposals to amend the Tax Act and regulations thereunder that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”) and counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as currently proposed although no assurance can be given in that regard. Except as otherwise indicated, this summary does not take into account or anticipate any changes in the applicable law, whether made by judicial, governmental or legislative decision or action nor does it take into account provincial, territorial or foreign tax laws or considerations, which might differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Common Shares and Warrants, and does not describe the income tax considerations relating to the deductibility of interest on money borrowed by a purchaser to acquire Units. On October 31, 2003, the Minister of Finance (Canada) released draft proposals regarding the deductibility of interest and other expenses (the “October 31, 2003 Tax Proposals”) for public comment. In the federal budget of February 23, 2005, the Minister of Finance announced that an alternative proposal to replace the October 31, 2003 Tax Proposals would be released for comment at an early opportunity. No such alternative proposal has been released to date. The October 31, 2003 Tax Proposals or the alternative proposal could, among other things, adversely affect a purchaser who has borrowed money to acquire Common Shares and Warrants pursuant to this Offering.

The income and other tax consequences of acquiring, holding and disposing of Common Shares and Warrants will vary according to the status of the purchaser, the province or territory in which the purchaser resides or carries on business and, generally, the purchaser's own particular circumstances. **Accordingly, the following summary is of a general nature only and is not intended to constitute tax or legal advice to any particular purchaser. Prospective purchasers should consult their own tax advisors with respect to the tax consequences of investing in Common Shares and Warrants, based on their own particular circumstances.**

Allocation of Purchase Price

A purchaser of a Unit offered by this prospectus will be required to allocate the price paid for a Unit on a reasonable basis between the Common Share and the one-half Warrant in order to determine their respective costs to the purchaser for purposes of the Tax Act. The Company will allocate \$3.56 of the issue price of each Unit as consideration for the issue of each Common Share and \$0.44 for the issue of each one-half Warrant. Although the Company believes this allocation to be reasonable, it is not binding upon the CRA or a holder, and counsel expresses no opinion as to such allocation. A successful challenge by the CRA of this allocation will affect the adjusted cost base calculations accordingly.

Exercise of Warrants

No gain or loss will be realized by a holder upon exercise of a Warrant. When a Warrant is exercised, the cost to the holder of the Common Share so acquired will be the aggregate of the adjusted cost base, for

that holder, of the Warrant and the price paid for the Common Share upon exercise of the Warrant. The cost to a holder of a Common Share acquired upon the exercise of a Warrant must be averaged with the adjusted cost base (determined immediately before the acquisition of the Common Share) of all other Common Shares held by the holder as capital property at the time of the exercise of the Warrant to determine the adjusted cost base of such Common Share.

Disposition or Expiry of Warrants

The disposition of a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), will generally result in a capital gain (or capital loss) to the holder to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Warrant to the holder. The expiry of an unexercised Warrant will generally result in a capital loss equal to the holder's adjusted cost base of the Warrant. See the discussion of capital gains and losses generally under "*Capital Gains and Capital Losses*" below.

Disposition of Common Shares

In general, a disposition, or a deemed disposition, of a Common Share (other than to the Company) will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Common Share. See the discussion of capital gains and capital losses under "*Capital Gains and Capital Losses*" below.

In the case of a holder that is a corporation, the amount of any capital loss otherwise determined arising from a disposition or deemed disposition of Common Shares may be reduced by the amount of dividends previously received or deemed to be received thereon to the extent and under circumstances prescribed in the Tax Act. Analogous rules apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust that owns Common Shares.

Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares by an individual will be included in computing the individual's income for tax purposes and will be subject to the gross-up and dividend tax credit rules applicable to dividends received from taxable Canadian corporations. A dividend will be eligible for the enhanced gross-up and dividend tax credit if designated as an eligible dividend by the Company. There may be limitations on the ability of the Company to designate dividends as eligible dividends. A holder that is a corporation will include dividends received or deemed to be received on the Common Shares in computing its income for tax purposes and generally will be entitled to deduct the amount of such dividends in computing its taxable income, with the result that no tax will be payable by it in respect of such dividends.

Certain corporations, including private corporations and subject corporations (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act at the rate of 33 $\frac{1}{3}$ % of the dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing taxable income.

Capital Gains and Capital Losses

A holder will be required to include one-half of the amount of any capital gain (a "taxable capital gain") in income, and will be required to deduct one-half of the amount of any capital loss (an "allowance capital loss") against taxable capital gains realized by the holder in the year of disposition. Allowable capital

losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

A holder that is a Canadian-controlled private corporation for purposes of the Tax Act may be liable to pay an additional refundable tax of 6⅓% on certain investment income, including amounts in respect of taxable capital gains.

Alternative Minimum Tax

In general terms, a holder that is an individual or a trust, other than certain specified trusts, that receives or is deemed to receive taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may realize an increase in the holder's liability for alternative minimum tax.

DIVIDEND RECORD AND POLICY

The Company has not, since the date of its incorporation, declared or paid any dividends on Common Shares and does not currently have a policy with respect to the payment of dividends. The payment of dividends will depend on the earnings, if any, and the Company's financial condition and other factors as the directors of the Company consider appropriate.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis provides information that Management believes is relevant to an assessment and understanding of the consolidated results of operations and the financial condition of the Company and its subsidiaries.

This discussion should be read in conjunction with the historical and pro forma consolidated financial statements of the Company and the historical financial statements of LIM and the related notes thereto included in this 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 forth in this prospectus under "*Cautionary Statement Regarding Forward-Looking Statements*" and under "*Risk Factors*". Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties.

Overview

The Company was incorporated under the *Business Corporations Act* (Ontario) on May 17, 2007 for the purpose of becoming the holding company for and to carry on the business of LIM. As a result, the financial statements contained in this prospectus and the activities described in the following management discussion and analysis relate to the operations of LIM prior to the completion of the LIM Merger. See "*The Business of the Company – Pre-Offering Restructuring*". Accordingly, the details relating to the financial history contained herein relate to the historical information of LIM.

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. LIM is a wholly-owned subsidiary of Anglesey, a public company incorporated under the laws of England and Wales with its shares listed on the London Stock Exchange. LIM has no subsidiaries.

LIM is a natural resource company with the primary business objective of exploring for and developing direct shipping iron ore deposits on the Properties 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 Properties at the earliest opportunity.

During the period from September 2005 to June 30, 2007, LIM has expended \$1,371,175 in conducting exploration and development work on the Schefferville Project. 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. Summaries of such work are detailed in the Technical Report prepared by SNC.

LIM holds interests, subject to the Schefferville Joint Venture Agreement, in 29 Mineral Rights Licenses issued by the Department of Natural Resources, Province of Newfoundland and Labrador, representing 140 mineral claims located in northwest Labrador covering over 3,500 hectares.

The Company's primary business objective is to acquire an interest in, develop and commercially exploit iron ore deposits located on the Properties. Initially, the Company, through LIM, plans to complete a program of verification 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 iron ore from the Properties and to set out planned mining operations and infrastructure.

The Schefferville Project is a brownfield development project in a region with 28 years of historic production by IOCC which reported producing in excess of 150 million tons of lump and fine ore between 1954 and 1982. The deposits at the Schefferville Project are predominantly direct shipping hematite lump and sinter fine ore that is sought after by European and Far Eastern steel makers and is in short supply. The desirability of the lump ore in addition to its diminishing availability has led to the market paying increasing premiums in recent years for lump ore as opposed to fine ore.

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. See "*The Iron Ore Market*".

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.

Results of Operations

Years Ended March 31, 2007 and March 31, 2006

LIM is in the exploration and development stage and had no operations or revenue for the years ended March 31, 2007 and 2006.

For the year ended March 31, 2007, LIM reported a loss of \$54,710 compared to a loss of \$25,500 in the year ended March 31, 2006 with the increased loss being as a result of an increase in activities. The principal components of the loss were general and administrative expenses which are comprised of management costs, office rental and corporate administrative costs.

During the year ended March 31, 2007, LIM invested \$1,045,166 in exploration and development activities on the Properties, compared to an investment of \$192,552 in the year ended March 31, 2006. The investment was financed with advances from Anglesey, LIM's parent company.

During the year ended March 31, 2005, LIM was essentially dormant.

Three Month Periods Ended June 30, 2007 and June 30, 2006

LIM is in the exploration and development stage and had no operations or revenue for the quarters ended June 30, 2007 and 2006.

For the quarter ended June 30, 2007, LIM reported a loss of \$6,855 compared to a loss of \$7,408 in the quarter ended June 30, 2006. The principal components of the loss were general administration and corporate expenses.

During the quarter, LIM invested \$133,457 in exploration and development activities, compared to an investment of \$69,292 in the same quarter in 2006.

Liquidity and Capital Resources

The Properties are in the exploration and development stage and, as a result, LIM has no source of operating revenue. The exploration and development of the Properties depends on LIM's ability to obtain financing. LIM depends on advances from Anglesey in order to fund its operating and administrative expenses.

At March 31, 2006, LIM had no cash or other current assets and had current liabilities of \$218,052, which included \$5,345 due to Anglesey.

At March 31, 2007, LIM had cash of \$27,849 and total current assets of \$40,548. At March 31, 2007, LIM had total liabilities of \$1,358,476, of which \$1,114,905 represented an amount due to Anglesey and \$243,571 represented accounts payable and accrued liabilities.

At June 30, 2007, LIM had cash of \$21,157 and total current assets of \$30,716. At June 30, 2007, LIM had total liabilities of \$1,568,956, of which \$1,164,905 represented an amount due to Anglesey and \$404,051 represented accounts payable and accrued liabilities. Subsequent to the end of the quarter each of Anglesey and Kensam/3222594 advanced \$250,000 (totalling \$500,000) to the Schefferville joint venture to fund ongoing exploration and development expenditures and operating and transaction expenses.

In the year ended March 31, 2007, cash including accruals used in investing activities by LIM was \$1,045,166. In the quarter ended June 30, 2007, cash including accruals used in investing activities by LIM was \$133,457. All of the investment was made on exploration and development of the Schefferville Project. Details of the major components are provided in note 4 to the financial statements.

The Company was incorporated for the purpose of becoming the holding company for and to carry on the business of LIM. The Company is endeavouring to raise the necessary funding to carry out its exploration and development programs through the Offering.

If the Company's exploration programs are successful, additional funds will be required to develop the 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. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, when needed, or on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer 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 Properties are in the exploration and development stage and, as a result, the Company has no source of operating revenue. The Company does not currently have the financial resources necessary to undertake any of its currently planned activities. Upon the completion of the Offering, the Company will be able to undertake an exploration and development program and prepare a feasibility study on the Properties. 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 or, if warranted, commence commercial production on the Properties.

Transactions with Related Parties

LIM incurred the following expenses to directors and or to corporations controlled by directors or officers of LIM or to corporations in which directors of LIM were also directors.

	Financial year ended March 31, 2007	Financial year ended March 31, 2006	Three month period ended June 30, 2007	Three month period ended June 30, 2006
Rent	\$ 24,250	\$ 12,000	\$ 6,000	\$ 3,625

The funding of LIM has been through advances from Anglesey. At March 31, and June 30, 2007, the amounts due by LIM to Anglesey were \$1,114,905 and \$1,164,905, respectively. This liability had increased to \$1,414,905 at August 31, 2007. This indebtedness will be capitalized as part of the LIM Merger. See "*The Business of the Company – Pre-Offering Restructuring*".

No director, executive officer or principal shareholder of the Company, and no associate or affiliate of the foregoing, has had a material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company except Terence McKillen who is the controlling shareholder of 3222594, a vendor along with Kensam of a 22.5% interest in the Schefferville Project as described under

“The Business of the Company – Significant Acquisitions – Transfer Agreement”, and which will hold 2,700,000 Common Shares of the Company upon completion of the LIM Merger.

John Kearney, Bill Hooley and Danesh Varma are directors of Anglesey which indirectly through LIM holds a 77.5% interest in the Schefferville Project as described under *“The Business of the Company”* and which will hold 18,600,000 Common Shares upon completion of the LIM Merger.

In connection with the Anglesey Option Agreement, LIM reimbursed Energold in the amount of \$248,585 in respect of expenditures previously incurred by Energold on the Properties. In September 2006, LIM acquired an additional 10% interest in the Schefferville Project from Energold in consideration of, inter alia, assuming certain obligations of Energold under the Fonteneau/Energold Agreement. Energold is controlled by John Kearney who is Chairman and a director of each of Anglesey, LIM and the Company, respectively.

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 by the transacting parties.

Off Balance Sheet Transactions

There are no off balance sheet transactions.

Obligations and Contractual Commitments

The Company has no long term obligations and contractual commitments. LIM’s mineral property interests are subject to a continuing obligation to arrange production financing for the first one million tons of production from the Fonteneau Properties by not later than September 30, 2008, as described in note 4 of the financial statements of LIM. See *“The Business of the Company – The Schefferville Joint Venture Agreement – Fonteneau Amending Agreement”*.

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 of which one Common Share was issued and outstanding at March 31, 2007 and June 30, 2007 and held by John Kearney.

Critical Accounting Estimates

The Company’s critical accounting policies are described in note 2 to the financial statements of the Company included in this prospectus. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company’s financial statements and the uncertainties that could impact its results of operations, financial conditions and future cash flows.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates are related to the carrying value of resource interest in mineral properties and its recoverability. Actual results could differ from those estimates.

Mineral Property Interests

The Company is an exploration and development company. The mineral properties of LIM are currently being explored and the Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves (as established in accordance with NI 43-101), the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

Mineral Properties and Deferred Exploration Costs

The Company's accounting policy is to defer the costs of exploration and capital assets on existing projects and carry them as assets until production commences. Mineral properties and the deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and related exploration expenditures will be written off.

Impairment of Long-Lived Assets

Management periodically reviews the carrying value of the mineral properties and deferred exploration expenditures to consider whether there are any conditions that may indicate impairment. Where estimates of future cash flows are available, a reduction in the carrying value is recorded to the extent the net book value of the investment exceeds the estimated undiscounted future cash flows. Where estimates of the future cash flows are not available and where other conditions suggest impairment, Management assesses if the carrying value can be recovered and provides for impairment, if so indicated.

The Company will monitor the recoverability of long-lived assets in accordance with the recommendations of the CICA Handbook Section 3063, Impairment of Long-Lived Assets. This is based on such factors as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's accounting policy is to record an impairment loss in the period when it is determined that the carrying value of the asset may not be recoverable. Management's estimate of future commodities prices, operating costs, capital costs and the availability of resources required to develop existing properties are utilized in the evaluation of the assets and involve subjective judgements.

Risks and Uncertainties

In conducting its business, the Company faces a number of risks and uncertainties. These are described under the heading "*Risk Factors*". The principal risks and uncertainties faced by the Company are summarized below.

Exploration and Development

Exploration for minerals and development of mining operations involve many risks, most of which are outside the Company's control. In addition to the normal and usual risks of exploration and mining, the Schefferville Project is situated in a remote location and does not have road access.

Permitting and Environment

The Schefferville Project is located in a remote area of northwestern 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 described under "*The Schefferville Project – Technical Report – Recommendations*", 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. See "*The Business of the Company – Required Permitting Prior to Development*". 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 northwestern 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. Unfavourable 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 conveyancing 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.

Outlook

The Company is currently in an exploration and development stage. Subject to completion of the Offering, plans for 2007 and 2008 include completing the recommended work programs initiating a feasibility study, continuing environmental studies, submitting permitting applications and conducting preliminary marketing studies. These programs will continue into 2008. See "*The Schefferville Project – Technical Report*".

Forward-Looking Statements

Forward-looking statements in this management discussion and analysis are subject to various risks and uncertainties concerning specific factors. The forward-looking statements represent Management's best judgment based on information currently available. As the information is future oriented it cannot be guaranteed and actual results may vary materially. The Company does not assume the obligation to update any forward-looking statement.

USE OF PROCEEDS

Offering

The net proceeds to the Company from the Offering are estimated to be \$42,159,020 (\$48,595,373 if the Over-Allotment Option is exercised in full) after deducting the Agent's Commission of \$2,982,980 (\$3,430,427 if the Over-Allotment Option is exercised in full) and the expenses of the Offering estimated to be \$750,000.

Such proceeds and others available cash will be used to fund a two phase program of further exploration and development of the Schefferville Project, preparation of a feasibility study and for general administrative working capital. Actual use of proceeds may vary depending on the Company's operational and capital needs from time to time.

The Company expects to use the net proceeds of the Offering as follows:

Intended Use of Available Funds	
Phase 1 Work Program	\$ 2,000,000
Feasibility Study	1,300,000
Environmental and other studies	1,200,000
Phase 1 General and Administrative Expenses	\$ <u>1,000,000</u>
Phase 1 Total	\$ <u>5,500,000</u>
Phase 2 Work Program	\$ 3,500,000
Feasibility Study	<u>900,000</u>
Marketing and other studies	<u>2,100,000</u>
Phase 2 General and Administrative Expenses	\$ <u>850,000</u>
Phase 2 Total	\$ <u>7,350,000</u>
Reserve for infrastructure upgrades and capital expenditures	\$ <u>12,000,000</u>
Unallocated Working Capital	\$ <u>17,309,020</u>
TOTAL	\$ <u>42,159,020</u>

See “*The Schefferville Project – Technical Report – Recommendations*”.

Following completion of the feasibility study and in accordance with its recommendations, the Company intends to review its capital needs to bring the Schefferville Project into full operation and seek such additional financing, whether in the form of equity, debt or a combination of both, as it considers advisable at that time.

The Company intends to spend the funds available to it as stated in this prospectus. However, actual allocation of these net proceeds may vary materially from that set out above, depending on the Company’s operational and capital requirements from time to time, the results of the work programs, future developments on the properties or unforeseen events.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement and subject to its terms and conditions, the Company has appointed the Agent to act as its agent to offer for sale to the public, on a commercially reasonable efforts basis, 11,473,000 Units at a price of \$4.00 per Unit. The issue price per Unit was determined by negotiation between the Agent and the Company.

The obligations of the Agent under the Agency Agreement may be terminated by the Agent at its discretion on the basis of its assessment of the state of the financial markets and may also be terminated in certain stated circumstances and upon the occurrence of certain stated events. In consideration for its services in connection with the Offering, the Agent will receive a cash commission of 6.5% of the aggregate gross proceeds of the Offering. In addition, the Company will issue to the Agent, Compensation Warrants equal to 6.5% of the number of Units sold pursuant to the Offering including those sold upon the exercise of the Over-Allotment Option. Each Compensation Warrant will entitle the

Agent to purchase one Unit at the issue price at any time prior to the date that is eighteen months from Closing. The Company will also reimburse the Agent for its reasonable expenses incurred with the Offering. This prospectus qualifies the issuance of the Compensation Warrants,.

The Agent conditionally offers the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the conditions of the Agency Agreement and subject to the approval of certain legal matters, on behalf of the Company by Neil J. F. Steenberg, Barrister & Solicitor, and on behalf of the Agent by Blake, Cassels & Graydon LLP. Subscriptions for Units will be payable in cash to the Company against delivery of certificates representing the Common Shares and Warrants. Subscriptions for the Units offered pursuant to the Offering will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about December 3, 2007 or such other date as the Company and the Agent shall agree, but in any event no later than December 31, 2007.

There is currently no market through which the Common Shares and Warrants comprising the Units may be sold and there can be no assurance that a market will develop.

The TSX has conditionally approved the listing of the Common Shares and Warrants distributed under this prospectus and the Warrant Shares issuable upon the exercise of the Warrants. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before February 18, 2008.

The Company has granted to the Agent the Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer for sale an additional number of Units equal to up to 15% of the aggregate number of Units offered under this Offering, on the same terms set out above, in order to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Agent's Fee and net proceeds to the Company will be \$52,775,800, \$3,430,427 and \$49,345,376, respectively. This prospectus qualifies for distribution the Over-Allotment Option and the distribution of any Common Shares and Warrants issued and sold upon the exercise of the Over-Allotment Option.

The Units are being offered to the public in all of the provinces of Canada except Québec and to certain investors in the United States on a private placement basis and exempt from the registration and prospectus requirement of the United States Securities Act of 1933.

The Units, the Common Shares and Warrants comprising the Units, and the Common Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and all applicable state securities laws. The Agency Agreement, however, permits the Agent to offer and sell Units to certain institutional investors in the United States or who are U.S. persons in certain transactions that are exempt from registration under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Common Shares or Warrants within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an applicable exemption from registration under the U.S. Securities Act.

Pursuant to rules and policy statements of certain Canadian provincial securities commissions, the Agent may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Common Shares. These

exceptions include bids or purchases permitted under the by-laws and rules of the TSX, relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, the Agent may over-allot Units or effect transactions in Canada that stabilize or maintain the market price of the Common Shares at a level other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Company has agreed to indemnify the Agent and its affiliates and their respective directors, officers, employees and agents against certain liabilities and expenses or will contribute to payments that the Agent may be required to make in respect thereof.

The Company and its senior officers and directors and Anglesey and Labrador Iron plc have agreed not to, directly or indirectly, without the prior consent of the Agent, such consent not to be unreasonably withheld, issue, sell or grant any additional equity or quasi-equity securities for a period of 120 days after the Closing Date.

DESCRIPTION OF DISTRIBUTED SECURITIES

Units

The Offering consists of 11,473,000 Units, each Unit comprised of one Common Share and one-half of one Warrant and, in addition, up to 1,720,950 Units may be issued under the Over-Allotment Option.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares, of which one Common Share is issued and outstanding as at the date of this prospectus. Upon giving effect to the LIM Merger but immediately prior to Closing there will be 24,000,001 Common Shares issued and outstanding. Holders of Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per Common Share at meetings of shareholders and to receive the remaining property of the Company upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

Warrants

Each Warrant entitles the holder to purchase one Warrant Share for a period of 24 months from the Closing Date at a price of \$5.00 per Warrant Share after which time the Warrants become null and void. The Warrants will be issued under an indenture (the “Warrant Indenture”) to be entered into between the Company and Olympia Trust Services Inc. (the “Trustee”) on or before the Closing Date. The Company will appoint the principal transfer office of the Trustee in Toronto (or such other location as the Company may designate from time to time) as the location at which the Warrants may be surrendered for exercise, transfer or exchange. Under the Warrant Indenture, the Company may, subject to applicable law, purchase in the market, by private contract or otherwise, any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide for adjustment in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution (other than a “dividend paid in the ordinary

course”, as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of the Warrants or pursuant to the exercise of directors, officers or employee stock options granted under the Company’s stock option plan);

- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of securities of the Company including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (i) reclassifications of the Common Shares;
- (ii) consolidations, amalgamations, arrangements or mergers of the Company with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other shares); or
- (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Common Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the prevailing exercise price or a change in the number of Common Shares purchasable upon exercise by at least one one-hundredth of a Common Share, as the case may be.

Each Warrant must be exercised within 10 Business Days of receipt of notice from the Company that the 20 day volume weighted average trading price is equal to or exceeds 150% of the exercise price, after which the Warrants shall terminate immediately.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Warrantholders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least 10 Business Days prior to the record date or effective date, as the

case may be, of such event. No fractional Warrants will be issued or otherwise provided for, and no person who purchases or holds a fraction of a Warrant shall be entitled to any cash or other consideration in lieu of any interest in or claim to any fraction of a Warrant. No fractional Common Shares will be issuable upon the exercise of any Warrants, but cash will be paid in lieu of any fractional share entitlement based on the “current market value”, as defined in the Warrant Indenture, of the Common Shares. Warrantholders will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have. From time to time, the Company and the Warrant Trustee, without the consent of the Warrantholders, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice the rights of any Warrantholder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warrantholders may only be made by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the Warrantholders at which there are Warrantholders present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to a lack of quorum, at which adjourned meeting the Warrantholders present in person or by proxy shall form a quorum) and passed by the affirmative vote of Warrantholders representing not less than 75% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the Warrantholders representing not less than 75% of the aggregate number of all the then outstanding Warrants.

The foregoing summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after giving effect to the Offering. This table should be read in conjunction with the consolidated financial statements of the Company contained in this prospectus.

Designation of Security	Outstanding as at June 30, 2007 (audited)	Outstanding as at the date hereof (unaudited)	Outstanding as of the date hereof after giving effect to the Offering (unaudited)
Long-term Debt	\$Nil	\$Nil	\$Nil
Shareholders' Equity	\$1	\$1	\$127,167,021
Common Shares (Authorized – unlimited)	1 Common Share	1 Common Share	\$121,417,171 ⁽¹⁾ 35,473,001 Common Shares
Warrants	Nil	Nil	\$5,749,850 5,736,500
Retained Earnings (Deficit)	\$ -	\$ -	\$(3,407,250)

Notes:

- (1) After deducting expenses of the Offering estimated to be \$750,000, the Agent's Commission of \$2,982,980 and other Pre-Offering Restructuring costs of \$432,000. This assumes that the Over-Allotment Option and the Compensation Warrant have not been exercised.

OPTIONS TO PURCHASE SECURITIES

Incentive Stock Option Plan

The Company has established a stock option plan to provide incentive compensation to the Company's directors, officers, employees and consultants (the "Stock Option Plan").

The Stock Option Plan is administered by the board of directors of the Company. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Company (each an "Optionee"), taking into consideration his or her contribution to the success of the Company and any other factor which the board of directors of the Company may deem proper and relevant. The aggregate number of Common Shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Company will not exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time.

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding ten years, subject to earlier cancellation upon the termination of the optionee's employment with the Company, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. Under the Stock Option Plan, the Board of Directors, in its discretion but upon the advice of its Human Resources and Corporate Governance Committee, is authorized to impose deferred vesting restrictions on any options granted and to fix the exercise price provided that such price may not be lower than the market price of the Company's shares determined in accordance with the rules of any stock exchange or other trading market upon which the shares of the Company are then listed or quoted or, if the shares of the Company do not trade on any such exchange or market, by the Board of Directors in their discretion. The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, or a merger or other relevant changes in the Company's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of stock options granted thereunder.

The Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time provided however that no such right may in any manner adversely affect an Optionee's rights under the option theretofore granted under the Stock Option Plan without consent of such Optionee.

Any amendments to the Stock Option Plan are subject to the prior approval of any stock exchange upon which shares of the Company are then listed for trading and any other regulatory authority having jurisdiction over the Company.

Shareholder approval will be required for the following types of amendments to the Stock Option Plan:

- an increase in the maximum number of Common Shares issuable under the Stock Option Plan;
- a change in the manner of determining the option price;
- an extension of the expiry date of an option;
- an extension of the period during which options may be granted; and
- an alteration or impairment of any option previously granted to an Optionee, without the prior written consent of the Optionee.

All other amendments to the Stock Option Plan will not require shareholder approval.

Outstanding Options

As at the date of this prospectus, 2,950,000 options to purchase securities of the Company have been issued pursuant to the Stock Option Plan, such options to vest 50% immediately and 50% after 12 months at an exercise price of \$4.00 per Common Share.

The following table provides details on stock options granted under the Stock Option Plan, as at the date of this prospectus:

Grantees	Common Shares Under Options Granted (#)	% of Total Options Granted Since Date of Incorporation	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
John F. Kearney Chairman, Chief Executive Officer and Director	750,000	25%	\$4.00	\$3.56	August, 2012
Bill Hooley President, Chief Operating Officer and Director	500,000	17%	\$4.00	\$3.56	August, 2012
Terence N. McKillen Vice-President and Director	400,000	14%	\$4.00	\$3.56	August, 2012
Danesh Varma Chief Financial Officer	300,000	10%	\$4.00	\$3.56	August, 2012
Mathew Coon Come Director	100,000	3%	\$4.00	\$3.56	August, 2012
Richard Lister Director	100,000	3%	\$4.00	\$3.56	August, 2012
Eric W. Cunningham Director	100,000	3%	\$4.00	\$3.56	August, 2012
Gerald Gauthier Director	100,000	3%	\$4.00	\$3.56	August, 2012
Employees/Consultants	600,000	20%	\$4.00	\$3.56	August, 2012
Total	2,950,000				

PRIOR SALES

In May, 2007, one (1) Common Share was issued to John Kearney as an incorporator's share for a total consideration of \$1.00.

Upon the LIM Merger becoming effective, a total of 18,600,000 Common Shares will be issued to Labrador Iron plc and 2,700,000 Common Shares will be issued to each of Kensam and 3222594. See "*The Business of the Company – Significant Acquisitions*".

PRINCIPAL HOLDERS OF COMMON SHARES

As at the date of this prospectus, to the knowledge of the directors and officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all outstanding Common Shares, except as follows:

Name	Designation of Class	Type of Ownership	Number and Percentage of Common Shares owned before the Offering ⁽¹⁾	Number and Percentage of Common Shares owned after giving effect to the Offering
Labrador Iron plc ⁽²⁾	Common Shares	Direct	18,600,000 77.5%	18,600,000 52.43%
Kensam Enterprises Inc.	Common Shares	Direct	2,700,000 11.25%	2,700,000 7.61%
3222594 Canada Inc. ⁽³⁾	Common Shares	Direct	2,700,000 11.25%	2,700,000 7.61%

Notes:

- (1) After giving effect to the LIM Merger.
- (2) Labrador Iron plc is a wholly-owned subsidiary of Anglesey. Messrs. Kearney, Hooley and Varma are directors of Anglesey and Mr. Varma is a director of Labrador Iron plc.
- (3) 3222594 is controlled by Terence N. McKillen, a director and officer of the Company.

DIRECTORS AND OFFICERS

The following table sets out, for each of the Company's directors and executive officers, the individual's name, municipality of residence, positions with the Company, principal occupation, and, if a director, the month and year in which such individual became a director. Directors hold office for a term of one (1) year until the next annual meeting of shareholders of the Company or until their successors are duly elected or appointed.

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 ⁽³⁾ Toronto, Ontario	Chairman, Chief Executive Officer and Director	Chairman of Canadian Zinc Corporation, Scandinavian Minerals Limited and Anglesey Mining plc	May, 2007	1
D. William Hooley ⁽⁴⁾ Rhos-on-Sea, Wales, United Kingdom	President, Chief Operating Officer and Director	Executive Director of Anglesey Mining plc, and President of Labrador Iron Mines Limited	May, 2007	Nil
Terence N. McKillen ⁽⁵⁾ Mississauga, Ontario	Vice-President and Director	President and Chief Executive Officer of Conquest Resources Limited	May, 2007	Nil
Danesh Varma ⁽⁶⁾ London, England	Chief Financial Officer	Chief Financial Officer of Minco plc, Conquest Resources Limited and Canadian Zinc Corporation	May, 2007	Nil
Matthew Coon Come ⁽¹⁾ Ottawa, Ontario	Director	Political Advisor Grand Counsel of the Cree Nation	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 ⁽²⁾ Toronto, Ontario	Director	Mining Engineer, Chief Operating Officer of Nevsun Resources Ltd.	August, 2007	Nil

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) Chairman and Chief Executive Officer of LIM and a director of Anglesey.
- (4) President and Chief Operating Officer of LIM and a director of Anglesey.
- (5) Director and Vice-President of LIM. Mr. McKillen is the controlling shareholder of 3222594 which will hold 2,700,000 Common Shares (11.25%) following completion of the LIM Merger and 7.61% following completion of the Offering (7.26% if the Over-Allotment Option is fully exercised).
- (6) Chief Financial Officer of LIM and a director of Anglesey.

As of the date of this prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, one Common Share, representing 100% of the issued and outstanding Common Shares. Following completion of the LIM Merger and the Offering, directors and executive officers of the Company as a group will beneficially own, directly or indirectly, 2,700,000 Common Shares representing approximately 7.61% of the issued and outstanding Common Shares.

The following relates to the directors and officers of the Company. Except as noted below, each of the Company's directors and executive officers has been engaged for more than five years in his or her present principal occupation.

John F. Kearney, *Age 56, Chairman, Chief Executive Officer and Director.* Mr. Kearney has 30 years experience in the mining industry. He is currently the Chairman of Canadian Zinc Corporation, Conquest Resources Limited, Scandinavian Minerals Limited, Sulliden Exploration Inc. and Anglesey Mining plc. In addition, Mr. Kearney is currently a director of Avnel Gold Mining Limited and Minco plc. Previously, he was Chairman, President and Chief Executive Officer of Northgate Exploration Limited, Campbell Resources Inc. and Sonora Gold Corp. He also currently serves as a director of the Mining Association of Canada. Mr. Kearney holds degrees in law and economics from University College Dublin and an M.B.A. degree from Trinity College Dublin. He qualified as a solicitor in Ireland and as a chartered secretary with the Institute of Chartered Secretaries and Administrators in London. Mr. Kearney is also a member of the Canadian Institute of Mining and Metallurgy, the Prospectors and Developers Association of Canada and the Law Society of Ireland.

D.W. (Bill) Hooley, *Age 60, President, Chief Operating Officer and Director.* Mr. Hooley is currently Executive Director of Anglesey Mining plc. Previously, he was the Managing Director of Micon International Ltd. from 2000 to 2005. In addition, he held various management and executive posts with mining and service companies in the UK and Australia from 1975 to 1999. Mr. Hooley is a professionally qualified mining engineer and has 39 years of experience in the world-wide mineral industry. He holds a degree in mining engineering from the Royal School of Mines, Imperial College London. Mr. Hooley is also a Fellow of the Australasian Institute of Mining and Metallurgy.

Terence N. McKillen, *Age 61, Vice-President and Director.* Mr. McKillen is a professional geologist and has 39 years of experience in the mining industry. He holds degrees in geology from the University of Dublin (Trinity College) and a Masters degree in mining geology and mineral exploration from the University of Leicester. He is a registered Professional Geoscientist in the Provinces of Ontario and Newfoundland and Labrador. Mr. McKillen is currently Director, President and CEO of Conquest Resources Limited and Director of Exploration and Business Development for Minco plc. He is also President and controlling shareholder of 3222594 Canada Inc. He was formerly Vice-President Exploration of Northgate Exploration Limited and Vice President Exploration and Development of Campbell Resources Inc. He was Director, President and CEO of Rift Resources Ltd., and Director of EXP Resources Inc.

Danesh Varma, *Age 57, Chief Financial Officer.* Mr. Varma is a chartered accountant in Canada and in England and Wales, with over 20 years of experience in financial management. He is currently a director of Anglesey Mining plc and Minco plc. In addition, Mr. Varma serves as the Chief Financial Officer of Minco plc, Conquest Resources Limited and Canadian Zinc Corporation. Previously, he was President of Westfield Minerals Limited and a director of Northgate Exploration Limited.

Matthew Coon Come, *Age 51, Director.* Mathew Coon Come is a Board Member of the Grand Council of the Crees (Eeyou Istchee) and the Cree Regional Authority. He was National Chief of the Assembly of First Nations from 2000 to 2003 and previously was Grand Chief of the Grand Council of the Crees in Québec for 12 years from 1987 to 1999. Earlier he served two terms as Chief of the Mistassini First

Nation. Mr. Coon Come is a Founding Member of the Board of Compensation of the Cree Nation and has been a director of Creeco AirCreebec, Cree Regional Intercompany Enterprise Company and Cree Construction Company, and Chairman of Cree Housing Corporation and James Bay Native Development Corporation. He was a founding director of the First Nations Bank of Canada. In 1998 he was awarded the Goldman Prize (Environmental Award) in recognition of his leadership marshalling local, national and international environmental, human rights and tribal communities to create a strong coalition to stop the Great Whale hydro-electric project in northern Québec. He was awarded Honorary Doctorate of Laws degrees by Trent University in 1998 and by the University of Toronto in 2000.

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.

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.

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.

Audit Committee

The Audit Committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. The committee recommends the auditors to be nominated and reviews the compensation of the auditors. The committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. The current members of the Audit Committee are Messrs. Lister, Coon Come and Cunningham, each of whom are independent and financially literate in accordance with Multinational Instrument 52-110 – *Audit Committees*.

Audit and all Other Fees

LIM has not paid the auditors, McGovern, Hurley, Cunningham LLP, any amounts during the period ended March 31, 2007.

Human Resources and Corporate Governance Committee

This committee shall be composed of three directors, namely Messrs. Cunningham, Lister and Gauthier, all of whom are independent of Management. The purpose of the Human Resources and Corporate Governance Committee (the “Committee”) is to develop and monitor the process and structure used to supervise the business and affairs of the Company.

The Committee's activities shall include:

- (a) reviewing, monitoring and making recommendations regarding the effectiveness of the Board and ensuring that the Board functions independently of management;
- (b) establishing and administering a process for the selection of new directors and the ongoing evaluation of existing directors;
- (c) periodically reviewing and making recommendations to the Board with respect to the compensation of directors and senior officers;
- (d) providing oversight in ensuring a high quality of leadership and an employee relations strategy that provides for ongoing flexibility and productivity throughout the Company and LIM; and
- (e) perform such other tasks as may be delegated to the Committee by the Board.

Penalties or Sanctions

No director, officer, promoter or other member of Management has, during the ten years prior to the date hereof, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

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 served as a non-executive director of Q-Entertainment Inc. (TSX: QZR), a technology and entertainment company, from October 1996 to October 31, 1997. On November 6, 1997, Q-Entertainment Inc. and its U.S. subsidiaries filed for Chapter 11 protection in the United States and subsequently filed for Chapter 7 bankruptcy in the United States Bankruptcy Court (Texas), following which a trustee in bankruptcy was appointed. Mr. Kearney also served as a non-executive director of McCarthy Corporation plc, the largest shareholder in Q-Entertainment Inc., from July 2000 to March 2003. In June 2003, McCarthy Corporation plc proposed 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.

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.

Conflicts of Interest

The transactions in which directors, senior officers, promoters or principal holders of the Company's securities have had an interest in are described under the headings "Interest of Management and Others in Material Transactions", "Options to Purchase Securities" and "Executive Compensation". Other than as described under these headings, there are no material transactions with or involving the directors, senior officers, promoters or principal holders of securities of the Company that have occurred since incorporation. Certain of the Company's directors and officers also serve as directors and/or officers of companies which may enter into contracts with the Company in the future. In the event that this occurs, a conflict of interest will exist. Directors in a conflict of interest position are required to disclose such conflicts to the Company.

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any material contract or material transaction. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest in respect of the Company and are required to comply with such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

EXECUTIVE COMPENSATION

Compensation

Set out below are particulars of the compensation paid to the "Named Executive Officers" of the Company, which include the Company's Chief Executive Officer and Chief Financial Officer.

Summary of Compensation

The Chief Executive Officer and the Chief Financial Officer (the "Named Executive Officers") have received no compensation from the Company or its subsidiary since their respective incorporations or from LIM during its three most recently completed financial years. The Company does not plan to provide regular compensation to its executive officers during the next 12 months, however, it is anticipated that certain of its officers will be engaged from time to time to provide services as consultants

to the Company and they will be compensated at standard industry rates on the basis of the actual time spent and the nature of the services provided.

Long-Term Incentive Plans, Options and SARs – Awards and exercises in most recently completed Fiscal Year

During the most recently completed fiscal year, there were no incentive stock options and SARs (stock appreciation rights) granted to or exercised by the Named Executive Officers.

The Company has no long term incentive plans in place and, therefore, there were no awards made under any long-term incentive plan to the Named Executive Officers during the Company's most recently completed fiscal year. A "Long-Term Incentive Plan" is a plan under which awards are made based on performance over a period longer than one fiscal year, other than a plan for options, SARs (stock appreciation rights) or restricted share compensation. The Company does not have a pension plan.

Termination of Employment, Change in Responsibilities and Employment Contracts

There is no compensatory plan or arrangement with respect to the executive officers or directors of the Company or LIM which results or will result from the resignation, retirement or any other termination of employment with the Company or from a change of control of the Company or a change in an executive officer's responsibilities following change of control.

The Company does not have any employees at this time. Management's plan is to engage the services of consultants and independent contractors at standard industry rates to complete the exploration and resource definition program and feasibility study referred to under "*Use of Proceeds*". The Company's future staffing needs will be reviewed in light of the results of the feasibility study.

COMPENSATION OF DIRECTORS

Directors who are not officers of the Company currently receive an annual retainer of \$10,000, payable in arrears, with a fee of \$500 per board meeting attended (or committee meeting attended on a separate date). Directors are also reimbursed for travel expenses incurred in connection with attendance at such meetings. Directors are eligible to participate in the Stock Option Plan. The Company has granted to each director incentive stock options to purchase up to 100,000 (totalling 400,000) Common Shares of the Company at an exercise price of \$4.00 per Common Share for a period of five years, such options to vest 50% immediately and 50% after 12 months. See "*Options to Purchase Securities – Outstanding Options*".

INDEBTEDNESS OF OFFICERS AND DIRECTORS

There is no indebtedness of any officer or director, or any associate of any such director or officer, to the Company.

PROMOTER

Anglesey, having taken the initiative in founding and organizing the Company and in the development of the Schefferville Project, is considered a promoter of the Company within the meaning of applicable securities laws. Anglesey indirectly owns, through its wholly-owned subsidiary, Labrador Iron plc, all of the issued shares of LIM and, upon completion of the LIM Merger, will hold 18,600,000 Common Shares (77.5%). Anglesey will hold 18,600,000 Common Shares (52.43%) upon completion of the Offering (50.01% if the Over-Allotment Option is exercised in full).

Anglesey will receive the 18,600,000 Common Shares to be held by it pursuant to the LIM Merger in exchange for its 100% share ownership in LIM. See “*The Business of the Company – Significant Acquisitions – Merger Agreement*”.

ESCROWED SECURITIES

There are currently no securities of the Company subject to escrow. In accordance with National Policy 46-201 – *Escrow for Initial Public Offerings* (the “Escrow Policy”) and pursuant to an escrow agreement dated November 15, 2007 (the “Escrow Agreement”) among the principals of the Company (the “Escrowed Shareholders”), the Company and Olympia Transfer Services Inc. (the “Escrow Agent”), the Escrowed Shareholders have agreed to deposit their Common Shares, when issued, into escrow with the Escrow Agent on or before closing of the Offering. The issue and placement of these securities with the Escrow Agent in accordance with the terms of the Escrow Agreement is a condition precedent to the closing of the Offering. The names of the Escrowed Shareholders and the number of securities subject to escrow held by each Escrowed Shareholder (the “Escrowed Securities”) are as follows:

Name of Escrowed Shareholder	Number of Common Shares subject to Escrow	Percentage of outstanding Common Shares on a fully-diluted basis after giving effect to the Offering
Labrador Iron plc	18,600,000	42.12%
3222594 Canada Inc.	2,700,000	6.11%

Under the Escrow Policy, the Company will qualify as an “established issuer” provided that the Common Shares and Warrants are listed on the TSX. As such, the Escrowed Securities will be released on the following basis:

Release Date	Number of Shares Released
On the date the Company’s securities are listed on a Canadian exchange (the “Listing Date”)	¼ of the Escrowed Securities
Six months after the Listing Date	⅓ of the remaining Escrowed Securities
Twelve months after the Listing Date	½ of the remaining Escrowed Securities
Eighteen Months after the Listing Date	The remaining Escrowed Securities

Lock-up Agreement

Pursuant to the Agency Agreement, Labrador Iron plc and Anglesey have entered into a lock-up agreement with the Company dated November 23, 2007 under which each has agreed not to sell or cause to be sold, as the case may be, any Common Shares (or financial instruments convertible or exchangeable into Common Shares) for a period of 12 months from the Closing after which any sales of Common Shares (or financial instruments convertible or exchangeable into Common Shares) by Labrador Iron plc may not exceed 25% of the total number of Common Shares held by Labrador Iron plc at the Closing Date in any six-month period, without the prior written consent of the Agent. Such entitlement shall be cumulative only for the period beginning 12 months subsequent to Closing.

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.

Limited Operating History

The Company has no history of earnings. The Properties are in the exploration stage and there are no known commercial quantities of mineral reserves on the Properties. The purpose of this Offering is to raise funds to carry out exploration and development with the objective of establishing economic quantities of mineral reserves.

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.

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.

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.

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.

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.

Failure to Obtain Additional Financing

The Company does not currently have the financial resources necessary to undertake any of its currently planned activities. Upon the completion of the Offering, the Company will be able to undertake an exploration program. 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.

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.

Environmental Risks and Hazards

The Company's operations may be subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to comply fully with all applicable environmental regulations.

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.

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.

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.

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.

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.

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.

Absence of Public Trading Market

Currently there is no public market for the Common Shares, and there can be no assurance that an active market for the Common Shares will develop or be sustained after this Offering. If an active public market for the Common Shares does not develop, the liquidity of an investor's investment may be limited and the share price may decline below its initial public offering price.

The initial public offering price of the Common Shares has been determined by negotiations among the Company and the Agent based on numerous factors. This price may not be indicative of the market price or the fair market value for the Common Shares after this initial public offering. See "*Plan of Distribution*".

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 following:

- 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;
- the limited trading volume and general market interest in the Company's securities may affect an investor's ability to trade the Common Shares;
- the relatively small size of the publicly held shares will limit the ability of some institutions to invest in the Company's securities; and
- a substantial decline in the Company's share price that persists for a significant period of time could cause its securities to be delisted from any stock exchange upon which they are listed, further reducing market liquidity.

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

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.

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.

Conflicts of Interest

Some of the directors and officers are engaged and will continue to be engaged in the search for additional 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.

Tax Issues

Tax considerations applicable to unitholders in respect of acquiring, holding or disposing of Units will vary according to the particular circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors prior to acquiring Units pursuant to the Offering.

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.

LEGAL PROCEEDINGS

Management is not aware of any material legal proceedings, actual, contemplated or threatened to which the Company, Subco or LIM is a party or to which any of their properties or assets are subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, and no associate or affiliate of the foregoing, has had a material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company except Terence N. McKillen who is the controlling shareholder of 3222594, vendor along with Kensam of a 22.5% interest in the Schefferville Project as described under “*The Business of the Company – Significant Acquisitions – Transfer Agreement*”, and which will hold 2,700,000 Common Shares of the Company upon completion of the LIM Merger.

Messrs. Kearney, Hooley and Varma are directors of Anglesey which indirectly holds a 77.5% interest in the Schefferville Project as described under “*The Business of the Company*” and which will hold 18,600,000 Common Shares upon completion of the LIM Merger.

EXPERTS

Information of a scientific or technical nature regarding the Company's properties included in this prospectus are based upon the Technical Report. The Technical Report provides an independent review of the mineral resources, reserves and development of the Properties. The Technical Report was prepared by A.S. Kroon, P.Eng. and Daniel Dufort, P.Eng. 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 do not have an interest in the prospectus. A copy of this report can be found on the Company's disclosure page on www.sedar.com. Messrs. Kroon and Dufort do not have any interest in the Properties and do not own any securities of the Company.

Certain legal matters relating to the Offering have been passed upon on behalf of the Company by Neil J. F. Steenberg, Barrister & Solicitor, and on behalf of the Agent by Blake, Cassels & Graydon LLP. At the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group and Mr. Neil J. F. Steenberg, do not own beneficially, directly or indirectly, more than 1%, respectively, of any class of the outstanding securities of the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The Company's auditors are McGovern, Hurley, Cunningham LLP, located at 2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, M2J 5B4.

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.

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*";
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*";
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*";
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*";

5. 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*”;
6. 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*”;
7. 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*”;
8. 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*”;
9. 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*”;
10. 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*”;
11. 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*”; and
12. Agency Agreement between the Company and the Agent dated November 23, 2007 referred to under “*Plan of Distribution*”.

Copies of the above material contracts and the Technical Report may be inspected during distribution of the Units being offered under this prospectus and for a period of 30 days thereafter during normal business hours at the Company’s offices at Suite 1002, 111 Richmond Street West, Toronto, Ontario, M5H 2G4.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

GLOSSARY OF TECHNICAL TERMS

°C	degree Celsius
cm	centimetre
diamond drill	means a machine designed to rotate under pressure, using an annular diamond studded cutting tool to produce a more or less continuous sample of the material that is drilled
Fe	iron
ha	hectares
hematite	an important ore of iron
km	kilometre
mineralization	a natural aggregate of one or more minerals, which has not been delineated to the extent that sufficient average grade or dimensions can be reasonably estimated or called a “deposit” or “ore”
Mtpa	Million tons per annum
strike length	longest horizontal dimension of a body or zone of mineralization
tonne	metric tonne of 1,000 kilograms
ton	2,000 pounds, approximately 909.1 kilograms
UTM	means the Universal Transverse Mercator coordinate system which is a two-dimensional grid-based method of specifying locations on the surface of the Earth. The system employs a series of sixty zones, each of which is based on a specifically defined secant Transverse Mercator projection. Positions are measured in metres north or south of the Equator and east or west of the Central Meridian

CONVERSION TABLE

The following table sets forth certain standard conversions from the Standard Imperial units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Feet	Metres	0.3048
Metres	Feet	3.2808
Miles	Kilometres	1.6093
Kilometres	Miles	0.6214
Acres	Hectares	0.4047
Hectares	Acres	2.4711
Grams	Ounce (troy)	0.03215
Ounce (troy)	Grams	31.1035
Tonnes	Short tons	1.10231
Short tons	Tonnes	0.90718
Long tons	Kilograms	1016.046
Tonnes	Long tons	0.98421
Long tons	Tonnes	1.016046

FINANCIAL STATEMENTS

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)

(A Development Stage Company)

Financial Statements
For the three months ended
June 30, 2007 and 2006, and,
For the years ended
March 31, 2007, 2006 and 2005

AUDITORS' REPORT

To the Directors of
Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A Development Stage Company)

We have audited the balance sheets of Labrador Iron Mines Limited (Formerly Parys Mountain Mines Limited) (A Development Stage Company) as at March 31, 2007, 2006 and 2005 and the statements of operations and deficit and cash flows for each of the years in the three-year period ended March 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2007, 2006 and 2005 and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2007 in accordance with Canadian generally accepted accounting principles.

(signed) McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
November 23, 2007

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)

Balance Sheets

As at

	June 30, 2007 \$	June 30, 2006 \$	March 31, 2007 \$	March 31, 2006 \$	March 31, 2005 \$
	(Unaudited)	(Unaudited)			
ASSETS					
Current assets					
Cash	21,157	100	27,849	-	-
Amounts receivable	9,559	2,632	12,699	-	-
	<u>30,716</u>	<u>2,732</u>	<u>40,548</u>	<u>-</u>	<u>-</u>
Non-current assets					
Deferred transaction costs	80,000	-	-	-	-
Mineral property interests (Note 4)	1,371,175	261,844	1,237,718	192,552	-
	<u>1,481,891</u>	<u>264,576</u>	<u>1,278,266</u>	<u>192,552</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	404,051	39,000	243,571	212,707	-
Due to parent company (Note 6)	1,164,905	258,484	1,114,905	5,345	-
	<u>1,568,956</u>	<u>297,484</u>	<u>1,358,476</u>	<u>218,052</u>	<u>-</u>
SHARE CAPITAL AND DEFICIT					
Share capital (Note 5)	250,100	250,100	250,100	250,100	250,100
Deficit	(337,165)	(283,008)	(330,310)	(275,600)	(250,100)
	<u>(87,065)</u>	<u>(32,908)</u>	<u>(80,210)</u>	<u>(25,500)</u>	<u>-</u>
	<u>1,481,891</u>	<u>264,576</u>	<u>1,278,266</u>	<u>192,552</u>	<u>-</u>

Continuance (Note 1)

Commitments (Note 4)

Approved by the board of directors:

Signed "John F. Kearney" _____, Director

Signed "Ian Cuthbertson" _____, Director

See accompanying notes to the financial statements.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Statements of Operations and Deficit
For the

	Three months ended		Year ended March 31,		
	June 30, 2007 \$ (Unaudited)	June 30, 2006 \$ (Unaudited)	2007 \$	2006 \$	2005 \$
Expenses					
Management	-	3,000	24,000	12,000	-
Office rentals	6,000	3,625	24,250	12,000	-
Administration	855	366	2,668	500	-
Professional fees	-	417	3,982	1,000	-
	<u>6,855</u>	<u>7,408</u>	<u>54,900</u>	<u>25,500</u>	<u>-</u>
Interest income	-	-	(190)	-	-
Net loss for the period	<u>6,855</u>	<u>7,408</u>	<u>54,710</u>	<u>25,500</u>	<u>-</u>
Deficit, beginning of period	<u>330,310</u>	<u>275,600</u>	<u>275,600</u>	<u>250,100</u>	<u>250,100</u>
Deficit, end of period	<u>337,165</u>	<u>283,008</u>	<u>330,310</u>	<u>275,600</u>	<u>250,100</u>
Net loss per share - basic and diluted	69	74	547	255	-
Weighted average common shares outstanding					
- basic and diluted	100	100	100	100	100

See accompanying notes to the financial statements.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Statements of Cash Flows
For the

	Three months ended		Year ended March 31,		
	June 30, 2007 \$	June 30, 2006 \$	2007 \$	2006 \$	2005 \$
	(Unaudited)	(Unaudited)			
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss for the period	(6,855)	(7,408)	(54,710)	(25,500)	-
Changes in non-cash working capital:					
Decrease (increase) in amounts receivable	3,140	(2,632)	(12,699)	-	-
Increase (decrease) in accounts payable and accrued liabilities	12,080	(146,597)	40,556	25,500	-
Net cash flows from operating activities	<u>8,365</u>	<u>(156,637)</u>	<u>(26,853)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Mineral property interests	<u>(65,057)</u>	<u>(96,402)</u>	<u>(1,054,858)</u>	<u>(5,345)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from parent company	<u>50,000</u>	<u>253,139</u>	<u>1,109,560</u>	<u>5,345</u>	<u>-</u>
Increase in cash	(6,692)	100	27,849	-	-
Cash, beginning of period	<u>27,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, end of period	<u><u>21,157</u></u>	<u><u>100</u></u>	<u><u>27,849</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Interest paid	-	-	-	-	-
Income taxes paid	-	-	-	-	-
Change in accrued mineral property interest costs	(68,400)	27,110	(9,692)	187,207	-
Change in deferred transaction costs	(80,000)	-	-	-	-

See accompanying notes to the financial statements.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Notes to the Financial Statements
June 30, 2007 and March 31, 2007, 2006 and 2005

1. Ongoing operations

These financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assume that Labrador Iron Mines Limited (the “Company”) will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage with no history of profitability. There is no guarantee that the Company’s exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its properties. The Company’s continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future. Management continues to actively pursue additional financing and strives to obtain and thereafter maintain profitable operations to support the validity of the “going concern” assumption. If the “going concern” assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2. Nature of operations

The Company is an indirect wholly owned subsidiary of Anglesey Mining plc and is engaged in the search, evaluation and development of iron ore resources in Canada. There has been no determination whether properties in which the Company holds interests 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, mineral 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 mineral 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 and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Notes to the Financial Statements
June 30, 2007 and March 31, 2007, 2006 and 2005

3. Summary of significant accounting policies (continued)

Mineral property interests and deferred exploration expenditures

These assets are carried at historical cost. 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 period. 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.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Notes to the Financial Statements
June 30, 2007 and March 31, 2007, 2006 and 2005

3. Summary of significant accounting policies (continued)

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 interests

The Company holds an 80% (subsequently adjusted to 77.5%) interest in the Schefferville Project. The Schefferville Project comprises a series of iron ore deposits located in western Labrador in the Province of Newfoundland and Labrador, near the town of Schefferville, Quebec. The properties comprise 29 Mineral Rights Licences issued by the Department of Natural Resources, Province of Newfoundland and Labrador, containing 140 mineral claims and covering approximately 3,500 hectares. Fourteen Mineral Rights Licences containing 54 mineral claims are registered in the name of the Company and fifteen Mineral Rights Licences containing 86 mineral claims in which the Company holds option interests are registered in the names of the appointees of the underlying optionor Fonteneau Resources Limited.

Under an agreement dated September 30, 2005 the Company was granted the right and option to earn a 70% interest in the Schefferville Project by carrying out exploration, completing a feasibility study prior to September 30, 2006 and committing to put one or more of the properties into production. The Company incurred the required expenditures, delivered the feasibility study and committed to put the properties into production in accordance with the feasibility study and thereby earned the 70% interest in the Schefferville Project.

On September 30, 2006 the Company acquired a further 10% joint venture interest in the Schefferville Project from Energold Minerals Inc., a company with a common director, in consideration of assuming certain obligations of Energold relating to the properties, and thereby increased its interest in the Schefferville Project to 80% (subsequently adjusted to 77.5%).

At the same date the fourteen Mineral Rights Licences representing 86 mineral claims were transferred to the Company by Energold, subject to the Agreement and royalty described below, and title to these Mineral Rights Licences was transferred to and registered in the name of the Company.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Notes to the Financial Statements
June 30, 2007 and March 31, 2007, 2006 and 2005

4. Mineral property interests (Continued)

On October 1, 2006 the Company entered into an agreement (the “Schefferville Agreement”) under which, the Company, as operator, is obligated to incur 100% of the development and capital expenditures to put the properties into commercial production, at which point the other parties are entitled to participate in 20% (subsequently increased to 22.5%) of the production and product and are obligated to pay 20% (subsequently increased to 22.5%) of all operating and ongoing and capital costs, incurred after the commencement of commercial production, provided that the Company has the right to recover the development and capital costs incurred by the Company from and after September 30, 2005 (without interest) from 90% of the net revenue generated by the Project.

The Company has the right at the time of arranging production financing for the first mine to be developed on the properties to acquire the 20% (subsequently increased to 22.5%) interest for a price to be fixed and determined by reference to the net present value of that interest as calculated from the feasibility study upon which such production financing is or was based. In addition, the holders of the 22.5% interest have the right, but not the obligation, to participate pro rata with the Company in any public flotation of the Company or of the Schefferville Project.

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, as assignee and nominee of Energold has earned a 20% interest in the Fonteneau Properties and has 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, all subject to the Schefferville Agreement and subject to the Fonteneau Royalty.

Under the Option Agreement in the event that prior to September 30, 2008 the Company has not arranged production financing for the first one million tons of production from one or more of the properties, the Company shall be deemed to have earned only a 20% interest in the Fonteneau Properties and Fonteneau may arrange a sale, joint venture or disposition of the Fonteneau Properties or any of them to a third party, with the net proceeds or consideration of such disposition to be distributed 80% to Fonteneau and 20% to the Company (subject to the Schefferville Agreement).

The Schefferville Agreement and certain of the underlying agreements (but not including the Option Agreement) through which the Company has acquired its property interests are with companies who have directors and/or officers that are also directors and/or officers of the Company, or with companies that are controlled by directors and/or officers of the Company. The underlying Option Agreement with Fonteneau Resources Limited is at arm’s length to the Company.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Notes to the Financial Statements
June 30, 2007 and March 31, 2007, 2006 and 2005

4. Mineral property interests (continued)

Balance, April 1, 2004 and March 31, 2005	\$ -
Expenditures:	
Geology	160,995
Travel and accommodation	26,874
Other	<u>4,683</u>
Balance, March 31, 2006	192,552
Expenditures:	
Geology	17,086
Engineering	41,230
First nations affairs	<u>10,976</u>
Balance, June 30, 2006	261,844
Expenditures:	
Drilling	461,812
Geology	111,350
Environmental	101,897
Engineering	47,831
Metallurgy	47,000
Logistics	37,208
First nations affairs	62,230
Travel and accommodation	39,288
Other	<u>67,258</u>
Balance, March 31, 2007	1,237,718
Expenditures:	
Drilling	11,537
Geology	25,103
Metallurgy	39,256
First nations affairs	5,652
Travel and accommodation	1,909
Other	<u>50,000</u>
Balance, June 30, 2007	<u>1,371,175</u>

5. Share capital

	No.	\$
Authorized		
Unlimited common shares		
Issued, June 30, 2007 and 2006 and March 31, 2007, 2006 and 2005		
Common shares	<u>100</u>	<u>250,100</u>

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Notes to the Financial Statements
June 30, 2007 and March 31, 2007, 2006 and 2005

6. Related party transactions and balances

See Note 4.

Amount due to parent company is unsecured, non-interest bearing, and has no fixed terms of repayment.

Rent expense in the amount of \$6,000 and \$3,625 for the three months ended June 30, 2007 and 2006 and \$24,250 for the year ended March 31, 2007 (2006 - \$12,000, 2005 – Nil) was paid to a corporation that has directors in common with the Company.

Included in accounts payable and accrued liabilities at June 30, 2007 is \$107,404 (2006 - \$34,375), and at March 31, 2007 is \$79,787 (2006 - \$212,707; 2005 - Nil) owing to related parties.

Related party transactions were 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. The fair value of amounts due to parent company cannot reasonably be determined as there is no comparable market data.

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.

Labrador Iron Mines Limited
(Formerly Parys Mountain Mines Limited)
(A development Stage Company)
Notes to the Financial Statements
June 30, 2007 and March 31, 2007, 2006 and 2005

8. Income Taxes

The provision for income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 36% (2005 –36%).

	June 30, 2007 (Unaudited) \$	June 30, 2006 (Unaudited) \$	March 31, 2007 \$	March 31, 2006 \$	March 31, 2005 \$
Loss before income taxes	<u>6,855</u>	<u>7,408</u>	<u>54,710</u>	<u>25,500</u>	<u>-</u>
Expected income tax benefit based on statutory rates	2,500	2,700	19,700	9,200	-
Adjustments to benefit resulting from:					
Valuation allowance	<u>(2,500)</u>	<u>(2,700)</u>	<u>(19,700)</u>	<u>(9,200)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	June 30, 2007 (Unaudited) \$	June 30, 2006 (Unaudited) \$	March 31, 2007 \$	March 31, 2006 \$	March 31, 2005 \$
income tax assets (liabilities)					
Non capital losses	31,400	11,900	28,900	9,200	-
Valuation allowance	<u>(31,400)</u>	<u>(11,900)</u>	<u>(28,900)</u>	<u>(9,200)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company has non-capital loss carry-forwards for Canadian income tax purposes of approximately \$56,000 which expire in 2027.

9. Subsequent event

Subsequent to June 30, 2007 the Company received a further advance of \$250,000 from its parent company. In addition the other parties to the Schefferville Agreement also contributed \$250,000 to fund ongoing exploration and development on the properties as a result of which the other parties combined interest in the project was increased to 22.5% and the Company's interest was adjusted to 77.5% (See Note 4 above).

On September 10, 2007, the Company entered into a merger agreement with Labrador Iron Mines Holdings Limited and its wholly owned subsidiary (collectively "Holdings") whereby the amalgamated company will hold a 100% interest in the Schefferville Project described in Note 4. This amalgamation is a condition for Holdings to complete its initial public offering.

Labrador Iron Mines Holdings Limited

(A Development Stage Company)

Consolidated Financial Statements

For the period from Incorporation (May 17, 2007) to June 30, 2007

AUDITORS' REPORT

To the Directors of
Labrador Iron Mines Holdings Limited
(A Development Stage Company)

We have audited the consolidated balance sheet of Labrador Iron Mines Holdings Limited (A Development Stage Company) as at June 30, 2007 and the consolidated statement of cash flows for the period from incorporation (May 17, 2007) to June 30, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2007 and its statement of cash flows for the period from incorporation (May 17, 2007) to June 30, 2007 in accordance with Canadian generally accepted accounting principles.

(signed) McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
November 23, 2007

Labrador Iron Mines Holdings Limited
(A Development Stage Company)
Consolidated Balance Sheet
As at June 30, 2007

\$

ASSETS

Current assets

Cash

1

SHAREHOLDERS' EQUITY

Share capital (Note 4)

1

APPROVED ON BEHALF OF THE BOARD:

"John F. Kearney", Director

"Terence N. McKillen", Director

See accompanying notes to the consolidated financial statements.

Labrador Iron Mines Holdings Limited
(A Development Stage Company) \$
Statement of Cash Flows
For the Period from Incorporation (May 17, 2007) to June 30,
2007

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from share issuance	<u>1</u>
Increase in cash, being cash, end of period	<u>1</u>

See accompanying notes to the consolidated financial statements.

1. Ongoing operations

These financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assume that Labrador Iron Mines Holdings Limited (the “Company”) will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage with no history of profitability. There is no guarantee that the Company’s future exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out future exploration and development activities. The Company’s continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future. Management continues to actively pursue financing and strives to obtain and thereafter maintain profitable operations to support the validity of the “going concern” assumption. If the “going concern” assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2. Nature of operations

The Company was incorporated on May 17, 2007 under the Ontario Business Corporations Act. The anticipated principal business of the Company is the acquisition, exploration and development of mineral property interests. There has been no determination whether the mineral property interests in which the Company’s expects to earn an interest contain ore reserves which are economically recoverable. The Company’s expected 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 expected 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 future carrying value of exploration properties and related assets. Although the Company has taken steps to verify title to properties in which it expects to hold 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.

Mineral property interests and deferred exploration expenditures

These assets are carried at historical cost. 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

3. Summary of significant accounting policies (continued)

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. The mineral property interests in which the Company expects to earn an interest 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.

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. Share capital

	No.	\$
Authorized		
Unlimited common shares		
Issued		
Common shares	<u>1</u>	<u>1</u>

5. 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 current assets and 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.

5. SUBSEQUENT EVENTS

On July 30, 2007, the Company entered into an acquisition agreement with 3222594 Canada Inc. ("3222594") and Kensam Enterprises Inc. ("Kensam") whereby in consideration of 5,400,000 Class A shares of the Company's subsidiary, the Company acquired from 3222594 and Kensam a 22.5% interest in the Schefferville Project.

On September 10, 2007, the Company entered into a merger agreement with Labrador Iron Mines Limited ("LIM") which provides that LIM will amalgamate with the Company's wholly owned subsidiary. Upon the amalgamation becoming effective, the existing Class A shares of the Company's subsidiary will be exchanged for common shares of the Company and the existing common shares of LIM will be exchanged for common shares of the Company. As a result of the amalgamation becoming effective, the Company will hold a 100% interest in the Schefferville Project currently held as to 77.5% by LIM and 22.5% by 3222594 and Kensam.

On November 23, 2007, the Company entered into an agency agreement in relation to a proposed initial public offering ("IPO") of 11,473,000 units at a price of \$4.00 per unit. Each unit is comprised of one common share of the Company 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 the date of closing of the IPO at a price of \$5.00. The closing of the IPO is conditional upon the closing of the above-noted amalgamation.

In August 2007, the Company granted 2,950,000 options expiring in August 2012 exercisable at a price equal to the offering price of the IPO.

LABRADOR IRON MINES HOLDINGS LIMITED
(A Development Stage Company)

Unaudited Pro Forma Financial Statements

June 30, 2007



COMPILATION REPORT ON THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS

To the Directors of
Labrador Iron Mines Holdings Limited

We have read the accompanying unaudited pro forma balance sheet as at June 30, 2007 and the unaudited pro forma statements of operations for the year ended March 31, 2007 and for the three month period ended June 30, 2007 of Labrador Iron Mines Holdings Limited ("Holdings") and have performed the following procedures:

1. Compared the figures in the columns captioned "Labrador Iron Mines Holdings Limited" to the audited financial statements of Holdings as at June 30, 2007 and for the period from incorporation (May 17, 2007) to June 30, 2007, and found them to be in agreement.
2. Compared the figures in the columns captioned "Labrador Iron Mines Limited" to the unaudited financial statements of Labrador Iron Mines Limited ("LIM") as at June 30, 2007 and for the three month period then ended and to the audited financial statements of LIM for the year ended March 31, 2007, respectively, and found them to be in agreement.
3. Made enquiries of certain officials of Holdings who have responsibility for financial and accounting matters about:
 - a) the basis for determination of the pro forma adjustments; and
 - b) whether the unaudited pro forma financial statements comply as to form in all material respects with the securities acts of the provinces and territories of Canada (the "Acts") and related regulations.

The officials:

- a) described to us the basis for determination of the pro forma adjustments; and
 - b) stated the unaudited pro forma financial statements comply as to form in all material respects with the Acts and related regulations.
- 4) Read the notes to the unaudited pro forma financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
 - 5) Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned "Labrador Iron Mines Holdings Limited" and "Labrador Iron Mines Limited" as at June 30, 2007, for the year ended March 31, 2007, and for the three-month period ended June 30, 2007 and found the amounts in the column captioned "Pro forma" to be arithmetically correct.



These pro forma financial statements are based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma balance sheet, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

McGovern, Hurley, Cunningham, LLP

(signed)

"McGovern, Hurley, Cunningham, LLP"

**Chartered Accountants
Licensed Public Accountants**

TORONTO, Ontario
November 23, 2007

LABRADOR IRON MINES HOLDINGS LIMITED

(A Development Stage Company)

Unaudited Pro Forma Balance Sheet

As at June 30, 2007	Labrador Iron Mines Holdings Limited \$	Labrador Iron Mines Limited \$	Pro Forma Adjustments \$	Note 3	Pro Forma \$
Assets					
Current:					
Cash	1	21,157	45,892,000 (4,164,980) 250,000	a a c	41,998,178
Amounts receivable	-	9,559	-		9,559
	1	30,716	41,339,020		42,007,737
Mineral property and interests	-	1,371,175	18,974,000 64,888,160 47,172,000	c d e	132,405,335
Deferred transaction costs	-	80,000	(80,000)	b	-
	1	1,481,891	172,931,180		174,413,072
Liabilities					
Current:					
Accounts payable and accrued liabilities	-	404,051	(80,000) (250,000)	b d	74,051
Due to parent company	-	1,164,905	(1,164,905)	d	-
	-	1,568,956	(1,494,905)		74,051
Future income tax liability	-	-	47,172,000	e	47,172,000
	-	1,568,956	45,677,095		47,246,051
Shareholders' Equity					
Capital Stock	1	250,100	40,844,000 (3,706,830) 19,224,000 66,216,000 (250,100) (823,000) (337,000)	a b c d d f g	121,417,171
Warrants	-	-	5,048,000 (458,150) 925,000 (102,000) 379,000 (42,000)	a b f f g g	5,749,850
Contributed surplus	-	-	3,407,250	h	3,407,250
Deficit	-	(337,165)	337,165 (3,407,250)	d h	(3,407,250)
	1	(87,065)	127,254,085		127,167,021
	1	1,481,891	172,931,180		174,413,072

See accompanying notes to the unaudited pro forma financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
(A Development Stage Company)

Unaudited Pro Forma Statement of Operations

For the three months ended June 30, 2007

	Labrador Iron Mines Holdings Limited \$	Labrador Iron Mines Limited \$	Pro Forma Adjustments \$	Note 3	Pro Forma \$
Expenses:					
Management	-	-	4,259,000	j	4,259,000
Office rentals	-	6,000	-		6,000
Administration	-	855	-		855
Professional fees	-	-	-		-
Net loss	-	6,855	4,259,000		4,265,855
Loss per share – basic and diluted	0.00				0.12
Weighted average number of shares outstanding (Note 4)	1				35,473,001

See accompanying notes to the unaudited pro forma financial statements.

1. Basis of presentation

The unaudited pro forma balance sheet of Labrador Iron Mines Holdings Limited ("Holdings") as at June 30, 2007 and the unaudited pro forma statement of operations for the period ended June 30, 2007 have been prepared for inclusion in the Prospectus of Holdings relating to the completion of an Initial Public Offering ("IPO") of Holdings described in Note 2.

The unaudited pro forma balance sheet and unaudited pro forma statement of operations have been prepared by management in accordance with the accounting policies as disclosed in the June 30, 2007 audited consolidated financial statements of Holdings and the March 31, 2007 audited financial statements of Labrador Iron Mines Limited ("LIM"). The pro forma adjustments as described in Note 3 are based on available information and certain estimates and assumptions.

The unaudited pro forma financial statement information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon consummation of the transaction contemplated by Holdings will differ from those recorded in the unaudited pro forma financial statement information.

Management of Holdings believes that the assumptions used provide a reasonable basis for presenting all of the significant effects of the transaction and that the pro forma adjustments give appropriate effect to those assumptions and are appropriately applied in the unaudited pro forma balance sheet and unaudited pro forma statement of operations.

The unaudited pro forma balance sheet as at June 30, 2007 has been prepared from the audited consolidated balance sheet of Holdings as at June 30, 2007 and the unaudited balance sheet of LIM as at June 30, 2007, after giving pro forma effect to the concurrent acquisition of LIM by Holdings, the completion of Holdings' IPO, based on the assumptions in Note 3, as though they had occurred on June 30, 2007.

The unaudited pro forma statement of operations for the year ended March 31, 2007 has been prepared from the audited consolidated statements of operations of Holdings for the period from incorporation (May 17, 2007) to June 30, 2007 and the audited statements of operations of LIM for the year ended March 31, 2007, after giving pro forma effect to the acquisition of LIM by Holdings as if it had occurred on April 1, 2006, based on the assumptions in Note 3.

The unaudited pro forma statement of operations for the three-month period ended June 30, 2007 has been prepared from the audited consolidated statements of operations of Holdings for the period from incorporation (May 17, 2007) to June 30, 2007 and the unaudited statements of operations of LIM for the three-month period ended June 30, 2007, after giving pro forma effect to the acquisition of LIM by Holdings as if it had occurred on April 1, 2007, based on the assumptions in Note 3.

These pro forma financial statements should be read in conjunction with the audited consolidated financial statements of Holdings for the period from incorporation (May 17, 2007) to June 30, 2007, the audited financial statements of LIM as at March 31, 2007 and for the year then ended and the unaudited financial statements of LIM as at June 30, 2007 and for the three-month period then ended.

2. Property acquisition and Initial Public Offering ("IPO")

On July 31, 2007, Holdings, through a wholly owned subsidiary, 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 Holdings' subsidiary, the Holdings' subsidiary acquired from Kensam and 3222594 a 22.5% interest in certain mineral property interests.

On September 10, 2007, Holdings entered into a merger agreement with Labrador Iron Mines Limited ("LIM") which provides that LIM will amalgamate with Holdings' wholly owned subsidiary to form a new company.

Upon the amalgamation becoming effective, the existing Class A shares of Holdings' subsidiary will be exchanged for common shares of Holdings and the existing common shares of LIM will be exchanged for common shares of Holdings. As a result of the amalgamation becoming effective, Holdings will hold a 100% interest in certain mineral property interests currently held as to 77.5% by LIM and 22.5% by Kensam and 3222594.

The closing of the transaction is subject to:

- i) Regulatory approvals, including approval of the Toronto Stock Exchange;
- ii) Approval from the shareholders of Anglesey Mining plc; and
- iii) Other customary conditions.

In connection with these transactions, Holdings has agreed with Kensam and 3222594 and the former shareholder of LIM to jointly select a nominal transfer price under Sections 85 and 87 (where applicable) of the Income Tax Act (Canada).

The proposed IPO of Holdings is expected to be for 11,473,000 Units of Holdings at a price of \$4.00 per unit for gross proceeds of \$45,892,000. Each Unit is composed of one common share of Holdings and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share of Holdings at a price of \$5.00 for 24 months from the date of closing of the offering. Cash expenses of the offering, including commissions and the pre offering restructuring costs, are estimated to be \$4,164,980. Holdings has also granted an over allotment option for the issuance of up to 1,720,950 additional Units.

3. Pro forma assumptions and adjustments

Pro forma adjustments to balance sheet

The unaudited pro forma balance sheet reflects the following adjustments as if the acquisition and IPO had occurred on June 30, 2007:

- (a) An increase in cash of \$41,727,020 with a corresponding increase in capital stock and warrants, to reflect the completion of an Initial Public Offering ("IPO") by Holdings of 11,473,000 Units for gross proceeds of \$45,892,000 less estimated cash costs of \$4,164,980. The net proceeds and costs have been prorated to capital stock and warrants based on the estimated relative fair value of each.
- (b) A decrease in accounts payable and accrued liabilities and deferred transaction costs representing the elimination of transaction costs previously accrued and included in the costs paid in (a).
- (c) An increase in mineral property interests of \$18,974,000, an increase in cash of \$250,000 and a corresponding increase in capital stock of \$19,224,000 to reflect the acquisition of 5,400,000 Class A shares of Holdings' subsidiary from Kensam and 3222594 by the issuance of 5,400,000 common shares of Holdings based on the estimated fair value of the common shares of Holdings. The increase in cash represents the contribution by each of Kensam and 3222594 to the project subsequent to June 30, 2007 and prior to completion of the acquisition of their interests.
- (d) An increase in mineral property interests of \$64,888,160, an increase in capital stock of \$66,216,000 and the elimination of advances to parent company and opening capital stock and deficit of LIM to reflect the acquisition of LIM and its 77.5% mineral property interests by the issuance of 18,600,000 common shares of Holdings based on the estimated fair value of the common shares of Holdings. The reduction in accounts payable and accrued liabilities represents the payment of certain amounts by the parent company subsequent to June 30, 2007 and prior to completion of the acquisition of LIM.
- (e) An increase in future income taxes of \$47,172,000 with a corresponding increase to mineral property interests to record the future income tax effect arising from the temporary differences created by the difference between the purchase price and the underlying income tax value of the mineral property interest

using the combined Canadian federal and provincial income tax rate of approximately 36% and assuming that Holdings and each of Kensam and 3222594 and the shareholder of LIM elect for income tax purposes to select a nominal transfer price under Sections 85 and 87 of the Income Tax Act (Canada).

- (f) An increase in warrants (broker warrants) of \$925,000 and a corresponding decrease in capital stock and warrants to record the estimated fair value of brokers warrants granted in connection with the IPO, such value having being prorated to capital stock and warrants based on the estimated relative fair value of each pursuant to the IPO.
- (g) An increase in warrants (over-allotment) of \$379,000 and a corresponding decrease in capital stock and warrants to record the estimated fair value of the over-allotment provision granted in connection with the IPO, such value having being prorated to capital stock and warrants based on the estimated relative fair value of each pursuant to the IPO.
- (h) An increase in contributed surplus of \$3,407,250 and a corresponding increase in deficit to record the estimated fair value of options granted by Holdings and vested on the date of grant.

Pro forma adjustments to statements of operations

The unaudited pro forma statements of operations reflect the following adjustments as if the acquisition and IPO had occurred on April 1, 2006 and April 1, 2007, respectively.

- (i) For the year-ended March 31, 2007, an increase in management expense of \$6,815,000 to record the grant date fair value of options granted and vested on the date of grant and during the 12 months from the date of grant.
- (j) For the three-month period ended June 30, 2007, an increase in management expense of \$4,259,000 to record the grant date fair value of options granted and vested on the date of grant and during the three months from the date of grant.

4. Pro forma loss per share

The pro forma loss per share are based on the weighted average number of share outstanding as follows:

Weighted average number of Holdings common shares	1
Property acquisition (Note 3(c))	5,400,000
Property acquisition (Note 3(d))	18,600,000
IPO (Note 3(a))	11,473,000
	<u>35,473,001</u>

CERTIFICATE OF THE COMPANY

Dated: November 23, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of the *Securities Act* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Part 6 of the *Securities Act* (New Brunswick), by Section 63 of the *Securities Act* (Nova Scotia), Part II of the *Securities Act* (Prince Edward Island) and by Part XIV of the *Securities Act* (Newfoundland and Labrador) and the respective regulations thereunder.

(signed) "*John F. Kearney*"
Chief Executive Officer

(signed) "*Danesh Varma*"
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*D. William Hooley*"
Director

(signed) "*Terence N. McKillen*"
Director

CERTIFICATE OF THE PROMOTER

Dated: November 23, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of the *Securities Act* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Part 6 of the *Securities Act* (New Brunswick), by Section 63 of the *Securities Act* (Nova Scotia), Part II of the *Securities Act* (Prince Edward Island) and by Part XIV of the *Securities Act* (Newfoundland and Labrador) and the respective regulations thereunder.

Anglesey Mining plc

By: (signed) "*John F. Kearney*"

John F. Kearney
Chairman

CERTIFICATE OF THE AGENT

Dated: November 23, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of the *Securities Act* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Part 6 of the *Securities Act* (New Brunswick), by Section 63 of the *Securities Act* (Nova Scotia), Part II of the *Securities Act* (Prince Edward Island) and by Part XIV of the *Securities Act* (Newfoundland and Labrador) and the respective regulations thereunder.

Canaccord Capital Corporation

By: (signed) "*Craig Warren*"

Craig Warren