LABRADOR IRON ORE
ROYALTY CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF HOLDERS OF COMMON SHARES

to be held on Wednesday, May 16, 2018

and

MANAGEMENT INFORMATION CIRCULAR

April 19, 2018

LABRADOR IRON ORE ROYALTY CORPORATION

NOTICE OF MEETING

Notice is hereby given that an annual and special meeting (the "**Meeting**") of the holders of common shares of Labrador Iron Ore Royalty Corporation ("**LIORC**") will be held on Wednesday, May 16, 2018 at 11:00 a.m. (Toronto time) at Toronto Region Board of Trade, 77 Adelaide Street West, First Canadian Place, Third Floor, Toronto, Ontario, Canada. The Meeting will be held for the following purposes:

(a) to receive reports and audited financial statements;

(b) to elect Directors for the coming year;

(c) to appoint auditors for the coming year and authorize the Board of Directors to fix their remuneration; and

(d) to consider and, if thought fit, to pass a special resolution approving, ratifying and confirming the adoption by the Board of Directors of a shareholder rights plan and to amend the articles of LIORC to permit the issuance of common shares in accordance with any shareholder rights plan then in effect without requiring prior approval by shareholders.

A holder of common shares who is unable to attend the Meeting in person should complete and submit the enclosed form of proxy for use at the Meeting. In order to be valid and acted upon at the Meeting or any adjournment thereof, proxies must be received by Computershare Investor Services Inc. at 100 University Avenue, Toronto, Ontario, M5J 2Y1 by 5:00 p.m. (Toronto time) on May 15, 2018. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his discretion, without notice.

If you are a non-registered holder of common shares and received these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form, as the case may be, provided to you in accordance with the instructions provided by your broker or intermediary. Failure to do so may result in your common shares not being eligible to be voted at the Meeting.

If you have any questions about how to vote your shares please contact Kingsdale Advisors, LIORC's strategic shareholder advisor and proxy solicitation agent, by toll-free call in North America at 1-866-851-3212 or collect call outside North America at 416-867-2272 or by email to contactus@kingsdaleadvisors.com.

On behalf of the Board of Directors,

William H. McNeil
President and Chief Executive Officer

James C. McCartney
Executive Vice President and Secretary

April 19, 2018

If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Advisors toll-free within North America at 1-866-851-3212 or outside North America at 1-416-867-2272 (collect call) or by email at contactus@kingsdaleadvisors.com.

LABRADOR IRON ORE ROYALTY CORPORATION

MANAGEMENT INFORMATION CIRCULAR

This management information circular ("**Information Circular**") is furnished in connection with the solicitation of proxies by management of Labrador Iron Ore Royalty Corporation ("**LIORC**") for use at the annual and special meeting (the "**Meeting**") of holders of common shares to be held at Toronto Region Board of Trade, 77 Adelaide Street West, First Canadian Place, Third Floor, Toronto, Ontario, Canada on Wednesday, May 16, 2018 commencing at 11:00 a.m. (Toronto time) for the purposes set forth in the notice of meeting (the "**Notice**") accompanying this Information Circular.

Solicitation of Proxies

Information contained herein is given as of April 19, 2018. The costs incurred in the solicitation of proxies and in the preparation of mailing of this Information Circular will be borne by LIORC. Solicitation of proxies by the management of LIORC and by employees of Scotia Managed Companies Administration Inc., in its capacity as administrator of LIORC, will be through the mail, in person and/or by telephone. LIORC has also engaged Kingsdale Advisors ("**Kingsdale**") as strategic shareholder advisor and proxy solicitation agent for a fee of $50,000. If you have any questions about how to vote your shares, please contact Kingsdale by toll-free call in North America at 1-866-851-3212 or collect call outside North America at 416-867-2272 or by email at contactus@kingsdaleadvisors.com.

Appointment and Revocation of Proxies

A form of proxy accompanies the Notice and this Information Circular. The persons named in such form of proxy are directors and officers of LIORC. A person or corporation submitting a proxy shall have the right to appoint a person (who need not be a holder of common shares of LIORC) to be a representative at the Meeting, other than the persons designated in the form of proxy furnished by LIORC. Such appointment may be exercised by crossing out the persons named in the enclosed form of proxy and inserting the name of the appointed representative in the blank space on the form of proxy. A proxy will not be valid unless it is completed and submitted for use at the Meeting. In order to be valid and acted upon at the Meeting or any adjournment thereof, proxies must be received by Computershare Investor Services Inc. no later than 5:00 p.m. (Toronto time) on May 15, 2018. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his discretion, without notice.

A holder of common shares of LIORC who has given a proxy may revoke it by depositing an instrument in writing executed by such holder (or by an attorney duly authorized in writing) or, if such holder is a corporation, by any officer or attorney thereof duly authorized, either at the registered office of LIORC at any time up to and including the close of business on the last business day preceding the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day thereof or any adjournment thereof.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will, if the instructions are certain, vote the common shares of LIORC represented thereby and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the common shares of LIORC will be voted in accordance with the specification. In the event that a proxy is returned without voting instructions, the common shares of LIORC represented thereby will be voted in favour of the resolutions described in the Notice. If a person or corporation appoints a representative other than the persons designated in the form of proxy, LIORC assumes no responsibility as to whether the representative so appointed will attend the Meeting to vote the common shares of LIORC in accordance with the instructions of, or otherwise act on behalf of, the person or corporation appointing the representative. If you appoint a non-management proxyholder please ensure they attend the Meeting for your vote to count.

If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Advisors toll-free within North America at 1-866-851-3212 or outside North America at 1-416-867-2272 (collect call) or by email at contactus@kingsdaleadvisors.com.

The enclosed form of proxy confers discretionary authority on the persons with respect to amendments or variations of matters identified in the Notice. At the time of printing this Information Circular, the directors of LIORC (the "**Directors**") are not aware of any such amendments or variations.

Information for Registered and Non-Registered Holders

Only holders of common shares of LIORC whose names are set out in the applicable registers maintained by LIORC's transfer agent ("**Registered Holders**") or the persons they appoint as their proxies are permitted to vote at the Meeting. CDS & Co. is a Registered Holder that acts as a clearing agent for intermediaries (each, an "**Intermediary**") such as, among others, banks, trust companies, securities dealers or brokers and trustees, administrators or managers of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans. In accordance with the requirements of National Instrument 54-101, LIORC has caused the Notice, this Information Circular and the accompanying form of proxy (collectively, the "**Meeting Materials**") to be distributed to CDS & Co. and the Intermediaries for onward distribution to non-registered holders of common shares of LIORC ("**Non-Registered Holders**").

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will be given either:

(i) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the numbers of common shares of LIORC beneficially owned by the Non-Registered Holder but which is otherwise not completed; this form of proxy need not be signed by the Non-Registered Holder; in this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and send or deliver it to Computershare Investor Services Inc. as set out in the Notice; or

(ii) a voting instruction form, which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form and returned to the Intermediary or its service company.

Voting Instructions for Registered Holders

A ***Registered Holder*** may submit a proxy by:

Mail or delivery:

Computershare Investor Services Inc.
Attention: Proxy Department
8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1.

Telephone: Enter the 15 digit control number at 1-866-732-8683 (Canada and the U.S. only) or 312-588-4290 (outside Canada and the U.S.).

Internet: Enter the 15 digit control number at www.investorvote.com.

Voting Instructions for Non-Registered Holders

Canadian Non-Registered Holders may vote by:

Telephone: Enter the 16 digit control number at 1-800-474-7493.

Internet: Enter the 16 digit control number at www.proxyvote.com.

If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Advisors toll-free within North America at 1-866-851-3212 or outside North America at 1-416-867-2272 (collect call) or by email at contactus@kingsdaleadvisors.com.

U.S. Non-Registered Holders may vote by:

Telephone: Enter the 16 digit control number at 1-800-454-8683.

Internet: Enter the 16 digit control number at www.proxyvote.com.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the common shares of LIORC that they beneficially own at the Meeting. Should a Non-Registered Holder who receives either a form of proxy or a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons designated in the form of proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions on the form.

Additionally, the LIORC may use the Broadridge QuickVote™ service to assist non-registered shareholders with voting their shares. Non-registered shareholders may be contacted by Kingsdale Advisors to conveniently obtain a vote directly over the telephone. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting shares to be represented at the Meeting.

Common shares of LIORC held by Intermediaries can only be voted at the Meeting upon the instructions of the Non-Registered Holders. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those regarding when and where the proxy or voting instruction form is to be delivered.

Quorum

The presence, in person or by proxy, of at least two holders of common shares of LIORC holding or representing at least 25% of the number of common shares outstanding on the date of the Meeting is required to constitute a quorum at the Meeting. If a quorum is not present at the Meeting, the Meeting will be adjourned to such day being not less than 14 days after the date of the Meeting, as may be specified by the Chairman of the Meeting. If at such adjourned meeting a quorum is not present, the holders of common shares present in person or by proxy will form a quorum.

Voting Securities and Principal Holders

Common Shares

Holders of common shares of LIORC of record at the close of business on April 9, 2018 are entitled to notice of and to attend the Meeting in person or by proxy and are entitled to one vote per share held on all matters to be considered at the Meeting. There are 64 million common shares outstanding.

Principal Holders

To the best of the knowledge of the Directors, no person beneficially owns, directly or indirectly, or exercises control or direction over, common shares of LIORC carrying more than 10% of the voting rights attached to the outstanding common shares of LIORC which may be voted at the Meeting.

ANNUAL BUSINESS OF THE MEETING

Financial Statements

The financial statements of LIORC for the years ended December 31, 2017 and December 31, 2016 together with the auditors' report thereon, contained in the 2017 Annual Report mailed to the holders of common shares with this Information Circular, will be presented to the holders of common shares at the Meeting.

Election of Directors

A resolution to elect William J. Corcoran, Mark J. Fuller, Duncan N.R. Jackman, James C. McCartney, William H. McNeil, Sandra L. Rosch, John F. Tuer and Patricia M. Volker as Directors will be presented to the holders of common shares at the Meeting. The term of office for each Director is from the date of the meeting at which he or she is elected until the next annual meeting or until a successor is elected or appointed. It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies for the election of the nominees as Directors. Management does not contemplate that any of the nominees will be unable to serve as a Director but should that circumstance arise for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

LIORC wishes to provide comments on the updates to the Institutional Shareholder Services ("**ISS**") benchmark voting policy for 2018.

LIORC is a passive holder of interests in IOC. LIORC has no other investments and the income received is largely paid out in dividends to its shareholders. LIORC has no operating employees. The LIORC board consists of eight directors — five of whom are independent and two of whom are women. The directors all have excellent attendance records. LIORC does have very experienced directors on the board at present, but under ISS changes to come into effect in 2019, one very experienced independent director would be considered to be overboarded.

LIORC considers that director attendance is an objective and appropriate measure of whether a director is overboarded. We recommended that ISS keep the attendance criterion as is. The change to remove this criterion was unnecessary and unfairly penalized small capitalization issuers. LIORC and its shareholders benefit from retaining a director with CEO experience and extensive public company board experience. We do not consider that the change in overboarding is in the best interests of LIORC's shareholders.

The name, province and country of residence, office held, principal occupation, date of appointment and number of common shares owned, or over which control or direction is exercised, with respect to each of such nominees are as follows:

Name and Residence	Office(s) Held	Principal Occupation	Director Since[4]	Number of Common Shares
William J. Corcoran[(1)(2)(3)] Ontario, Canada	Non-executive Chairman of the Board and Chairman of Nominating Committee	Company director	1995	20,000
Mark J. Fuller[(1)(2)(3)] Ontario, Canada	Director	President and CEO of Ontario Pension Board, the administrator of the Ontario Public Service Pension Plan	2014	2,000
Duncan N.R. Jackman[(1)(2)(3)] Ontario, Canada	Director	Chairman, President and CEO of E-L Financial Corporation Limited, an investment and insurance holding company	2010	5,000
James C. McCartney Ontario, Canada	Executive Vice President, Secretary and Director	Company director; Retired partner of McCarthy Tétrault LLP, Barristers and Solicitors	1995	10,000
William H. McNeil Ontario, Canada	President and CEO and Director	President and CEO of LIORC	2015	2,000
Sandra L. Rosch Ontario, Canada	Executive Vice-President and Director	President, Stonecrest Capital Inc., a restructuring firm	2014	5,000
John F. Tuer[(1)(2)(3)] Ontario, Canada	Director	Mergers and Acquisition advisor	2017	Nil
Patricia M. Volker[(1)(2)(3)] Ontario, Canada	Director	Company director	2014	2,000

Notes:

(1) Member of Audit Committee.

(2) Member of Compensation Committee.

(3) Member of Nominating Committee.

(4) Messrs. Corcoran and McCartney each served as a director of Labrador Mining Company Limited, a predecessor by amalgamation to LIORC, since the date shown opposite his name.

As at December 31, 2017, directors and officers of LIORC collectively beneficially owned, directly or indirectly, or exercised control and direction over an aggregate of 48,000 common shares, representing approximately 0.1% of the outstanding common shares. On March 3, 2016, the Board of Directors adopted a policy that requires each Director, including the CEO, to acquire and hold at least 5,000 common shares of LIORC prior to the later of March 3, 2020 and the fourth anniversary of the date the Director is elected and all of the Directors are in compliance with this policy. The value of each Director's holding, including the CEO's, is the market value. The directors of LIORC are also directors and officers of Hollinger-Hanna Limited. Mr. McNeil and Mr. Fuller serve as directors of IOC.

LIORC does not have an executive committee.

Also see LIORC's annual information form for the year ended December 31, 2017 for information about the Audit Committee, including a copy of its charter and information about independence, financial literacy, relevant education and experience of Audit Committee members.

Director Biographies

William J. Corcoran — Mr. Corcoran was Vice Chairman of Jarislowsky Fraser Limited, a registered investment counseling firm, from 2001 to 2015. He was Vice Chairman of the Ontario Pension Board from 1991 to 2001 and prior to that was a Managing Director of Scotia McLeod, an investment banking firm. He received a BA and a LL.B. from the University of Toronto.

Duncan N. R. Jackman — Mr. Jackman is Chairman, President and Chief Executive Officer of E-L Financial Corporation Limited, an investment and insurance holding company. He has been a director of E-L Financial Corporation Limited since 1997. He holds a BA from McGill University.

Mark J. Fuller — Mr. Fuller is President and Chief Executive Officer of Ontario Pension Board, the administrator of the Ontario Public Service Pension Plan. He joined the Ontario Pension Board in 1999. He received a LL.B. from the University of Western Ontario in 1983 and was called to the bar in Ontario in 1985.

James C. McCartney — Mr. McCartney is a retired partner of McCarthy Tétrault. He has extensive experience in the mining area. He served in various management roles at McCarthy Tétrault, including Chairman. He received a B.Comm. and a LL.B. from the University of Toronto, and was called to the bar in Ontario in 1966.

William H. McNeil — Mr. McNeil became President and CEO of LIORC on September 1, 2016. He was a Managing Director and Senior Mining Engineer of The Bank of Nova Scotia from 1995 to 2016. Mr. McNeil holds a MBA from the University of Western Ontario and a B.Sc. from Queen's University.

Sandra L. Rosch — Ms. Rosch is President of Stonecrest Capital Inc., an independent Canadian restructuring firm. She has 33 years' experience in financial restructuring, mergers and acquisitions and financing transactions. She was an investment banker with Scotia Capital Inc. from 1994 to 2001. She received a MBA from the University of Western Ontario and a B. Comm. from McMaster University.

John F. Tuer — Mr. Tuer is a financial advisor. He was Managing Director & Head, Mergers and Acquisitions, Scotiabank, until February 23, 2017. He has over 25 years' experience in the mergers and acquisitions advisory business. He received a B. Comm. Hons. from Queen's University and a LL.B. from the University of Toronto.

Patricia M. Volker — Ms. Volker retired as Director, Public Accounting, Chartered Professional Accountants of Ontario on December 31, 2015. She served in various capacities in the accounting profession since 1997. Ms. Volker is a CPA, CA, CMA and holds a B.Sc. from the University of Toronto.

Nomination of Directors

The Nominating Committee reviews annually the composition of the Board of Directors and its committees, including the current strengths, skills and experiences of the Board. It also reviews the performance and attendance record of the incumbent Directors and the gender balance. The objective is to ensure the composition of the Board and its committees provides the appropriate mix of skills and experience to guide the strategy of LIORC. The Nominating Committee identifies any gaps in composition and seeks to fill those gaps. Qualities such as integrity, good character and high regard in his or her professional field will always be basic criteria for Directors.

Experience Matrix

LIORC maintains a skills matrix and the Directors indicate their experience in each area. The matrix below illustrates the Board's mix of experience in five categories that are important to LIORC.

Experience Description	**No. of Directors with significant experience**
CEO/Senior Officer — experience working as a CEO or senior officer for a major organization	6
Governance/Board — experience as a board member of a major or public company organization	6
Mining — experience working in the mining industry	3
Strategy — experience driving strategic direction and leading growth of an organization	7
Financial/Risk — experience in financial accounting and reporting, corporate finance, internal controls and risk management	8

Appointment of Auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditors of LIORC will be presented to holders of common shares at the Meeting. The persons named in the enclosed form of proxy, if not expressly directed to the contrary, will vote the common shares of LIORC represented by proxy for the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of LIORC until the next annual meeting of holders of common shares at remuneration to be fixed by the Directors. PricewaterhouseCoopers LLP was first appointed on October 6, 2015.

SPECIAL BUSINESS OF THE MEETING

Adoption of Shareholder Rights Plan

On April 18, 2018, the Board adopted a shareholder rights plan (the "**Rights Plan**") by entering into a shareholder rights plan agreement (the "**Rights Plan Agreement**") dated April 18, 2018 between LIORC and Computershare Investor Services Inc., as rights agent. At the Meeting, shareholders will be asked to pass a special resolution (the "**Rights Plan Resolution**") approving, ratifying and confirming the adoption of the Rights Plan (including the execution and delivery of the Rights Plan Agreement) and authorizing an amendment to the articles of LIORC to permit the issuance of common shares in accordance with any shareholder rights plan then in effect. A copy of the Rights Plan Resolution is attached as Appendix B to this Circular.

Background

Effective May 9, 2016, the Canadian Securities Administrators adopted amendments to Canadian securities laws to extend the minimum period that a formal take-over bid must remain open for deposits of securities under the bid. As a result of those amendments, any party wishing to make a formal take-over bid for the common shares is now required to leave the offer open for acceptance for at least 105 days (formerly 35 days), with the ability of the Corporation to voluntarily reduce the period to not less than 35 days. Additionally, the minimum 105-day period may be reduced in the event of certain competing take-over bids or alternative change of control transactions. These amendments also require that a formal take-over bid meet a minimum tender requirement where a bidder must receive tenders of more than 50% of the outstanding securities that are subject to the bid and held by disinterested shareholders before taking up any securities pursuant to the bid. The bid must also be extended for an additional 10 days after the minimum tender requirement is met and all other terms and conditions of the bid have been complied with or waived.

Notwithstanding the recent amendments to Canadian securities laws, the Board believes that the Rights Plan is necessary to protect LIORC and its shareholders from certain actions that could result in unequal treatment of shareholders, including the acquisition of effective control of LIORC through the purchase of common shares under one or more private agreements at a premium to the market price, resulting in a change of control transaction without the payment of a premium to all shareholders; the gradual accumulation of common shares through stock exchange acquisitions over time, resulting in the acquisition of effective control of LIORC without payment of fair value for control; and arrangements between a person seeking to acquire control of LIORC and shareholders who, together with the acquiror, hold more than 20% of the outstanding common shares that irrevocably commit those shareholders to tender their common shares to a take-over bid made by the acquiror, thereby enabling the acquiror to impede or block the Board's ability to run a value enhancing auction process.

The adoption of the Rights Plan is not being recommended in response to or in contemplation of any known take-over bid or other similar transaction. Neither management of LIORC nor the Board is aware of any pending, threatened or proposed acquisition or take-over bid for LIORC. The adoption of the Rights Plan does not change the duty of the Board to act honestly and in good faith with a view to the best interests of LIORC. Further, the Rights Plan is not intended as a means to prevent a take-over of the Corporation, to secure the continuance of management of LIORC or the Board in their respective offices, or to deter fair offers for the common shares. In the event of a take-over bid or similar transaction, the Board will continue to have the right and responsibility to take such action and to make such recommendations to shareholders as are considered necessary or appropriate.

LIORC's articles currently provide that any issue of shares in the capital of LIORC requires the approval of a resolution passed by a majority of not less than 75% of the votes cast by shareholders, representing in aggregate not less than 10% of the outstanding shares of LIORC, at a meeting of LIORC's shareholders. Accordingly, it will be necessary to amend LIORC's articles to create an exception to this restriction and permit the issuance of common shares in accordance with any shareholder rights plan without the need for further shareholder approval.

Summary of the Principal Terms of the Rights Plan

The following is a summary of the principal terms of the Rights Plan, which is qualified in its entirety by reference to the text of the Rights Plan, a copy of which is available on SEDAR at www.sedar.com and on LIORC's website at www.labradorironore.com.

Issue of Rights

On April 18, 2018, the effective date of the Rights Plan, one right (a "**Right**") was issued and attached to each common share outstanding as of the close of business on such date (the "**Record Time**"). One Right will also be issued and attached to each common share issued after that date, subject to the limitations set forth in the Rights Plan. In addition to the common shares, the terms of the Rights Plan will apply to any other securities of LIORC created after the Record Time that are entitled to vote generally in the election of directors of LIORC. The initial exercise price of each Right is $100 (the "**Exercise Price**"), subject to appropriate anti-dilution adjustments. Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder.

Rights Exercise Privilege

The Rights will separate from the common shares to which they are attached and will become exercisable as of the earlier of (such time, the "**Separation Time**"): (a) the close of business on the tenth trading day after the earliest of (i) the first date of public announcement by an Acquiring Person (as defined below) that he, she or it has become an Acquiring Person (the "**Share Acquisition Date**"), (ii) the date of the commencement of, or first public announcement of the intent of any person (other than LIORC or any subsidiary of LIORC) to commence, a take-over bid (other than a Permitted Bid or Competing Permitted Bid (as defined below)), and (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such; and (b) such later date as may be determined by the Board.

The acquisition by a person (an "**Acquiring Person**"), including persons acting jointly or in concert with such person, of 20% or more of the outstanding common shares, other than by way of a Permitted Bid in certain circumstances, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the Share Acquisition Date, will become void upon the occurrence of a Share Acquisition Date, as will any Rights beneficially owned by the Acquiring Person's affiliates or associates (and any persons acting jointly or in concert with the Acquiring Person or such affiliates or associates), and transferees thereof. Ten trading days after the occurrence of a Flip-in Event, each Right (other than those that are void) will permit the holder thereof to purchase common shares having a total market value of $200 on payment of $100 (i.e., at a 50% discount).

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached common shares, reported earnings per common share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Lock-up Agreement

A bidder may enter into lock-up agreements with holders of common shares ("**Locked-up Persons**") whereby such shareholders agree to tender their common shares to a take-over bid (the "**Subject Bid**") without a Flip-in Event occurring. Any such agreement must contain a provision that either permits the Locked-up Person to withdraw the common shares to tender to another take-over bid or to support another transaction that contains an offering price that provides greater value per common share to the Locked-up Person than the

Subject Bid or permits the Locked-up Person to withdraw the common shares to tender to another take-over bid or to support another transaction that contains an offering price that exceeds the offering price contained in the Subject Bid by a specified minimum amount not exceeding 7% of the offering price of the Subject Bid. A lock-up agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give a bidder an opportunity to match a higher price in another transaction as long as the Locked-up Person can accept another bid or tender to another transaction.

The Rights Plan requires that any lock-up agreement be made available to LIORC and the public and also provides that under a lock-up agreement no "break up" fees, "top up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of: (i) 2.5% of the price or value payable under the Subject Bid to a Locked-up Person; and (ii) 50% of the amount by which the price or value payable to a Locked-up Person under another take-over bid or transaction exceeds what such Locked-up Person would have received under the Subject Bid, can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender common shares to the Subject Bid or withdraws common shares previously tendered thereto in order to deposit such common shares to another take-over bid or support another transaction.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for common shares issued from and after the Record Time and will not be transferable separately from the attached common shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the common shares.

Permitted Bid Requirements

To qualify as a Permitted Bid, a take-over bid must be made by a bidder by way of a take-over bid circular pursuant to and in compliance with National Instrument 62-104 — *Take-Over Bids and Issuer Bids* and the take-over bid must be made to all holders of common shares, other than the bidder, for all common shares held by them. Generally, this means that a Permitted Bid must be made to all shareholders and must be open for at least 105 days after the bid is made. If more than 50% of the common shares held by independent shareholders (i.e., generally, holders of common shares other than any Acquiring Person or any person who has announced or made a take-over bid, together with their respective affiliates, associates and joint actors) are deposited or tendered to the bid and not withdrawn at the end of 105 days, the bidder may take up and pay for such common shares. The take-over bid must then be extended for a further period of ten days on the same terms to allow those shareholders who did not initially tender their common shares to tender to the take-over bid if they so choose. Thus, there is no coercion to tender during the initial 105-day period because the bid must be open for acceptance for at least 10 days after the expiry of the initial tender period.

The Rights Plan allows a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid.

Waiver and Redemption

The Board acting in good faith may, prior to a Flip-in Event, without the approval of holders of common shares, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event. At any time prior to the occurrence of a Flip-in Event, with the prior consent of the holders of the common shares (or the holders of the Rights, if the Separation Time has occurred), the Board acting in good faith may redeem all, but not less than all, of the outstanding Rights at a price of $0.00001 each.

Waiver of Inadvertent Flip-in Event

The Board may within ten trading days after a person becoming an Acquiring Person, waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that such person reduces its beneficial ownership of common shares such that it is not an Acquiring Person within 14 days of the determination of the Board or such earlier or later date as the Board may determine.

Investment Managers

The provisions of the Rights Plan relating to investment managers are designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such managers, including trust companies and other persons, where a portion of the ordinary business of such person is the management of funds for unaffiliated investors, so long as any such person does not propose to make a take-over bid either alone or jointly with others.

Supplement and Amendments

LIORC may, without the approval of the holders of common shares or Rights, make amendments to the Rights Plan to: (i) correct clerical or typographical errors; and (ii) maintain the validity and effectiveness of the Rights Plan as a result of any change in applicable law, rule or regulatory requirement. Any amendment referred to in item (ii) must, if made before the Separation Time, be submitted for approval to the holders of common shares at the next meeting of shareholders and, if made after the Separation Time, must be submitted to the holders of Rights for approval.

At any time before the Separation Time, LIORC may with prior consent of the independent shareholders (i.e., generally, holders of common shares other than any Acquiring Person or any person who has announced or made a take-over bid, together with their respective affiliates, associates and joint actors) received at a meeting of shareholders duly called and held in compliance with applicable laws and the articles and by-laws of LIORC, amend, vary or rescind any of the provisions of the Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the Rights generally.

Confirmation

The Rights Plan must be approved and reconfirmed by a resolution passed by a majority of the votes cast by independent shareholders (i.e., generally, holders of common shares other than any Acquiring Person or any person who has announced or made a take-over bid, together with their respective affiliates, associates and joint actors) who vote in respect of such reconfirmation (subject to any additional requirements relating to such vote then prescribed by a stock exchange on which the common shares of LIORC are listed) at every third annual meeting of LIORC's shareholders following the Meeting.

The Board has determined that each of the adoption of the Rights Plan and the related amendment to the articles of LIORC is in the best interests of LIORC and recommends that shareholders vote FOR the approval of the Rights Plan Resolution. The persons named in the enclosed form of proxy, if not expressly directed to the contrary, will vote the common shares of LIORC represented by proxy in favour of the Rights Plan Resolution.

The full text of the proposed Rights Plan Resolution is set out in Appendix B to this Circular. In order to be approved, the Rights Plan Resolution must be passed by not less than 75% of the votes cast by holders of common shares, present in person or represented by proxy, at the Meeting and representing in aggregate not less than 10% of the outstanding common shares. If the Rights Plan Resolution is not approved by shareholders, the Rights Plan will terminate at the conclusion of the Meeting.

EXECUTIVE COMPENSATION

Compensation Philosophy and Objectives

LIORC's executive officer compensation program is designed to:

- provide motivation and incentives to executive officers with a view to increasing alignment with LIORC shareholders and enhancing shareholder value;
- attract and retain key executive officers;
- recognize the scope and level of responsibility of each position; and
- reward superior performance and achievement.

LIORC evaluates both performance and compensation to ensure that its compensation philosophy and objectives are met. LIORC periodically reviews its executive compensation philosophy and programs to ensure that they are consistent with its goals of attracting, retaining and motivating executive officers to enhance shareholder value. In 2017, this evaluation and review was undertaken by the Compensation Committee.

Executive Compensation Governance, Process and Components

The Compensation Committee, comprised of William J. Corcoran, Mark J. Fuller, Duncan N. R. Jackman, John F. Tuer and Patricia M. Volker (each of whom is an independent Director), has a Board-approved mandate that authorizes it to set compensation for the Directors, including fees and incentive awards, and to review the performance of LIORC's officers and to set their compensation, including fees and incentive awards.

All members of the Compensation Committee have a thorough understanding of the principles and policies underlying executive compensation decisions. They acquired this through experience as senior executive officers of publicly-traded corporations and other sizeable businesses and not-for-profit organizations, as well as through other experience. Several members of the Compensation Committee serve or have served on other compensation or human resources committees and all have experience in dealing with compensation matters, including the development and oversight of incentive plans, leadership and succession planning and the financial and market analysis of compensation practices.

LIORC is a passive holder of interests in Iron Ore Company of Canada ("**IOC**") and has no operating business. In these circumstances, the Compensation Committee's process for determining executive compensation has historically been very simple and it relied solely on discussion among the members of the Compensation Committee, without any formal objectives, criteria or analysis. The focus has been on the performance by the executive officer of his or her duties and responsibilities. Compensation of LIORC's executive officers has been relatively modest to reflect the nature of their roles and corporate constraints.

In January 2017, LIORC retained Hugessen Consulting Inc. ("**Hugessen**") to assist the Compensation Committee to review LIORC's executive compensation framework and related governance practices. Based on this review, the Board adopted a new annual performance framework (including the Restricted Share Unit Plan for Designated Officers (the "**RSU Plan**")) which has resulted in a degree of formalization of certain aspects of the annual performance assessment process utilized to determine executive compensation.

At the outset of each fiscal year, the CEO will prepare a list of the CEO's key objectives and provide that list to the Compensation Committee. The CEO will also prepare lists of similar key objectives for the other executive officers and deliver those lists to the Compensation Committee. These objectives form a "scorecard" that forms the basis of the annual performance assessment for the executive officers that drives the payment of annual cash bonuses and grants of restricted share units ("**RSU's**") pursuant to the RSU Plan. At the end of each fiscal year (or early in the following year), the Compensation Committee reviews the CEO's performance against each of the key objectives. The Compensation Committee's assessment of performance generates a score ranging from 0% to 150% (with 100% representing a "target" score where key objectives are achieved) that drives a payout calculated as a percentage of the CEO's current base salary. Similarly, the CEO assesses the performance of each of the other executive officers against his or her key objectives and recommends a score for the Compensation Committee's review and approval. The Board retains full discretion to adjust the quantum of the payment of annual cash bonuses and the grants of RSU's for each executive officer based on LIORC's financial performance and an overall market context.

LIORC's unique business profile limits its comparability to other publicly traded companies. LIORC's business is less complex than traditional gold and mineral royalty companies in Canada and there are few other comparable royalty entities outside of this industry segment. To benchmark executive compensation, LIORC uses publicly traded gold and mineral royalty companies (with data discounted appropriately to reflect differences in functions and executive officers' responsibilities) and certain other publicly traded royalty entities. The benchmarking data is used by the Compensation Committee as a reference point to inform its judgment in determining appropriate pay levels. This benchmarking peer group consists of Abitibi Royalties Inc., Altius Minerals Corporation, AuRico Metals Inc., Diversified Royalty Corp., Dorchester Minerals, L.P., Eurasian Minerals Inc., Freehold Royalties Ltd., Osisko Gold Royalties Ltd. and Sandstorm Gold Ltd. In reviewing its executive compensation, LIORC compares base salary, target annual bonus, target total cash compensation (salary plus annual bonus), target long-term incentive and target total direct compensation for its executive officers against those of its peers.

Components of Executive Compensation

As a result of the adoption by the Board of a new annual performance framework in 2017, the components of compensation for LIORC's executive officers during the year ending December 31, 2017 consisted of:

- base salary;
- discretionary bonus;
- performance-based annual cash bonuses; and
- performance-based RSU's granted under the RSU Plan.

The mix of these components in any given year is primarily influenced by the individual performance of the executive officer, the financial performance of LIORC and the competitive market levels of compensation.

Base Salary

LIORC provides its executive officers with a base salary to compensate them for services rendered during the fiscal year and to aid in attracting and retaining quality executive officers. The base salary for each executive officer is reviewed annually or upon a promotion or other change in job responsibility, based on the individual's level of responsibility, the importance of the position and LIORC's financial performance.

Discretionary Bonus

LIORC has historically paid discretionary bonuses to executive officers to reward those individuals' contributions to the furtherance of LIORC's strategic direction and based on LIORC's financial performance. Historically, the Compensation Committee's process for determining discretionary bonuses has been very simple and the Committee relied solely on discussion among its members, without any formal objectives, criteria or analysis. Discretionary bonuses for fiscal 2016 paid to LIORC's executive officers in fiscal 2017 were supported by several factors, including the resolution of matters with an activist shareholder, the successful and orderly transition of LIORC's leadership team, the successful transition to a new auditor, an increase in investor relations activity (including successful investor relations activities during the leadership transition) and improved financial results. For fiscal 2017 and beyond, it is anticipated that discretionary bonuses will be replaced with the performance-based annual cash bonuses and RSU's described below.

Performance-Based Annual Cash Bonuses

Executive officers of LIORC are entitled to receive an annual cash bonus based on performance against pre-determined personal objectives outlined at the beginning of the fiscal year in the scorecard and assessed at the completion of the fiscal year (or shortly thereafter). These annual cash bonuses are designed to serve as a short-term incentive to reward executive officers for personal performance.

The annual cash bonuses are denominated as a percentage of current base salary and are paid within the following payout ranges:

Executive Officers	Minimum/Threshold (i.e., Score = 0% of Target)	Target (i.e., Score = 100% of Target)	Maximum (i.e., Score = 150% of Target)
CEO	0% of base salary	25% of base salary	37.5% of base salary
CFO	0% of base salary	25% of base salary	37.5% of base salary
EVP & Secretary	0% of base salary	25% of base salary	37.5% of base salary
EVP	0% of base salary	25% of base salary	37.5% of base salary

Scores between 0% and 150% are linearly interpolated to correspond to the relevant payout level. The award ranges described above are subject to review and confirmation by the Board annually.

Performance-Based Awards of RSU's

Executive officers are entitled to receive awards of RSU's based on performance against pre-determined personal objectives outlined at the beginning of the fiscal year in the scorecard and assessed at the completion of the fiscal year (or shortly thereafter). Grants of RSU's are designed to serve as a long-term incentive for executive officers, to focus their efforts on key corporate objectives outlined by the Board and to align their interests with those of LIORC's shareholders.

Grant date values are set in the context of the executive officer's total direct compensation and sized as a percentage of base salary. Grant date values are subject to review and confirmation by the Board, including the Board's assessment of performance. Previous grants of RSU's are generally not taken into account when considering new grants in light of the fact that awards are made based on an executive officer's performance against pre-determined personal objectives each year. The number of RSU's granted is calculated by dividing the grant value of the award by the average closing trading price of LIORC's common shares on the Toronto Stock Exchange (the "**TSX**") on the five business days leading up to and including the award date. The aggregate value of an award of RSU's is denominated as a percentage of current base salary and grants are made within the following ranges:

Executive Officers	Minimum/Threshold (i.e., Score = 0% of Target)	Target (i.e., Score = 100% of Target)	Maximum (i.e., Score = 150% of Target)
CEO	0% of base salary	30% of base salary	45% of base salary
CFO	0% of base salary	30% of base salary	45% of base salary
EVP & Secretary	0% of base salary	30% of base salary	45% of base salary
EVP	0% of base salary	30% of base salary	45% of base salary

Scores between 0% and 150% are linearly interpolated to correspond to the relevant level. The award ranges described above are subject to review and confirmation by the Board annually.

RSU Plan

The RSU Plan is administered by the Board, which may delegate administrative responsibilities, in whole or in part, to a committee of the Board or management of LIORC. As of the date hereof, administrative responsibility has been delegated by the Board to the Compensation Committee. The Board has the discretion to determine which employees are eligible in any particular year to participate in the RSU Plan.

RSU's vest in three equal installments on each of the first, second and third anniversary of the award date, provided that the Board retains discretion to accelerate the vesting of any RSU. Notwithstanding the foregoing and except as otherwise determined by the Board, RSU's will also vest in accordance with the following:

- *Termination without cause:* Subject to the exercise of Board discretion (see "*Retirement or termination without cause*" below) unvested RSU's are forfeited following the expiry of the applicable notice period.
- *Termination with cause:* Unvested RSU's are forfeited.
- *Death:* Unvested RSU's immediately vest and no further RSU's are issued or credited.
- *Disability:* Unvested RSU's continue to vest and are paid out in accordance with the original vesting schedule.
- *Change of Control:* Unvested RSU's immediately vest on the date of a change of control.
- *Retirement or termination without cause:* The Board may, in its discretion, (i) accelerate the vesting of all or a part of the unvested RSU's that would otherwise remain unvested and therefore be forfeited, or (ii) accelerate the payment of all unvested RSU's that would eventually become vested.

Upon vesting, the RSU's are automatically redeemed for an amount of money equal to the number of RSU's multiplied by the average closing trading price of LIORC's common shares on the TSX on the five business days leading up to and including the vesting date. A holder of RSU's is also entitled to receive additional RSU's having an aggregate value equal to the value of any dividends paid by LIORC on the number of common shares underlying the holder's RSU's during each fiscal quarter. Holders are not permitted to assign or transfer their RSU's.

All RSU's are subject to a claw-back provision that entitles the Board, in its discretion, to cancel unvested or vested but unpaid RSU's and to recover from participants amounts paid on the redemption of RSU's in the prior 12 months in the following circumstances:

- LIORC is required to prepare an accounting restatement due to material non-compliance with financial reporting requirements of securities laws, to the extent required by such laws or government regulations; or
- the participant is terminated for cause which involves serious misconduct, fraud or gross negligence by the participant, as determined by the Board in its discretion

The RSU Plan permits the Board to make reasonable and appropriate adjustments to preserve the intended benefits of the RSU Plan for participants with respect to RSU's in the event of the subdivision or consolidation of the common shares, payments of extraordinary dividends, reclassification or conversion of the common shares, recapitalization, reorganization, change of control or other events as the Board may determine. The Board also retains broad discretion to amend or terminate the RSU Plan at any time or from time to time, subject to certain restrictions designed to protect the rights of participants.

Assessment of Risks Associated with Compensation Policies and Practices

The Compensation Committee has assessed LIORC's executive compensation policies and practices to ensure alignment of those policies and practices with LIORC's business and to evaluate potential risks associated with those policies and practices. The Compensation Committee has concluded that, although LIORC maintains performance-based incentive plans, the executive compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on LIORC.

None of the executive officers or directors of LIORC is permitted to purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of LIORC's securities granted as compensation or held, directly or indirectly, by the executive officer or director.

Executive Compensation-Related Fees

In January 2017, LIORC retained Hugessen to assist the Compensation Committee to review LIORC's executive and director compensation frameworks and related governance practices. The aggregate fees billed by Hugessen for services related to determining compensation for LIORC's executive officers and directors were $57,981.

Compensation Table

The compensation paid by LIORC to its executive officers for the period from January 1, 2015 to December 31, 2017 and to its Directors for the period from January 1, 2017 to December 31, 2017, was as follows:

Name and Principal Position	Year	Salary	Non-Equity Incentive Plan Compensation: Annual Incentive Plans(4)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans(5)	Fees Earned	Total Compensation
William H. McNeil(1)	2017	$220,000	$55,000	$66,000	—	$341,000
President and CEO and Director	2016	$ 73,333	$33,000	—	$ 82,517	$188,850
	2015	—	—	—	$ 25,383	$ 25,383
James C. McCartney	2017	$155,000	$38,750	$46,500	—	$240,250
Executive Vice President and Secretary and	2016	$155,000	$31,000	—	—	$186,000
Director	2015	$155,000	—	—	—	$155,000
Sandra L. Rosch(2)	2017	$130,000	$32,500	$39,000	—	$201,500
Executive Vice President and Director	2016	$130,000	$26,000	—	—	$156,000
	2015	$ 65,000	—	—	$ 28,200	$ 93,200
Alan R. Thomas.	2017	$130,000	$32,500	$39,000	—	$201,500
CFO	2016	$130,000	$26,000	—	—	$156,000
	2015	$130,000	—	—	—	$130,000
William J. Corcoran Non-executive Chairman of the Board and Director	2017	—	—	—	$ 83,000	$ 83,000
Duncan N.R. Jackman Director	2017	—	—	—	$ 48,000	$ 48,000
Mark J. Fuller Director	2017	—	—	—	$108,000	$108,000
John F. Tuer(3) Director	2017	—	—	—	$ 1,371	$ 1,371
Patricia M. Volker Director	2017	—	—	—	$ 68,000	$ 68,000

Notes:

(1) Appointed President and CEO on September 1, 2016.

(2) Appointed Executive Vice President on July 1, 2015.

(3) Appointed a Director on December 15, 2017.

(4) Amounts for 2017 represent performance-based annual cash bonuses earned by the executive officers in fiscal 2017 but paid in 2018 in accordance with LIORC's new annual performance framework. Amounts for 2016 represent discretionary cash bonuses paid to the executive officers in 2017 in respect of performance in fiscal 2016.

(5) Amounts for 2017 represent an award of RSU's under the RSU Plan earned by the executive officers in fiscal 2017 but awarded in 2018.

Incentive Plans — Value Vested or Earned During the Year

The following table discloses the aggregate value of non-equity incentive plan compensation earned during the year ended December 31, 2017. There was no value vested in respect of share-based awards during the year ended December 31, 2017.

Name	Non-equity incentive plan compensation — Value earned during the year
William H. McNeil	$55,000
James C. McCartney	$38,750
Sandra L. Rosch	$32,500
Alan R. Thomas	$32,500

Miscellaneous Compensation Matters

The current base salary of Mr. McNeil is $220,000; the current base salary of Mr. McCartney is $155,000; the current base salary of Ms. Rosch is $130,000; and the current base salary of Mr. Thomas is $130,000. For the year ended December 31, 2017, the total compensation of the officers represents 0.8% of comprehensive net income. Messrs. McNeil, McCartney and Thomas and Ms. Rosch each have an employment contract that provides for the payment of two times his or her salary in the event of a change of control of LIORC, but no amount is payable if he or she continues as an employee of LIORC for a period longer than 90 days after the change of control.

Mr. McNeil's performance objectives for fiscal 2017 were subjective and included the development of a strategy statement, monitoring industry developments, managing Board matters, conducting specific investor relations activities, representing LIORC on the IOC board of directors, undertaking specific activities relating to leadership of LIORC management and managing human resource matters. Following a review of Mr. McNeil's performance, the Compensation Committee determined that Mr. McNeil achieved a 100% target score for having achieved his objectives.

The performance objectives set for each of the other executive officers in fiscal 2017 was also subjective. Mr. Thomas' objectives included matters relating to financial reporting, professional development and administration. Ms. Rosch's objectives included conducting specific investor relations activities, undertaking professional development and undertaking specific activities relating to business and financial matters. Mr. McCartney's objectives related to specific strategic matters and managing administrative matters. Following a review of the performance of each executive officer by Mr. McNeil, the Compensation Committee determined (based on Mr. McNeil's recommendation) that each executive officer achieved a 100% target score for having achieved his or her objectives.

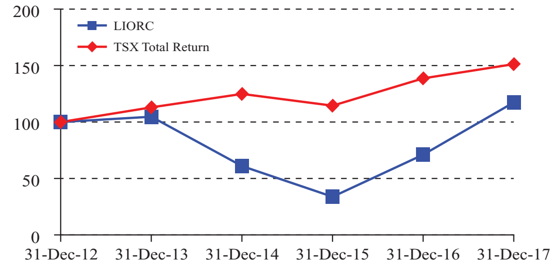
The Directors are entitled to compensation as approved by the Board. As at December 31, 2017, the annual compensation of the Directors, other than the three who are also executive officers, is $30,000 each and $1,200 for each meeting attended. Mr. William Corcoran serves as non-executive Chairman of the Board and his annual compensation as such is $25,000. The Chairman of the Audit Committee is paid an additional $20,000 per annum, the Chairman of the Compensation Committee is paid an additional $10,000 per annum and the Chairman of the Nominating Committee is paid an additional $10,000 per annum. Mr. Fuller is paid an additional $50,000 per annum for serving on the board of directors of IOC. The three Directors who are also executive officers do not receive compensation for serving as Directors.

The total compensation paid to the officers and Directors during the year ended December 31, 2017 was $1,059,371. The total compensation paid to the officers and Directors during the year ended December 31, 2016 was $1,077,850. Officers' salaries and incentives and Directors' fees are not affected by the price performance of LIORC's shares.

Performance Graph

The graph below shows the cumulative total return on a $100 investment on December 31, 2012 in common shares of LIORC and the cumulative total return of the S&P/TSX Composite Index over the five year period ending December 31, 2017, assuming reinvestment of all distributions.

	2012	2013	2014	2015	2016	2017
LIORC	100	104.7	61.0	33.8	71.1	117.4
TSX Total Return	100	113.0	124.9	114.5	138.7	151.3



OTHER MATTERS

Administration Agreement

Pursuant to an administration agreement extended on July 1, 2017, Scotia Managed Companies Administration Inc. acts as administrator for LIORC and Hollinger Hanna Limited, for an aggregate annual fee of $250,000 (payable quarterly in advance). Scotia Managed Companies Administration Inc., as administrator, has agreed to provide or arrange for the provision of services required in the administration of LIORC and Hollinger Hanna Limited. The administration agreement may be terminated by either party on six months' written notice. The address of Scotia Managed Companies Administration Inc. is 40 King Street West, Scotia Plaza, 26th Floor, Box 4085, Station "A", Toronto, Ontario, M5W 2X6.

Interest of Certain Persons and Companies in Matters to be Acted Upon

The Directors of LIORC are not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any Director or executive officer of LIORC at any time since January 1, 2016, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting.

Corporate Governance Matters

Disclosure regarding LIORC's corporate governance practices is set out in Appendix A to this Information Circular.

Environmental and Social Matters

LIORC is a passive investment company, holding a royalty and 15.1% of the shares of Iron Ore Company of Canada. LIORC has no direct involvement in the operations of IOC or its social or environmental matters. With respect to management of environmental and social issues, LIORC sees itself as similar to other investment companies or mutual funds. LIORC believes that the environmental and social policies at IOC are well managed. Rio Tinto is the majority shareholder of IOC (58.72%) and has excellent policies and procedures in place to deal with environmental and social matters. As LIORC's nominees to the board of directors of IOC, William H. McNeil and Mark J. Fuller have some insight into IOC's environmental and social matters and periodically update the board of directors of LIORC on these matters when appropriate.

Additional Information

Additional information relating to LIORC is available on SEDAR at www.sedar.com. Additional information is also available on LIORC's website at www.labradorironore.com. Financial information is provided in LIORC's comparative financial statements and MD&A in its 2017 Annual Report. Holders of common shares may contact LIORC at 40 King Street West, Scotia Plaza, 26th Floor, Box 4085, Station "A", Toronto, Ontario M5W 2X6; telephone (416) 863-7133; email investor.relations@labradorironore.com to request copies of LIORC's financial statements and MD&A.

Shareholder Proposals for Next Year's Annual Meeting

The Canada Business Corporations Act permits certain eligible shareholders to submit shareholder proposals to LIORC for inclusion in a management proxy circular for an annual meeting of shareholders. The final date by which LIORC must receive shareholder proposals for the annual meeting to be held in fiscal 2019 is January 1, 2019.

Directors' Approval

The contents and sending of this Information Circular have been approved by the Directors of LIORC.

Dated the 20th day of April, 2018.

James C. McCartney
Executive Vice President and Secretary

APPENDIX A

CORPORATE GOVERNANCE DISCLOSURE

Directors

- The Directors who are independent are William J. Corcoran, Duncan N.R. Jackman, Mark J. Fuller, John F. Tuer and Patricia M. Volker.
- William H. McNeil, James C. McCartney and Sandra L. Rosch are officers of LIORC and not considered to be independent.
- A majority of the Directors are independent.
- William J. Corcoran is also a director of E-L Financial Corporation. Mark J. Fuller is a director of The Empire Life Insurance Company. Duncan N.R. Jackman is Chairman, President and CEO and a director of E-L Financial Corporation Limited and is also a director of Algoma Central Corporation, Dream Global Real Estate Investment Trust, Dream Unlimited Corp., Economic Investment Trust Limited, The Empire Life Insurance Company, First National Financial Corporation and United Corporations Limited. James C. McCartney was a director of Campbell Resources Inc. until October 2008, and in January 2009 it filed under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"). Sandra L. Rosch was a director and chair of Cline Mining Corporation until July 2015 and it filed under the CCAA in December 2014.
- The independent Directors meet separately at their discretion. They make up the Audit, Compensation and Nominating Committees. LIORC is a passive holder of interests in Iron Ore Company of Canada (IOC) and has no operating business. The main responsibility of the Directors is to supervise the receipt of revenues and the payment of dividends to holders of common shares. In these circumstances, LIORC does not require as much organization and structure as an operating company. All discussion, including discussion among the independent Directors, is open and candid. The Directors facilitate open and candid discussion among the independent Directors by asking non-independent Directors to recuse themselves from meetings in the event of any conflict or potential conflict of interest. The Audit Committee meets with LIORC's auditors at least once each year without management present.
- The Chairman of the Board is an independent Director. When present, he presides at all meetings of the Board of Directors and, in the absence of the President and CEO, at meetings of the shareholders.
- In 2017, eight meetings of the Directors were held. All of the Directors attended all of the meetings. In 2017, seven meetings of Committees of the Board were held and all members of the Committees attended all of the meetings.

Mandate

- The Directors have developed a written mandate which is attached as a Schedule hereto.

Position Descriptions

- The Directors have developed written descriptions of the responsibilities of the Chairman of the Board and the President and CEO. The chairmen of the committees are appointed under resolutions appointing the committees and their responsibilities are those usually applicable to the offices.

Orientation and Continuing Education

- Two of the Directors were initial Trustees when the predecessor Fund was established in 1995. Each of them underwent an initial education program. When Duncan N.R. Jackman, Mark J. Fuller, William H. McNeil, Sandra L. Rosch, John F. Tuer and Patricia M. Volker were first elected, they were provided with an orientation and education program regarding the role of the Board, its committees and its Directors and the nature of LIORC's business.
- The Directors receive confidential monthly reports on the operations of IOC and visit the mine and other facilities of IOC in many years.

Ethical Business Conduct

- The Directors have adopted a written code of conduct which is posted, together with the Mandate for the Board of Directors, on LIORC's website at www.labradorironore.com. The Board of Directors monitors compliance with the code as part of its ongoing responsibilities.

Nomination of Directors

- The Nominating Committee, made up of the independent Directors, is responsible for reviewing the performance and attendance record of the Directors annually and for selecting the nominees for election as Directors by the holders of common shares at each annual meeting. The Chairman of the Nominating Committee is the Chairman of the Board.

Compensation

- The Compensation Committee, made up of the independent Directors, determines the fees and other compensation for the Directors and the compensation for the officers. The Compensation Committee considers the responsibilities, risks and time commitments of the Directors and the officers. The Compensation Committee is responsible for reviewing the performance of the officers.

Assessments

- The Nominating Committee assesses the performance of the Directors during each year as part of the process of selecting nominees for election as Directors by the holders of common shares for the following year.

Director Term Limits

- The Directors are elected until the next annual meeting or until their successors are elected or appointed. There are no other term limits for Directors. The annual nomination and election process, including the annual review of the composition of the Board, is regarded by the Board as a sufficient mechanism of Board renewal.

Representation of Women on the Board and in Executive Officer Positions

- LIORC has an informal policy relating to the identification and nomination of women directors but does not currently have a written policy. The Nominating Committee actively considers gender balance matters in its annual review of the composition of the Board. The Nominating Committee discusses the level of representation by women on the Board at meetings held to identify and nominate candidates for election to the Board. If the Directors nominated in this Information Circular are elected at the Meeting, two of eight, or 25%, of the Directors will be women. In 2017, there were two women on the Board of Directors.
- LIORC has four executive officer positions, one of which (25%) is held by a woman. There are no women serving as executive officers of LIORC's wholly-owned subsidiary, Hollinger-Hanna Limited.
- LIORC has not adopted targets regarding the number of women on the Board or in executive officer positions. LIORC is a passive holding company and has no operating business. As a result, the numbers of directors and executive officers are relatively small and a target would not be meaningful.

SCHEDULE TO APPENDIX A

MANDATE FOR THE BOARD OF DIRECTORS

The board of directors of the Corporation (the "**Board**") is elected by its shareholders and is responsible for managing, or supervising the management of, the investments and other business and affairs of the Corporation, including its subsidiary, Hollinger-Hanna Limited, and their holdings of a 7% gross overriding royalty on all products sold, delivered and shipped by Iron Ore Company of Canada ("**IOC**"), a 15.1% equity interest in IOC and a 10 cent per tonne fee on all products sold and shipped by IOC.

The Corporation is a passive holder of interests in IOC and has no operating business. The most important activity of the Board is supervising the receipt of revenues and the payment of dividends to the holders of its common shares. In these circumstances, the Corporation does not require as much organization and structure as an operating company. Accordingly, the numbers of its directors and officers are small. The Board has appointed Scotia Managed Companies Administration Inc. as administrator of the Corporation and its subsidiary, subject to the supervision of the Board and the officers of the Corporation.

The Board discharges its responsibilities directly and through committees, including an Audit Committee, Compensation Committee and Nominating Committee. In addition to the Board's primary responsibility of managing, or supervising the management of, the business and affairs of the Corporation, including the management of the investments of the Corporation, its responsibilities include, but are not limited to, the following:

General

1. The Board has the responsibility to manage, or to supervise the management of, the business and affairs of the Corporation, to approve policies of the Corporation and to review and approve major decisions taken by the Corporation. The stewardship of the Corporation involves the Board in strategic planning, identification of principal risks and ensuring implementation of appropriate systems to manage those risks, management appointments, succession planning and internal control integrity.

Oversight of Officers

2. The Board has the responsibility for approving the appointment of the officers of the Corporation and satisfying itself as to the integrity of the officers.
3. The Board has delegated authority to the President and Chief Executive Officer for the overall management of the Corporation, including operations to ensure the long term success of the Corporation and to maximize shareholder value.
4. The Board may from time to time delegate authority to the officers, subject to specified limits. Matters which are outside the scope of the authority delegated to the officers and material transactions are reviewed by and subject to the prior approval of the Board. The Board is responsible for the Corporation's approach to corporate governance.

Board Organization

5. The Board has the responsibility for developing and monitoring corporate governance principles and guidelines, the selection of the Chairman, the selection of nominees for election to the Board, orientation of new directors, committee and committee chair appointments, committee charters and director's compensation.
6. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the directors and management, the conduct of performance evaluations and oversight of internal controls systems and disclosure controls and procedures, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.
7. All Board committees will consist only of independent directors.

8. Each member of a Board committee will hold office until the next annual meeting of shareholders after the member's appointment, except that any member of a committee may be removed at any time by the Board and will cease to be a member upon ceasing to be a director. The Board may fill vacancies on any committee by appointment from among its members. If and when a vacancy exists on a committee, the remaining members of the committee may exercise all of its powers and discharge all of its duties as long as a quorum remains in office.

9. The Board will appoint one of the members of a committee to be chairman of the committee. The Secretary of the Corporation will be secretary of the committee. A committee must keep minutes of its meetings in which all action taken by it is recorded. Minutes will be made available to the directors.

10. Unless otherwise provided by the Board, meetings of a committee may be held at such place, on such day and at such time as the chairman of the committee determines. Notice of a meeting will be given to each member of a committee at least 48 hours before the time when the meeting is to be held, unless all members of the committee otherwise consent. At all meetings of a committee every question will be decided by a majority of the votes cast on the question, and in the case of an equality of votes the chairman of the meeting will not be entitled to a second or casting vote.

Monitoring of Financial Performance and Other Financial Reporting Matters

11. The Board is responsible for exercising the powers and authorities set out in the articles and by-laws of the Corporation.

12. The Board is responsible for approving the audited and unaudited financial statements of the Corporation and the notes thereto and the related Management's Discussion and Analysis.

13. The Board is responsible for reviewing and approving material transactions involving the Corporation and/or its subsidiaries.

Policies and Procedures

14. The Board is responsible for:

    (a) approving and monitoring compliance with all significant policies and procedures under which the Corporation is operated;

    (b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and

    (c) enforcing obligations of the Corporation respecting confidential treatment of the Corporation's proprietary information and Board deliberations.

Communications and Reporting

15. The Board is responsible for:

    (a) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;

    (b) overseeing the reporting of financial results, fairly and in accordance with generally accepted accounting principles and related legal disclosure requirements;

    (c) overseeing the integrity of the internal control and management information systems of the Corporation;

    (d) overseeing the evaluation of the disclosure controls and procedures of the Corporation;

    (e) overseeing the timely disclosure of any other developments that have a significant and material impact on the Corporation;

    (f) reporting annually to shareholders on its stewardship for the preceding year; and

    (g) overseeing the investor relations and communications strategy of the Corporation.

APPENDIX B

RIGHTS PLAN RESOLUTION

Capitalized terms used but not otherwise defined herein have the respective meanings given to them in the management information circular of Labrador Iron Ore Royalty Corporation (the "**Corporation**") dated April 19, 2018 (the "**Circular**").

RESOLVED as a resolution of the shareholders of Labrador Iron Ore Royalty Corporation (the "**Corporation"**) that:

1. The adoption by the Board of the Rights Plan is approved, ratified and confirmed.
2. The execution and delivery by the Corporation of the Rights Plan Agreement dated April 18, 2018 between the Corporation and Computershare Investor Services Inc., as rights agent, is approved, ratified and confirmed.
3. The form of the Rights Plan may be amended in order to satisfy the requirements or requests of any regulatory authority without requiring further approval of the shareholders.
4. The articles of the Corporation be amended to replace clause 1(d) as set out under the heading, "Other Provisions" in the Schedule to the articles of arrangement of the Corporation dated June 30, 2010, as amended, with the following:

    "(d) any issue of shares in the capital of the Corporation, except for the issue of shares in accordance with any shareholder rights plan of the Corporation then in effect."

5. Each director and officer of the Corporation is authorized to do all such acts and things and to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents as in such director's or officer's opinion may be necessary or desirable to implement the foregoing.

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