

LABRADOR IRON ORE ROYALTY CORPORATION

ENVIRONMENTAL, SOCIAL AND SUSTAINABILITY MATTERS

Labrador Iron Ore Royalty Corporation (“LIORC”) is committed to protecting the environment and safeguarding the health and safety of its officers. While building shareholder value is a priority, we believe this can be achieved without neglecting our commitment to sustainable development. LIORC is a passive investment company. Our sole asset is our investment in Iron Ore Company of Canada (“IOC”), which is comprised of a 15.1% equity interest, a 7% gross overriding royalty, and a 10 cent per tonne commission on all iron ore products produced, sold and shipped by IOC. LIORC does not control or operate IOC. However, we are indirectly exposed to environmental, social and other risks arising from IOC’s operations.

IOC is controlled and operated by Rio Tinto PLC, one of the largest and most respected mining operators in the world. Because LIORC has no financial or operational control over IOC, we rely on IOC management and Rio Tinto to operate the mining operations in accordance with appropriate standards regarding social, health, safety, environment, and community relations.

LIORC undertakes a number of ongoing activities with respect to IOC to ensure that IOC is appropriately managing its environmental and social risks in order to minimize LIORC’s indirect exposure to those risks, including the following:

- As a subsidiary of Rio Tinto, IOC follows all of Rio Tinto’s policies and procedures to deal with environmental, social and sustainability matters. Rio Tinto’s website has reports and further information on sustainability, environmental and social issues including an annual Sustainability Report and a Climate Change Report prepared in line with recommendations from the Task Force on Climate-related Financial Disclosures. LIORC monitors and reviews all such policies and reports on at least an annual basis.
- IOC’s website provides information on IOC’s performance in areas related to social, health, safety, environment, and community relations, including its annual Sustainable Development Report. The report outlines IOC’s comprehensive program directed at achieving environmental protection within the governing framework of sustainable development. LIORC monitors and reviews the website and reports on at least an annual basis.
- LIORC receives monthly shareholder reports from IOC, which include monthly health and safety information. Also, LIORC management have regular and ongoing dialogue with IOC management and visit the IOC facilities at least annually. These reports and interactions allow LIORC to have a deep understanding of IOC’s operations.
- LIORC has two nominees on the IOC board of directors. This allows LIORC to have further insight into IOC’s environmental and social matters and update the LIORC board as required. LIORC is committed to supporting IOC in their efforts to improve their environmental and social policies and performance, and having IOC board representation provides LIORC with the opportunity to encourage IOC to continue to implement best practices.
- LIORC reviews and monitors IOC’s tailings management. As a subsidiary of Rio Tinto, IOC follows Rio Tinto’s policies and procedures as they relate to tailings facilities. Rio Tinto is committed to being transparent with its stakeholders about its tailings facilities and how

they manage them, including their employees, the communities they operate in, governments and regulators, partners and NGOs. IOC has a long-term tailings management plan and has developed wetlands on the existing tailings landform. Specific information on IOC's tailings facilities can be found on Rio Tinto's website.

- LIORC monitors external reports, including media reports related to environmental and social related programs at IOC and Rio Tinto in order to identify environmental or social issues or risks.
- LIORC receives an annual confirmation from the Chief Executive Officer of IOC that IOC complies with legal and regulatory requirements in the provinces it operates.

As a passive investment company, LIORC also has a small direct impact on the environment since it has four officers and no employees.

To further reduce its direct impact on the environment and fulfill its responsibilities, LIORC is committed to:

- Promoting the development and implementation of effective, realistic systems to minimize risks to health, safety and the environment.
- Developing and maintaining a culture of environmental responsibility and awareness.
- Communicating with officers and other stakeholders on our environmental plan, programs and performance through recognized reporting frameworks.
- Using technologies to continuously improve the safe, efficient use of resources, processes and materials.
- Considering additional ways to minimize and mitigate our environmental impact through available resources.