

LABRADOR IRON ORE ROYALTY INCOME FUND

P R E S S R E L E A S E

IOC Announce a Further \$300 million Expansion Program

Toronto, September 4, 2008

Iron Ore Company of Canada (IOC) announced today a \$300 million expansion program to increase annual production to 22.8 million tonnes including \$75 million towards the feasibility study to increase production to 26 million tonnes (see attached IOC press release). This is in addition to the \$500 million expansion program announced in March. When completed this will result in a substantial increase in the royalty revenue received by Labrador Iron Ore Royalty Income Fund from IOC, subject to future prices and exchange rates.

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NEWS RELEASE

Iron Ore Company of Canada

A member of the Rio Tinto Group

IOC AND RIO TINTO ANNOUNCE A FURTHER C\$300 MILLION TOWARDS EXPANSIONS, AS PART OF ITS 50% LONGTERM INCREASE IN IRON ORE PRODUCTION

September 4, 2008

For Immediate Release

(Canada) St. John's - The Iron Ore Company of Canada (IOC) and Rio Tinto have announced the approval of C\$300 million to increase IOC's annual production of iron ore concentrate to 22.8 million tonnes. This increase in concentrate production will be used to raise annual pellet production at our Labrador City plant to 13.8 million tonnes. The investment is the second phase of an expansion program that would see a 50% increase in production capability by 2011.

"The decision highlights not only the value of Rio Tinto's global platform of iron ore production, but also the level of confidence in market conditions over the longer term," said IOC Chairman and Rio Tinto Chief Iron Ore Executive, Sam Walsh

"The iron ore market remains tight and our substantial reinvestment in our operations in Canada and worldwide demonstrates the confidence we have in that market," he said. "The IOC expansion program emphasizes the Group's ability to increase supply from an existing strong base across several continents."

In March, the company announced an investment of C\$500 million for the first phase of this project. Today's announcement which includes C\$75 million towards the third phase feasibility study into expanding annual production to about 26 million tonnes will bring total investment to date to C\$800 million.

This additional investment is to increase magnetite recovery by installing a new 10MW ball mill with associated services and equipment in a new building, and to improve pellet plant productivity by adding, flotation plant capacity, installing an advanced control system for pellet feed grinding, and introducing new pellet screening technology. The site electrical system will be enhanced by installing a new 46kV substation.

IOC President and CEO, Terence F. Bowles, said Phase 1 and 2 of this expansion will provide substantial employment and economic growth in our communities of Labrador City and Sept-Îles. IOC's 2,300 people, of which 1,650 work in Newfoundland and Labrador, constitute one of the Province's largest industrial workforces, and is expected to grow by a total of 200 with these initial two phases. Construction jobs are also expected to peak at 250.

"IOC has been the main driver of the Labrador West economy for almost 50 years. Our expansion program shows we are prepared to invest even further in this community and ensure a new generation of families in the region will have rewarding careers for years to come," said Mr. Bowles, speaking at a Board of Trade luncheon in St. John's, the capital city of Newfoundland and Labrador. "While we're looking for engineers, other professionals, people with training and/or experience in the heavy equipment industry, skilled trades, and IT experts to consider IOC in their career plans, we also recognize that our expansion plans will create considerable indirect and induced employment in the region" he added.

“This major expansion reflects the current strong market conditions as well as the confidence of our shareholders in our ability to deliver,” added Mr. Bowles. “IOC’s commitment to sustainable development is fully reflected in this expansion program. The company is consulting and working very closely with local community stakeholders in Labrador City and Sept-Îles to optimize economic and social impacts of the expansion and to protect the natural environment.”

About the Iron Ore Company of Canada

IOC is Canada’s largest iron ore producer, with iron ore being one of Canada’s most important mineral products in terms of both tonnage and value. IOC is known globally for the high quality of its products, which are often used by steelmakers to improve quality and productivity and reduce greenhouse gas emissions. Its broad product range is sold globally to all segments of the steel industry including the high growth direct-reduction sector.

About Rio Tinto

Rio Tinto is the major shareholder of IOC (58.72%), along with Mitsubishi Corporation (26.18%), and Labrador Iron Ore Royalty Income Fund (15.10%). Rio Tinto is a leading international mining group headquartered in the UK, whose focus is finding, mining, and processing mineral resources. Rio Tinto Iron Ore is headquartered in Perth, Western Australia with Sam Walsh as Chief Executive. This investment is one of many being made in Canada by IOC’s major shareholder Rio Tinto, which has activities in more than 40 countries worldwide, including mining developments and acquisitions in British Columbia, Northwest Territories and Quebec.

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Forward-Looking Statements

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