

LABRADOR IRON ORE ROYALTY INCOME FUND

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

IOC's Response to Steel Industry Slowdown

Toronto, November 28, 2008

Labrador Iron Ore Royalty Income Fund (the "Fund") attaches a press release issued today by Iron Ore Company of Canada ("IOC") responding to the steel industry slowdown. The Fund notes that any reduction in sales by IOC will negatively affect the Fund's royalty revenue and earnings but this would at least partially be offset by the lower value of the Canadian dollar against its U.S. counterpart.

The Fund through its wholly owned subsidiaries holds a 15.1% equity interest in IOC and receives a 7% gross overriding royalty and a 10¢ per tonne commission on all iron ore products produced, sold and shipped by IOC.

For further information, please contact:

Bruce C. Bone

Chairman & Chief Executive Officer

(416) 863-7133

26th Floor, 40 King Street West, Toronto, Ontario M5W 2X6

Tel : (416) 863-7133 Fax : (416) 863-7425

NEWS

Iron Ore Company of Canada



A member of the Rio Tinto Group

For immediate release

IOC responding to the steel industry slowdown

(Canada) Sept-Îles, Labrador City, November 28, 2008

Global iron ore demand has reduced as a result of the slowdown in the steel industry and the global financial crisis.

A range of measures are being introduced by Governments around the world to stimulate their economies, and we expect that iron ore demand will improve in the medium term.

With this in mind, IOC has announced to employees and its community that it is taking prudent action to respond to reduced demand for our products.

IOC is making the following decisions in the interests of our people, our communities and the company:

- The shutdown of one of our six pellet machines for an essential maintenance rebuild and a second pellet machine rebuild will follow sequentially.
- All production, except for the Mine, some rail and shipping from the Terminal in Sept Îles, is planned to be suspended for a four week shutdown period in July 2009 during which time most employees would take their vacation.
- A review of our expansion programs.
- No layoffs of permanent employees are being contemplated at this time.

We believe IOC is well-positioned to take advantage of any improvement in the iron ore market with a world class team and products.

IOC is the largest manufacturer of iron ore pellets in Canada and its customer base covers North American, European, and Asian steel producers. The Company operates a mine, concentrator and pelletizing plant in Labrador City, Newfoundland and Labrador, as well as port facilities located in Sept-Îles, Quebec. It also operates a 418 kilometre railroad that links the mine to the port. IOC has approximately 1900 employees and its major shareholder and operator is the international mining group Rio Tinto, which has activities in more than 40 countries throughout the world.

– 30 –

Source:

Mr. Michel Filion
Director - Communications & External Relations
1000 Sherbrooke Street West, Suite 1920
Montreal (Quebec) H3A 3G4

Info: (514) 217-6253