

LABRADOR IRON ORE ROYALTY INCOME FUND

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

IOC Announces Restart of its Iron Ore Expansion Program

Toronto, May 6, 2010

Iron Ore Company of Canada (IOC) announced today that it has resumed Phase 1 of its expansion program, which was approved in March 2008 and suspended later that year due to the impact of the global financial crisis on worldwide markets. This will increase annual production to 22 million tonnes (see attached IOC press release). When completed this will result in a substantial increase in royalty revenue received by Labrador Iron Ore Royalty Income fund from IOC, subject to future prices and exchange rates.

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PRESS RELEASE For immediate release

Iron Ore Company of Canada



IOC receives approval to restart its iron ore expansion programme

(Canada) Labrador City, Sept-Îles, Montreal, May 6, 2010 –

Iron Ore Company of Canada (IOC) has resumed its expansion programme for its operations, receiving approval from its shareholders for a C\$435 million investment to increase its annual concentrate capacity by 4 million tonnes to 22 million tonnes by 2012.

This investment is the first stage of a three-stage expansion programme that could increase concentrate annual capacity to 26 million tonnes. Initially approved in March 2008, the expansion programme was suspended later that same year as the global financial crisis impacted markets worldwide.

IOC President and Chief Executive Officer Zoë Yujnovich stated that the decision to proceed underscores the shareholders' confidence in both world economic growth and in IOC's assets quality and potential.

"Some uncertainty and potential volatility remain about global economic recovery but we are seeing a strong rebound in the iron ore and steel markets, with every expectation that it will be sustainable. The fundamentals for our business are quite strong, and this expansion programme will enable us to take full advantage of our market strength, and of recovering markets in Europe and North America," she said.

"Growing our business is important for our future. Through the economic downturn, we built strength in our financial discipline. Now that markets have rebounded, it is vital that we build from that discipline to build further strength in our business. This expansion programme will enable us to do that," she continued.

"I am confident and optimistic that we have what we need to succeed. We have a market that is responding, and we have a business that is poised for expansion. We have exciting times ahead."

According to Yujnovich, the project will enable IOC to take major strides towards realising its full operational potential, which can draw on almost four billion tonnes of ore reserves and resources, excellent nearby exploration prospects, a revitalised management, and a highly trained and motivated workforce.

By growing IOC's ore crushing, delivery and grinding capacity, the 22 mtpa first-stage expansion will set the stage for subsequent phases. This project will also maintain and build on IOC's significant economic and employment contribution to Newfoundland and Labrador.

The first-stage expansion will comprise an overland conveyor to remove bottlenecks in the current ore delivery system, a fourth autogenous grinding mill to increase primary grinding capacity, and associated mine and rail equipment.

The revised total project cost for the first-stage expansion, including investments made prior to suspension, is C\$539 million.

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 a pelletizing plant in Labrador City, Newfoundland and Labrador, as well as port facilities located in Sept-Îles (Quebec). It also operates a 418-kilometer railroad that links the mine to the port. IOC has approximately 1900 employees. Its shareholders are Mitsubishi Corporation (26.18%), Labrador Iron Ore Royalty Income Fund (15.10%) and the international mining group Rio Tinto, which is its major shareholder (58.72%) and operator, with activities in more than 40 countries throughout the world.

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Source:

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