Cautionary Statement

Certain statements in this presentation and related statements made by Labrador Iron Ore Royalty Corporation (the “Company”) constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (“forward-looking statements”). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potential future events or performance (often, but not always, using words or phrases such as “believes”, “expects”, “plans”, “estimates” or “intends” or stating that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “are projected to” be taken or achieved) are not statements of historical fact, but are forward-looking statements.

Forward-looking statements relate to, among other things, all aspects of the current and future operations, production and financial performance of Iron Ore Company of Canada (“IOC”), including, without limitation, the achievement of potential productivity growth and increased sales and profitability by IOC; the potential for expanded capacity at IOC’s Sept-Iles port; IOC’s iron ore reserves and estimates; and the potential for increased royalty revenue and dividends from IOC.

A variety of inherent risks, uncertainties and factors, many of which are beyond the control of the Company, affect the operations, performance and results of the Company and its business, and could cause actual results to differ materially from estimated or anticipated events or results expressed or implied by forward-looking statements. Some of these risks, uncertainties and factors include the fact that the Company’s revenues are entirely dependent on the operations of IOC and that the Company’s principal source of revenue is the 7% royalty it receives on sales of iron ore products by IOC; fluctuations in the price of iron ore; fluctuations in the volume of iron produced by IOC; fluctuations in the Canadian/U.S. dollar exchange rate; IOC’s dependence on the steel industry; risks generally associated with the mining and exploration of mineral properties; the availability to IOC of adequate insurance for environmental remediation costs; risks arising from IOC’s relationships with aboriginal groups, including, without limitation, disruptions to IOC’s business; IOC’s reliance on sales to foreign customers; competition IOC faces from other iron ore producers; variations in the cost of IOC’s operations; IOC’s ability to obtain and maintain all necessary regulatory approvals and licenses; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions; changes in the level of taxation to which IOC and the Company are respectively subject; and the risks identified in the Company’s latest Management’s Discussion and Analysis or Annual Information Form filed with Canadian securities regulatory authorities. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements.

Forward-looking statements are based on management’s current plans, estimates, projections, beliefs and opinions, and except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.

All dollar figures are stated in Canadian (“CDN”) dollars unless stated otherwise.
Corporate Structure

Shareholders

Common Shares

LIORC

9.56% Equity

Royalty 7%

Hollinger-Hanna

5.54% Equity

100% Equity

Fee 10¢/tonne

IOC

IOC Ownership

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rio Tinto Limited</td>
<td>58.72%</td>
</tr>
<tr>
<td>Mitsubishi Corporation</td>
<td>26.18%</td>
</tr>
<tr>
<td>LIORC</td>
<td>15.10%</td>
</tr>
</tbody>
</table>
IOC has a long history in Newfoundland & Labrador and Quebec

- 1949 - IOC officially incorporated
- 1954 - Completion of QNS&L line & first Schefferville ore shipment
- 1962 - Commissioning of Labrador City Operations
- 1963 - Pellet plant in Carol Lake starts operations
- 1967 - Labrador City pellet plant expanded
- 1998 - IOC becomes a 100% merchant supplier
- 2000 - Rio Tinto becomes majority shareholder
- 2008 - Expansion by 50% concentrate initiated
- 2013 - Concentrate Expansion Project Phase 1 completed
- 2014 - Concentrate Expansion Project Phase 2 completed
<table>
<thead>
<tr>
<th>Mine</th>
<th>Expandable high quality resource base with significant exploration potential</th>
</tr>
</thead>
</table>
| Plants | Ore upgraded often in excess of 65% Fe concentrate  
Approximately 50% of concentrate production is converted to pellets |
| Rail | Product transported to port via ~400 km wholly owned QNS&L railway |
| Port | Year round, expandable deep water port  
Cape size port handling lakers / panamax & cape (255 kt)  
Up to 15 kt/hr loading rates |
Ore Delivery System from Mine to Processing Plants

Automated Train Operation (ATO)
- Hauls ore 8 - 13 km from mine to concentrator
- 7 automated electric trains - 20 cars carrying 100 tonnes per car
- 3 loading pockets across the mine

Parallel Ore Delivery System (PODS)
- Dedicated crusher
- 6 km overland conveyor direct to concentrator for processing
- Debottlenecks ore delivery system
- Proximity to current and future active pits reduces truck cycle times
Concentrator and Pellet Plant

- Annual concentrator capacity of 55Mt crushed ore / 23Mt concentrate
- Annual pellet plant capacity of 12.5Mt
- Six indurating machines in pellet plant
- Flotation plant for production of high grade products
- Flexibility to adjust product mix in response to market conditions
- Value adding process attracts significant market premiums
418km railway (QNS&L) connects Labrador City operations to the Quebec coast

- 100% IOC owned and operated, federally regulated
- System hauls 24Mt of product from Labrador to Sept-Iles annually
- Current fleet capacity of approximately 35Mt
  - Fleet is sized for purpose
  - IOC’s fleet includes 60 locomotives and 1,380 ore cars
  - Each train is 240 cars long, 2.5km
- Rail capacity ~ 80 – 85Mt
  - Rail line has 27 sidings and no access roads
- The only single operator train system in North America (since 1997)
IOC’s deepwater port at Sept-Iles is accessible year-round

- 100% IOC owned and operated
- Port facilities accommodate large ships all year round – ship draft of up to 17.7m
- Smaller vessels service the St. Lawrence seaway during the summer
- Port capacity approximately 28Mt
- Expansion potential to ~200Mt
Markets – IOC Sales Tonnages – Concentrate & Pellets

IOC Customers by Region

- High quality supplier of pellets and concentrate for sale (CFS)
- Recent investments in the operations have increased production of pellets and CFS
- Long-term contracts secured
- Well positioned & competitive in all pellet markets

<table>
<thead>
<tr>
<th>IOC sales in millions of tonnes</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pellets</td>
<td>10.0</td>
<td>9.6</td>
<td>8.2</td>
</tr>
<tr>
<td>CFS</td>
<td>8.3</td>
<td>8.4</td>
<td>6.1</td>
</tr>
<tr>
<td>Total</td>
<td>18.3</td>
<td>18.0</td>
<td>14.3</td>
</tr>
</tbody>
</table>
IOC Products

IOC Concentrate
• Recognised for its low alumina, very low phosphorus

IOC Pellet grades
• Acid: Standard and Low Silica
• High grade Direct Reduction
• Fluxed

Value is Supported
• Trend toward higher quality manufacturing and consumer steels
• Value in Use differentiation through low alumina and phosphorus

<table>
<thead>
<tr>
<th></th>
<th>IOC Pellets</th>
<th>IOC Concentrate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>✓</td>
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</tbody>
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11
IOC has sufficient mineral inventory to support future expansion options

- Vast mineral inventory
- All reserves, resources yield saleable product with similar high quality chemistry
- Mineral inventory is proximal to existing IOC infrastructure
### Selected Statistics

*(CDN$ millions where applicable)*

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</thead>
<tbody>
<tr>
<td>IOC Operating Revenues</td>
<td>1,676</td>
<td>1,495</td>
<td>1,794</td>
<td>2,194</td>
<td>1,963</td>
</tr>
<tr>
<td>IOC Capital Expenditures</td>
<td>98.6</td>
<td>142.5</td>
<td>187.0</td>
<td>275.4</td>
<td>757.3</td>
</tr>
<tr>
<td>Sales in Tonnes <em>(¹)</em> (millions)</td>
<td>18.2</td>
<td>17.9</td>
<td>14.3</td>
<td>14.8</td>
<td>14.1</td>
</tr>
<tr>
<td>Royalties Received (LIORC)</td>
<td>113.1</td>
<td>99.7</td>
<td>115.7</td>
<td>137.6</td>
<td>122.5</td>
</tr>
<tr>
<td>Dividends Received (LIORC)</td>
<td>15.1</td>
<td>nil</td>
<td>48.1</td>
<td>40.0</td>
<td>nil</td>
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</table>

¹ Sales tonnages as reported by IOC for calculating the LIORC royalty.
## Summary of Key Metrics

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<tr>
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</thead>
<tbody>
<tr>
<td>IOC Sales - Pellets</td>
<td>7.70</td>
<td>10.06</td>
<td>9.47</td>
<td>8.33</td>
</tr>
<tr>
<td>IOC Sales – Concentrate</td>
<td>6.01</td>
<td>8.17</td>
<td>8.41</td>
<td>5.99</td>
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<tr>
<td>for Sale</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>IOC Sales – Total (1)</td>
<td>13.71</td>
<td>18.23</td>
<td>17.88</td>
<td>14.32</td>
</tr>
<tr>
<td>LIORC</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>C$ millions</td>
<td>$118.0</td>
<td>$115.1</td>
<td>$101.7</td>
</tr>
<tr>
<td>Income before Equity</td>
<td>C$ millions</td>
<td>$87.6</td>
<td>$84.6</td>
<td>$74.1</td>
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<tr>
<td>Earnings &amp; Income Taxes</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Net Income</td>
<td>C$ millions</td>
<td>$118.9</td>
<td>$78.2</td>
<td>$54.7</td>
</tr>
<tr>
<td>Net Income per Share</td>
<td>C$/Share</td>
<td>$1.86</td>
<td>$1.22</td>
<td>$0.85</td>
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<tr>
<td>Adjusted Cash Flow</td>
<td>C$ millions</td>
<td>$122.1</td>
<td>$78.0</td>
<td>$56.2</td>
</tr>
<tr>
<td>ACF per Share</td>
<td>C$/Share</td>
<td>$1.91</td>
<td>$1.22</td>
<td>$0.88</td>
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<tr>
<td>Iron Ore Price, 62% Fe,</td>
<td>US$/tonne</td>
<td>$73</td>
<td>$58</td>
<td>$56</td>
</tr>
<tr>
<td>North China (2)</td>
<td></td>
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</table>

**Notes:**
1. Sales tonnages as reported by IOC for calculating the LIORC royalty.
2. Approximate average Iron Ore Prices, 62% Fe, North China as reported by Bloomberg.
IOC Quarterly Sales

Millions of tonnes

Concentrate for Sale
Pellets
LIORC Total Revenue and Iron Ore Prices

- LIORC Total Revenue
- Avg Iron Ore Price 62% Fe, CFR China (US$)
Investment Highlights

- LIORC is a pure play on iron ore prices
- The 7% gross royalty is attractive
- LIORC’s cash flow is largely paid out as dividends to shareholders
- The 15.1% investment in IOC provides dividends to LIORC when iron ore market is strong as well as two IOC board seats
- The high quality of the iron ore and ability to produce higher margin pellets positions IOC well strategically
- IOC has sufficient reserves and resources to support a long mine life (plus 25 years) at the planned production rates
- IOC has valuable infrastructure in place including its wholly owned railway and port
Investment Highlights (cont’d)

- IOC focused on lowering cost per tonne through cost discipline and volume-driven efficiencies
- IOC operates in a politically stable country
- Rio Tinto provides operational and marketing expertise to IOC
- LIORC has upside potential to its royalty revenue and IOC dividends if:
  - strong demand for high grade concentrate and pellets keeps premiums at high levels and/or
  - iron ore prices stabilize at current levels or improve and/or
  - IOC continues to improve production and lower costs