



Labrador Iron Ore Royalty Corporation

May 2019

Notice to reader

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

The information contained in this presentation is derived from publicly available sources, such as annual and quarterly financial reports and the annual information form filed by Labrador Iron Ore Royalty Corporation (“LIORC”) in accordance with applicable securities laws, Rio Tinto reports and releases, news reports and analysts’ reports. Certain market and pricing data contained in this presentation has been obtained from S&P Global Platts.

This presentation may contain "forward-looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "would", "anticipate" and other similar terminology are intended to identify forward-looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this presentation. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly, including iron ore price and volume volatility, exchange rates, the performance of Iron Ore Company of Canada (“IOC”), market conditions in the steel industry, mining risks and insurance, the renewal of mining leases, outcomes of existing or future legislation, relationships with aboriginal groups, changes affecting IOC's customers, competition from other iron ore producers, estimates of reserves and resources and government regulation and taxation. A discussion of these factors is contained in LIORC's annual information form dated March 7, 2019 under the heading, "Risk Factors". Although the forward-looking statements contained in this presentation are based upon what management of LIORC believes are reasonable assumptions, LIORC cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this presentation and LIORC assumes no obligation, except as required by law, to update any forward-looking statements to reflect new events or circumstances. This presentation should be viewed in conjunction with LIORC's other publicly available filings, copies of which can be obtained electronically on SEDAR at www.sedar.com.

Notice to reader

Mineral Reserves and Mineral Resources

Mineral Reserve and Mineral Resource estimates are quoted for the end of 2018. Details of these Reserve and Resource estimates are set out in the 2018 Labrador Iron Ore Royalty Corporation Annual Information Form. IOC confirms that it is not aware of any new information or data that materially affects the Mineral Reserve or Mineral Resource information, that all material assumptions and technical parameters underpinning those estimates continue to apply and have not materially changed, and that the form and context of the Mineral Reserves and Mineral Resources has not been materially modified.

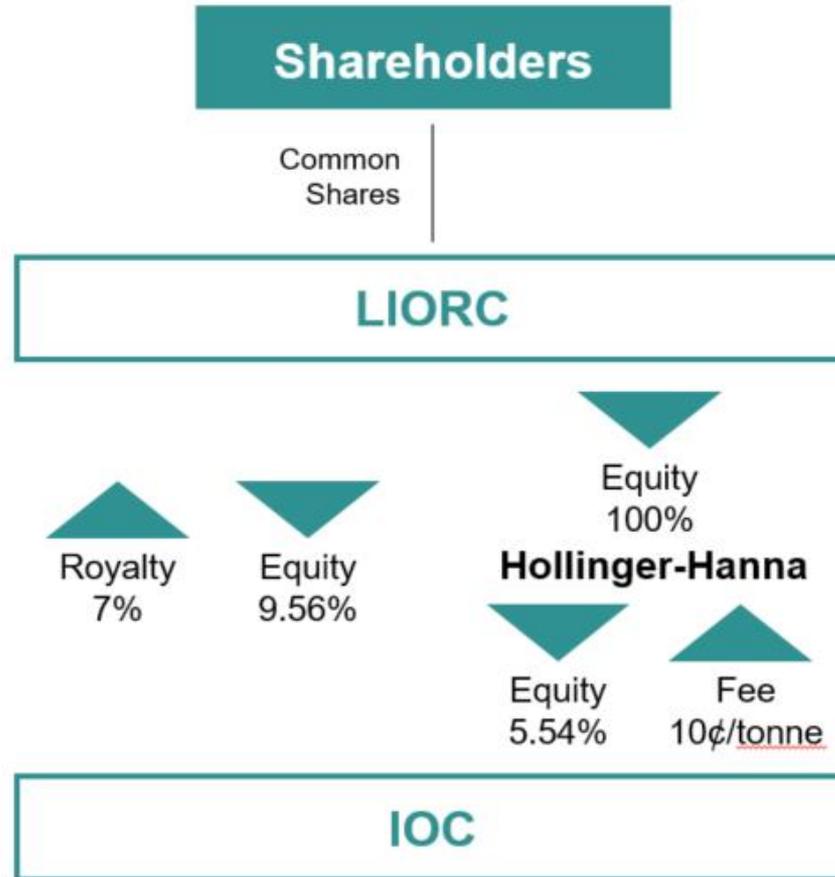
Mineral Reserves are quoted on an as-mined (ie net of dilution and mining losses) basis. Mineral Resources are quoted on an in-situ basis. Both Mineral Reserves and Mineral Resources are quoted on a dry basis.

Most of the assays and density determinations used in the reserve and resource estimates have been carried out by the IOC laboratory. QA/QC protocols have been in place since 2004. Assay standards are inserted after each 12th sample and duplicate assays are carried out on every 50th sample. A limited number of twinned holes have been compared to validate the assays from holes drilled before the commencement of the QA/QC program. The sampling protocol has been reviewed and the chain of custody of samples has been reviewed on an ad-hoc basis, although this is not part of the routine QA/QC process. Reconciliations of modelled ore tonnes and qualities against measured tonnes and qualities are carried out monthly, to validate the reserve models.

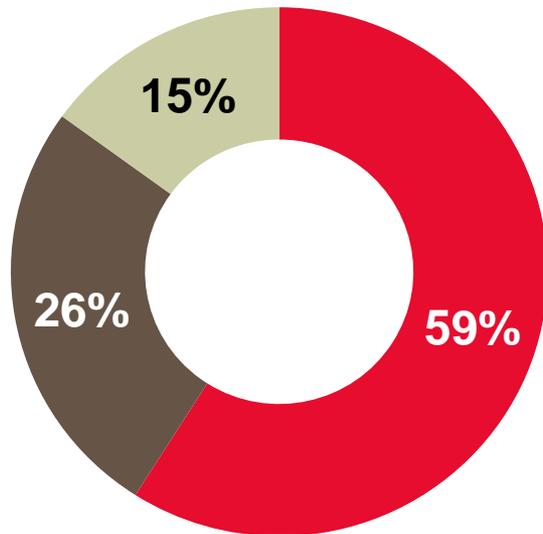
Mineral resources exclude Mineral Reserves

Mineral Reserves and Mineral Resources were prepared under the supervision of Mr Tim Leriche, who is a Qualified Person as defined in NI 43-101 and who is a Member of Professional Engineers and Geoscientists Newfoundland and Labrador. Mr. Leriche is a full-time employee of IOC and has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he has undertaken to qualify as a Qualified Person as defined in NI 43-101. Mr. Leriche consents to the inclusion in the presentation of Mineral Reserve and Mineral Resource in the form and context in which it appears.

Corporate structure



IOC shareholders



- Rio Tinto
World leader in mining, and processing of mineral resources & the Managing Shareholder
- Mitsubishi Corporation
Major global trader of iron ore and other minerals
- Labrador Iron Ore Royalty Company
Holds land lease rights and licenses to mine ore

Over 64 years of operation

2400 employees



Four generations in the workplace



Leading producer and exporter of quality pellets and concentrate to customers worldwide



Operating sites located in Labrador City & Sept-Îles



Over 60 years in operation



Fully integrated Mine-to-Market operation



IOC integrated mine to port production system



- Expandable high quality resource base with significant exploration potential
- 3 operating pits and potential to develop additional pits



- Ore upgraded often in excess of 65% Fe concentrate
- Approximately 55-60% of concentrate production is converted to pellets



- Product transported to port via ~400 km wholly owned QNS&L railway, federally regulated
- The only single operator train system in North America (since 1997)



- Year round, expandable deep water port
- Port capable of handling Lakers / Panamax & Cape Size Vessels (225 kt)
- Up to 7200t/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)

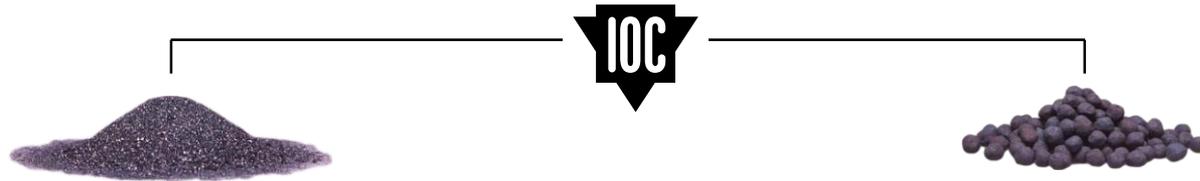
- Dedicated crusher
- 6 km overland conveyor direct to concentrator for processing
- Debottlenecks ore delivery system
- Proximity to current and future active pits reduces truck cycle times

Concentrator and pellet plant

- Annual concentrator capacity of 55 million tonnes crushed ore / 23 million tonnes concentrate
- Annual pellet plant capacity of 12.5 million tonnes
- Six indurating machines in pellet plant
- Flotation plant for production of high grade pellet products
- Flexibility to adjust product mix in response to market conditions
- Value adding process attracts significant market premiums



High quality 65%+ Fe products



Top tier quality products

- High iron content (65.7%)
- Very low phosphorus (0.007%) & low alumina (0.2%)

Customer locations

- Europe, Asia-Pacific

Premium pellet products

- Standard Acid Pellets, Low Silica Acid Pellets, Low Silica Fluxed, Direct Reduction Pellets
- High iron content (65.0% - 67.7%)
- Very low phosphorus (0.007%), low sulfur, alumina (0.32%) & alkalis

Customer locations

- BF pellets: Europe, Japan, Asia
- DR pellets: MENA, North America

IOC targets niche, high value segments of the seaborne iron ore market, including high-grade, low-impurity fines, premium blast furnace pellets, and premium direct reduction pellets.

Operations centres in Labrador City and Sept-Îles



Delivering strong production growth

Year on year improvement in production

Achieved through:

- Implementing an Integrated Operating model
- Focusing on Asset Management
- Reinforcing employee engagement
- Increasing leadership capability



IOC Sales Tonnages

(Tonnes millions)

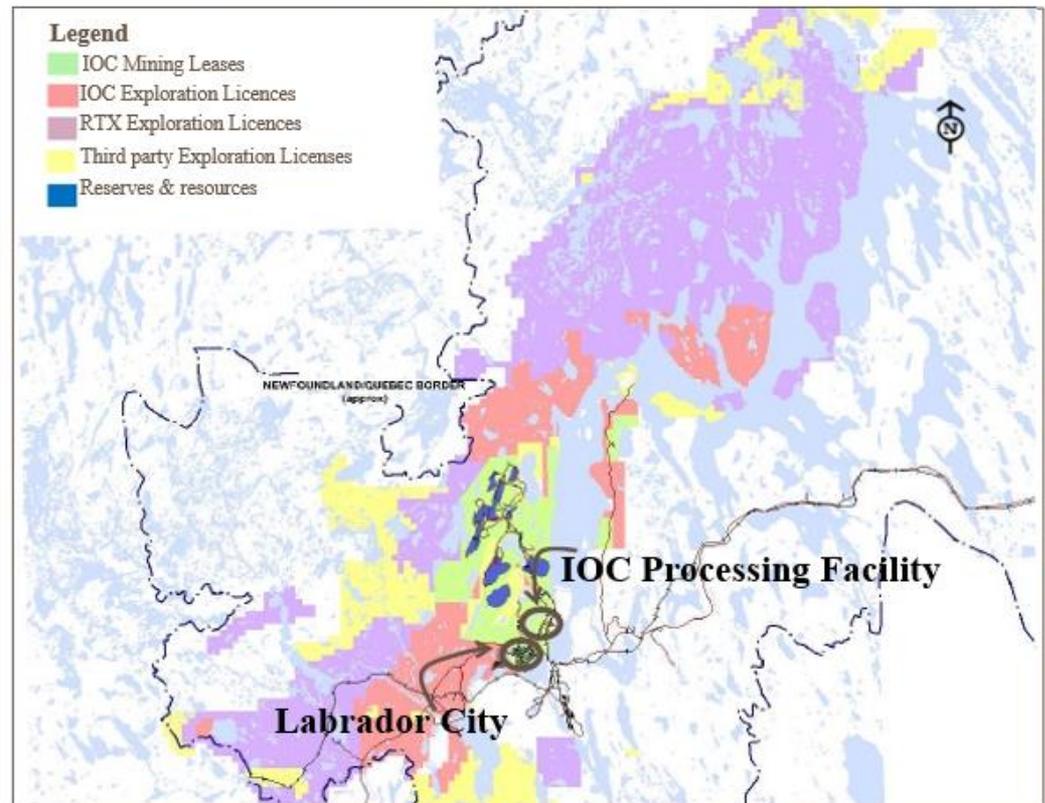
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
IOC Sales - Pellets	8.41	10.48	10.06	9.47
IOC Sales – Concentrate for Sale	6.70	8.67	8.17	8.41
IOC Sales – Total ⁽¹⁾	15.10	19.15	18.23	17.88

- Positive fundamentals support the high-grade iron ore market
 - Tightening environmental standards
 - Steel sector consolidation and move towards larger blast furnaces
 - Consumer demand for higher quality steels
 - Increasing adoption of Electric Arc Furnace technology and resulting demand for Direct Reduction pellets
- Long-term contracts secured
- Well positioned & competitive in all pellet markets

(1) Sales tonnages as reported by IOC for calculating the LIORC royalty.

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
- Estimated total reserves of 1.3 billion tonnes
- Estimated resources of 1.9 billion tonnes
- Approximately 25 years of production at planned processing rate, based on reserves only



Selected Statistics

(CDN\$ millions where applicable)

	2018	2017	2016	2015	2014
IOC Operating Revenues	1,930	2,315	1,676	1,495	1,794
IOC Capital Expenditures	205	265	99	143	187
Sales in Tonnes ⁽¹⁾ (<i>millions</i>)	15.1	19.2	18.2	17.9	14.3
Royalties Received (LIORC)	128.8	156.4	113.1	99.7	115.7
Dividends Received (LIORC)	83.9	76.7	15.1	nil	48.1

(1) Sales tonnages as reported by IOC for calculating the LIORC royalty.

Summary of Key Metrics

		Year Ended Dec. 31, 2018	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015
Iron Ore Price, 62% Fe, North China ⁽¹⁾	US\$/tonne	\$69	\$71	\$58	\$56
<u>LIORC</u>					
Revenue	C\$ millions	\$130.9	\$158.6	\$115.1	\$101.7
Income before Equity Earnings & Income Taxes	C\$ millions	\$96.4	\$118.1	\$84.6	\$74.1
Net Income	C\$ millions	\$128.5	\$157.3	\$78.2	\$54.7
Net Income per Share	C\$ /Share	\$2.01	\$2.46	\$1.22	\$0.85
Adjusted Cash Flow	C\$ millions	\$155.2	\$163.8	\$78.0	\$56.2
ACF per Share	C\$/Share	\$2.42	\$2.56	\$1.22	\$0.88

(1) Approximate average Iron Ore Prices, 62% Fe, North China.

Investment Highlights - IOC

- Premium iron ore products (65% Fe) including higher margin pellets
- Strong demand for high grade concentrate and pellets supporting high premiums and driving revenue higher
- Target cash operating cost of US\$30-33 per tonne of concentrate FOB Sept-Îles
- State of the art operations centres in Labrador City and Sept-Îles monitor processes
- Strong margins given current iron ore prices and premiums
- Large, high quality resources with a long mine life (>25 years) in politically stable country
- Opportunity to extend mine life by converting large resource base to reserves
- Valuable infrastructure in place - wholly owned railway and port



Investment Highlights - LIORC

- 7% top line royalty is attractive
- Cash flow largely paid out as dividends
- Pure play on iron ore prices
- The royalty limits the operational risk to LIORC
- 15.1% investment in IOC provides:
 - Dividends to LIORC when iron ore market is strong
 - Two seats at IOC board table
- Upside to royalty revenue and IOC dividends if:
 - Strong demand for high grade concentrate and pellets keeps premiums at high levels
 - Iron ore prices improve
 - IOC improves production and lowers unit cost

