

LABRADOR IRON ORE ROYALTY INCOME FUND

MANDATE FOR THE BOARD OF TRUSTEES

The Board of Trustees is elected by the unitholders and, under the Declaration of Trust made as of October 5, 1995, is responsible for supervising the activities and managing the investments and affairs of the Fund, including its subsidiaries, Labrador Mining Company Limited and Hollinger-Hanna Limited, and their holdings of a 7% gross overriding royalty on all products sold, delivered and shipped by Iron Ore Company of Canada (“IOC”), a 15.1% equity interest in IOC and a 10 cent per tonne fee on all products sold and shipped by IOC.

The Fund is a passive holder of interests in IOC and has no operating business. The most important activity of the Board is supervising the receipt of revenues and the payment of distributions to the unitholders. In these circumstances, the Fund does not require as much organization and structure as an operating company. Accordingly, the numbers of Trustees and Officers are small. The Board has appointed Scotia Capital Inc. as administrator of the Fund and its subsidiaries, subject to the supervision of the Officers and the Board of Trustees.

DUTIES OF TRUSTEES

The Board discharges its responsibilities directly and through committees, including the Audit Committee and the Compensation and Nominating Committee. In addition to the Board’s primary responsibility of supervising the activities and managing the investments and affairs of the Fund, responsibilities include, but are not limited to, the following:

General

1. The Board has the responsibility to supervise the management of the Fund, to approve policies of the Fund and to review and approve major decisions taken by the Fund. The stewardship of the Fund involves the Board in strategic planning, identification of principal risks and ensuring implementation of appropriate systems to manage those risks, management appointments, succession planning and internal control integrity.

Oversight of Trust Officers

2. The Board has the responsibility for approving the appointment of the Chief Executive Officer and other officers of the Fund and satisfying itself as to the integrity of the officers.
3. The Board has delegated authority to the Chief Executive Officer for the overall management of the Fund, including operations to ensure the long term success of the Fund and to maximize unitholder value.

4. The Board may from time to time delegate authority to the officers, subject to specified limits. Matters which are outside the scope of the authority delegated to the officers and material transactions are reviewed by and subject to the prior approval of the Board. The Board is responsible for the Fund's approach to corporate governance.

Board Organization

5. The Board has the responsibility for developing and monitoring corporate governance principles and guidelines, the selection of the Chairman, the selection of nominees for election to the Board, orientation of new Trustees, committee and committee chair appointments, committee charters and Trustee compensation.
6. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Trustees and management, the conduct of performance evaluations and oversight of internal controls systems and disclosure controls and procedures, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities. All Board committees shall consist only of independent Trustees.

Monitoring of Financial Performance and Other Financial Reporting Matters

7. The Board is responsible for exercising the powers and authorities set out in the Declaration of Trust.
8. The Board is responsible for approving the audited and unaudited financial statements of the Fund and the notes thereto and the related Management's Discussion and Analysis.
9. The Board is responsible for reviewing and approving material transactions involving the Fund and/or its subsidiaries.

Policies and Procedures

10. The Board is responsible for:
 - (a) approving and monitoring compliance with all significant policies and procedures under which the Fund is operated;
 - (b) approving policies and procedures designed to ensure that the Fund operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
 - (c) enforcing obligations of the Trustees respecting confidential treatment of the Fund's proprietary information and Board deliberations.
11. The Board has approved a Communications Policy respecting communications to the public.

Communications and Reporting

12. The Board is responsible for:

- (a) overseeing the accurate reporting of the financial performance of the Fund to unitholders, other security holders and regulators on a timely and regular basis;
- (b) overseeing the reporting of financial results, fairly and in accordance with generally accepted accounting principles and related legal disclosure requirements;
- (c) overseeing the integrity of the internal control and management information systems of the Fund;
- (d) overseeing the evaluation of the disclosure controls and procedures of the Fund;
- (e) overseeing the timely disclosure of any other developments that have a significant and material impact on the Fund;
- (f) reporting annually to unitholders on its stewardship for the preceding year; and
- (g) overseeing the investor relations and communications strategy of the Fund.