AUDIT COMMITTEE CHARTER

Purpose

The audit committee (the "Committee") is established by and among the Board of Directors (the "Board") of Labrador Iron Ore Royalty Corporation (the "Corporation"). The Committee's principal responsibility is one of oversight. The fundamental responsibility for the Corporation's financial statements and disclosures rest with management.

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities by monitoring the following on behalf of the Corporation:

- financial statements
- internal control systems over financial reporting and disclosure controls and procedures
- compliance with legal and regulatory requirements as they relate to the Corporation's financial statements
- external auditor's qualifications and independence and performance
- compliance with ethical standards adopted by the Corporation
- enterprise and financial risk management processes, including environmental and social responsibility
- information and communication technology functions including cyber security

The Committee should encourage continuous improvement and should foster adherence to the Corporation's policies and procedures at all levels.

Composition of Committee

The Committee will consist of a minimum of three independent Board members. The Committee members will be appointed by the Board annually to hold office for the following year or until their successors are appointed. Committee members may be removed at any time by the Board. For the purposes of membership on the Committee, an independent director is one who meets the criteria in accordance with applicable regulatory and stock exchange requirements.

All members of the Committee must be financially literate. A member is financially literate if the member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation.

The Board will appoint a Chair for the Committee or if the Board fails to do so, the Committee will appoint one of its members as Chair. The Secretary of the Corporation will be the Secretary of the Committee.

Committee Meetings and Reports

The Chair of the Committee or the Chair of the Board or any member of the Committee or the external auditor may call a meeting of the Committee. The Committee will meet at such times during each year as it deems appropriate. The Committee will meet not less than four times per year.

A majority of the members of the Committee will constitute a quorum. All determinations of the Committee will be made by a majority of its members present at a meeting duly called and held. All Committee members are expected to attend each meeting, in person, or via tele- or video-conference. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee is fully as effective as if it had been made at a meeting duly called and held.

The Committee may invite such officers, directors and employees of the Corporation, and others, as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the duties of the Committee.

Following a committee meeting, the Committee Chair will report on the Committee's activities to the Board of Directors at the next Board of Directors meeting.

The Committee will keep minutes of its meetings in which are recorded all actions taken by the Committee, and such minutes will be made available to the directors.

Duties and Responsibilities

External Auditor

(a) The Committee will recommend to the Board the appointment or discharge of the external auditor for the purpose of preparing or issuing an auditor's report on the annual financial statements or performing other audit, review or attest services for the Corporation and with respect to the compensation of the external auditor.

(b) The external auditor is ultimately accountable to the Committee as representatives of the Board. The Committee will oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. Such firm will report directly to the Committee.

(c) The Committee will obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute of Chartered Professional Accountants to which it belongs.

(d) The Committee will:
   (i) review and approve the external auditor's engagement letter; and
   (ii) oversee the planning and results of the external audit and the performance of the external auditor, including:

- review and approve the audit plan in advance of each audit
- review the post-audit letter of recommendations to management together with management's response
- review the form of the audit report
- review and approve any other audit-related engagements
- meet with the external auditor to discuss pertinent matters, including the annual statement and any other returns and transactions requiring review by the Committee
- at least annually, obtain and review a report by the external auditor describing the audit firm's internal quality control procedures and any material issues raised by the most recent internal quality control review
- take into account the opinions of management
- review and evaluate the lead partner of the external audit, and
- review and approve the rotation of the lead audit partner and the audit.

(e) The Committee will pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the Corporation's external auditor, which function may be delegated to a member of the Committee.

(f) The Committee will review with management and with the external auditors the effectiveness of control systems used by the Corporation in connection with financial reporting and disclosure.

(g) The Committee will hold timely discussions with the external auditor regarding:

- all critical accounting policies and practices
- all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor
- other material written communications between management and the external auditor, including the management letter and schedule of unadjusted differences

(h) The Committee should also meet separately with management to discuss any issues raised by the auditors.

(i) The Committee will review financial reporting processes, accounting policies and internal control structure including:

- in consultation with the external auditor, review the integrity of the Corporation's financial reporting processes
- understand the scope of the audit plan, including the external auditor's review of the integrity of the Corporation's internal and external reporting processes
- review major issues regarding accounting principles and financial statement presentations

<u>Financial Statements and Disclosures</u>

(a) The Committee will review the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases before recommending them for approval by the Board.

(b) The Committee will review the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to above.

(c) Review and approve all accounting policies and reporting issues and understand their impact on the financial statements. These policies and issues may include:
- Complex or unusual transactions and highly judgmental areas; and
- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles.

(d) Review the effect of regulatory and accounting initiatives on the financial statements of the Corporation.

Financial Management

(a) The Committee will review with management, the Corporation's finance function including its budget, organization and quality of personnel.

(b) The Committee will recommend policies that maintain and improve the financial health and integrity of the organization.

Enterprise Risk Management

(a) The Committee will review the Corporation's enterprise and financial risk management processes with respect to major financial risk exposures including cyber security threats and steps taken to monitor and control such exposures.

(b) The Committee will review the adequacy of risk management policies and procedures as they relate to financial reporting, and implementation of appropriate systems to manage such risks, including the adequacy of insurance coverages.

(c) The Committee will monitor sustainable business practices risks, including environmental and climate change, health and safety, social responsibility and related matters.

Legal Compliance

(a) The Committee will be responsible for:

- the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters
- the confidential, anonymous submission by directors, officers and employees, if any, of the Corporation of concerns regarding questionable accounting or auditing matters, in accordance with the Whistleblower Policy

(b) The Committee will review the Corporation's compliance with legal and regulatory requirements as they relate to the Corporation's financial statements.

(c) The Committee will review management's procedures regarding compliance with loan covenants.

(d) The Committee will review the status of material litigation, claims, compliance and regulatory contingencies.

(e) The Committee will oversee, review and periodically update the Corporation's code of business conduct and ethics and the Corporation's system to monitor compliance.

Internal Controls

(a) The Committee will review the integrity of the Corporation's internal control systems, including financial reporting, information technology security and control and the effectiveness of the controls and procedures that have been adopted to ensure the disclosure of all material information about the Corporation.

(b) The Committee will understand the scope of the external auditor's review of internal controls over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.

Information & Communication Technology

(a)Review the Corporation's Information & Communication Technology policies and practices for managing and mitigating cybersecurity risks and the Corporation's cyber-attack incident response and recovery plan.

(b) Review the Corporation's IT disaster recovery capabilities and contingency plans.

Resources and Authority

The Corporation will provide appropriate funding, as determined by the audit committee, for compensation to the external auditor, to any advisors that the Committee chooses to engage, and for payment of ordinary administrative expense of the Committee that are necessary or appropriate in carrying out its duties.

The Committee has the authority to conduct investigations into any matters within its scope of responsibilities and obtain advice and assistance from outside legal, accounting and other advisors when necessary to perform its duties and responsibilities.

In carrying out its duties and responsibilities the Committee has the authority to engage outside legal, accounting and other advisors.

The Committee will review and reassess the adequacy of this charter annually.

Reviewed: November 4, 2026