LABRADOR IRON ORE
ROYALTY CORPORATION

220

FIRST QUARTER REPORT

82 YEARS IN LABRADOR WEST

To the Holders of Common Shares of Labrador Iron Ore Royalty Corporation

The Directors of Labrador Iron Ore Royalty Corporation ("LIORC" or the "Corporation") present the first quarter report for the period ended March 31, 2020.

Royalty revenue for the first quarter of 2020 amounted to $47.6 million as compared to $38.5 million for the first quarter of 2019. Equity earnings from Iron Ore Company of Canada ("IOC") amounted to $24.7 million or $0.39 per share in the first quarter of 2020 as compared $22.4 million or $0.35 per share in the first quarter of 2019. Net income was $46.7 million or $0.73 per share for the first quarter of 2020 compared to $39.3 million or $0.61 per share for the same period in 2019. Cash flow from operations for the first quarter was $10.7 million or $0.17 per share as compared to $25.0 million or $0.39 per share for the same period in 2019.

The equity earnings from IOC and net income for the first quarter of 2020 were higher than the first quarter of 2019, as a result of higher sales of concentrate for sale ("CFS") and pellets. Total IOC's sales for calculating the royalty to LIORC (CFS plus pellets) of 4.7 million tonnes were 33% higher in the first quarter of 2020 compared to the same period in 2019. CFS sales of 1.7 million tonnes were 103% higher than in the same period in 2019 and pellet sales in the first quarter of 2020 of 3.0 million tonnes were 12% higher than in the first quarter of 2019. Iron ore prices in the first quarter were mixed. The average price for the Platts index for 62% Fe Iron Ore, CFR China ("62% Fe index") increased 8% to US$89 per tonne in the first quarter of 2020 compared to the average price in the first quarter of 2019 of US$83 per tonne. However, the quarterly Atlantic Basin blast furnace pellet premium, as reported by Platts, averaged US$29 per tonne in the first quarter of 2020, a 57% decrease over the first quarter of 2019.

LIORC's results for the three months ended March 31 are summarized below:

	3 Months Ended Mar. 31, 2020	**3 Months Ended Mar. 31, 2019**
	(Unaudited) *(in millions except per share information)*	
Revenue	$ 48.3	$ 39.2
Cash flow from operations	$ 10.7	$ 25.0
Operating cash flow per share	$ 0.17	$ 0.39
Net income	$ 46.7	$ 39.3
Net income per share	$ 0.73	$ 0.61

Iron Ore Company of Canada Operations

Production

Total concentrate production in the first quarter of 2020 of 4.7 million tonnes was 7% higher than the first quarter of 2019 and 1% higher than the fourth quarter of 2019. The mine set January and February records for total material moved. However, the total material moved in March was lower than budgeted.

IOC continued to maximize pellet production during the first quarter of 2020. CFS production in the first quarter of 2020 of 1.6 million tonnes was 4% higher than in the first quarter of 2019 and 19% lower than the fourth quarter of 2019. Pellet production in the first quarter of 2020 of 2.8 million tonnes was 3% higher than the first quarter of 2019 and 15% higher than the fourth quarter of 2019. The pellet plant production in the first quarter of 2020 was higher than budgeted due to better than expected reliability of induration machine #1.

Sales as Reported for the LIORC Royalty

Total iron ore sales tonnage by IOC (CFS plus pellets) of 4.7 million tonnes in the first quarter of 2020 was 33% higher compared to the same period in 2019, mainly as a result of higher production of CFS and pellets in the first quarter of 2020. In the first quarter of 2020 CFS tonnage sold by IOC was 103% higher than in the same period in 2019 and pellet sales tonnage was 12% higher than in the first quarter of 2019.

IOC sells CFS based on the Platts index for 65% Fe Iron Ore, CFR China ("65% Fe index"). The average price for the 65% Fe index increased 9% to US$104 per tonne in the first quarter of 2020 compared to the average price in the first quarter of 2019 of US$95 per tonne. Demand for the high-quality iron ores that IOC produces remained strong in the first quarter of 2020, mainly driven by a combination of seaborne iron ore supply disruptions and solid demand from China's steel mills despite COVID-19 impacts. The premium for the 65% Fe index compared to the 62% Fe index, which had contracted over the last two quarters, increased in the first quarter of 2020 to 16%, as compared to 11% in the prior quarter.

The COVID-19 pandemic situation caused a slowdown in demand for pellets in various markets and industries across Europe and North America. The quarterly Atlantic Basin blast furnace pellet premium, as reported by Platts, averaged US$29 per tonne in the first quarter of 2020, a 57% decrease over the first quarter of 2019 and 21% lower than the fourth quarter of 2019.

Despite lower pellet premiums, higher CFS prices together with higher concentrate and pellet tonnages, resulted in royalty revenue for LIORC in the first quarter of 2020 increasing 24% as compared to the royalty revenue in the first quarter of 2019.

A summary of IOC's sales for calculating the royalty to LIORC in millions of tonnes is as follows:

	3 Months Ended Mar. 31, 2020	3 Months Ended Mar. 31, 2019	Year Ended Dec. 31, 2019
Pellets	3.02	2.70	9.62
Concentrates[(1)]	1.68	0.83	7.51
Total[(2)]	4.70	3.53	17.14

(1) Excludes third party ore sales.

(2) Totals may not add up due to rounding.

Outlook

The COVID-19 pandemic increases the uncertainty regarding the immediate outlook for LIORC. At present, IOC's mining, processing, rail and shipping operations continue to operate safely within the COVID-19 guidelines of both the Québec and Newfoundland and Labrador governments. Rio Tinto's 2020 guidance for IOC's saleable production of CFS and pellets remains unchanged at between 17.9 and 20.4 million tonnes on a 100% basis. Additionally, despite a global economic slowdown due to the global response to COVID-19, benchmark prices for iron ore concentrate remain attractive. To date iron ore prices have benefited from continued demand from China and reduced supply, particularly from Brazil where heavy rains have reduced output. However, there are no assurances that future impacts from COVID-19 will not affect IOC's operation levels or seaborne iron ore prices.

Longer term LIORC is well positioned to benefit from its royalty and equity investments in IOC. The Canadian dollar ended the first quarter of 2020 at US$0.705, down 8.5% from the start of the year. A decrease in the Canadian dollar increases IOC's profitability because seaborne iron ore is priced in US dollars and IOC's costs are predominantly incurred in Canadian dollars. Additionally, IOC's decision at the end of the first quarter of 2020 to temporarily halt production of two pellet machines in order to focus on meeting the demand for CFS highlights IOC's ability to adjust its output of product to align with changing market conditions. Finally, the recent renewal of all 12 of LIORC's mining leases for an additional 30 years by the Ministry of Natural Resources of the Government of Newfoundland and Labrador, highlights the long life nature of LIORC's unique royalty asset.

Report To Shareholders

The LIORC cash balance at March 31, 2020 stood at $21.3 million before LIORC dividends payable on April 25, 2020 of $0.35 per share or $22.4 million. The net royalty from IOC was received by LIORC on the same date, maintaining the Corporation's strong cash balance.

Respectfully submitted on behalf of the
Directors of Labrador Iron Ore Royalty Corporation,

John F. Tuer
President and Chief Executive Officer
May 7, 2020

Management's Discussion and Analysis

The following discussion and analysis should be read in conjunction with the Management's Discussion and Analysis section of the Corporation's 2019 Annual Report, and the financial statements and notes contained therein and the March 31, 2020 interim condensed consolidated financial statements. The Corporation's revenues are entirely dependent on the operations of IOC as its principal assets relate to the operations of IOC and its principal source of revenue is the 7% royalty it receives on all sales of iron ore products by IOC. In addition to the volume of iron ore sold, the Corporation's royalty revenue is affected by the price of iron ore and the Canadian-U.S. dollar exchange rate.

The first quarter sales of IOC are traditionally adversely affected by the closing of the St. Lawrence Seaway and general winter operating conditions and are usually 15%-20% of the annual volume, with the balance spread fairly evenly throughout the other three quarters. Because of the size of individual shipments, some quarters may be affected by the timing of the loading of ships that can be delayed from one quarter to the next.

Royalty revenue for the first quarter of 2020 amounted to $47.6 million as compared to $38.5 million for the first quarter of 2019. Equity earnings from IOC amounted to $24.7 million or $0.39 per share in the first quarter of 2020 as compared $22.4 million or $0.35 per share in the first quarter of 2019. Net income was $46.7 million or $0.73 per share for the first quarter of 2020 compared to $39.3 million or $0.61 per share for the same period in 2019. Cash flow from operations for the first quarter was $10.7 million or $0.17 per share as compared to $25.0 million or $0.39 per share for the same period in 2019.

The equity earnings from IOC and net income for the first quarter of 2020 were higher than the first quarter of 2019, as a result of higher sales of CFS and pellets. Total IOC's sales for calculating the royalty to LIORC (CFS plus pellets) of 4.7 million tonnes were 33% higher in the first quarter of 2020 compared to the same period in 2019. CFS sales of 1.7 million tonnes were 103% higher than in the same period in 2019 and pellet sales in the first quarter of 2020 of 3.0 million tonnes were 12% higher than in the first quarter of 2019. Iron ore prices in the first quarter were mixed. The average price for the 62% Fe index increased 8% to US$89 per tonne in the first quarter of 2020 compared to the average price in the first quarter of 2019 of US$83 per tonne. However, the quarterly Atlantic Basin blast furnace pellet premium, as reported by Platts, averaged US$29 per tonne in the first quarter of 2020, a 57% decrease over the first quarter of 2019.

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Despite lower pellet premiums, higher CFS prices together with higher concentrate and pellet tonnages, resulted in royalty revenue for LIORC in the first quarter of 2020 increasing 24% as compared to the royalty revenue in the first quarter of 2019.

The following table sets out quarterly revenue, net income and cash flow data for 2020, 2019 and 2018.

	Revenue	Net Income	Net Income per Share	Cash Flow	Cash Flow from Operations per Share	Adjusted Cash Flow per Share(1)	Dividends Declared per Share
	(in millions except per share information)						
2020							
First Quarter	$ 48.3	$ 46.7	$ 0.73	$ 10.7	$ 0.17	$ 0.42	$ 0.35
2019							
First Quarter	$ 39.2	$ 39.3	$ 0.61	$ 25.0	$ 0.39	$ 0.34	$ 1.05
Second Quarter	$ 53.3	$ 61.1	$ 0.95	$ 47.8(2)	$ 0.75(2)	$ 0.86(2)	$ 0.90
Third Quarter	$ 46.2	$ 57.5	$ 0.90	$ 72.6(3)	$ 1.13(3)	$ 1.02(3)	$ 1.00
Fourth Quarter	$ 39.6	$ 47.4	$ 0.74	$ 79.1(4)	$ 1.24(4)	$ 1.03(4)	$ 1.05
2018							
First Quarter	$ 34.3	$ 30.3	$ 0.47	$ 20.3	$ 0.32	$ 0.29	$ 0.35
Second Quarter	$ 5.2	$ (3.3)	$ (0.05)	$ 15.5	$ 0.24	$ 0.04	$ 0.25
Third Quarter	$ 44.6	$ 58.1	$ 0.91	$ 59.7(5)	$ 0.93(5)	$ 1.30(5)	$ 0.55
Fourth Quarter	$ 46.8	$ 43.4	$ 0.68	$ 53.3(6)	$ 0.83(6)	$ 0.79(6)	$ 0.60

(1) *"Adjusted cash flow" (see below).*

(2) *Includes $25.4 million IOC dividend.*

(3) *Includes $40.1 million IOC dividend.*

(4) *Includes $44.6 million IOC dividend.*

(5) *Includes $58.6 million IOC dividend.*

(6) *Includes $25.3 million IOC dividend.*

Standardized Cash Flow and Adjusted Cash Flow

For the Corporation, standardized cash flow is the same as cash flow from operating activities as recorded in the Corporation's cash flow statements as the Corporation does not incur capital expenditures or have any restrictions on dividends. Standardized cash flow per share was $0.17 for the quarter (2019 – $0.39). Cumulative standardized cash flow from inception of the Corporation is $31.15 per share and total cash distributions since inception is $30.69 per share, for a payout ratio of 99%.

The Corporation also reports "Adjusted cash flow" which is defined as cash flow from operating activities after adjustments for changes in amounts receivable, accounts payable and income taxes recoverable and payable. It is not a recognized measure under

International Financial Reporting Standards ("IFRS"). The Directors believe that adjusted cash flow is a useful analytical measure as it better reflects cash available for dividends to shareholders.

The following reconciles standardized cash flow from operating activities to adjusted cash flow (in '000's).

	3 Months Ended Mar. 31, 2020	3 Months Ended Mar. 31, 2019
Standardized cash flow from operating activities	$ 10,653	$ 24,963
Changes in amounts receivable, accounts payable and income taxes payable	16,173	(3,451)
Adjusted cash flow	$ 26,826	$ 21,512
Adjusted cash flow per share	$ 0.42	$ 0.34

Liquidity and Capital Resources

The Corporation had $21.3 million in cash as at March 31, 2020 (December 31, 2019 – $77.9 million) with total current assets of $69.4 million (December 31, 2019 – $114.0 million). The Corporation had working capital of $32.6 million as at March 31, 2020 (December 31, 2019 – $28.2 million). The Corporation's operating cash flow for the quarter was $10.7 million and the dividend paid during the quarter was $67.2 million, resulting in cash balances decreasing by $56.5 million during the first quarter of 2020.

Cash balances consist of deposits in Canadian dollars with Canadian chartered banks. Amounts receivable primarily consist of royalty payments from IOC. Royalty payments are received in U.S. dollars and converted to Canadian dollars on receipt, usually 25 days after the quarter end. The Corporation does not normally attempt to hedge this short-term foreign currency exposure.

Operating cash flow of the Corporation is sourced entirely from IOC through the Corporation's 7% royalty, 10 cents commission per tonne and dividends from its 15.10% equity interest in IOC. The Corporation normally pays cash dividends from its net income to the maximum extent possible, subject to the maintenance of appropriate levels of working capital.

The Corporation has a $30 million revolving credit facility with a term ending September 18, 2022 with provision for annual one-year extensions. No amount is currently drawn under this facility (2019 – nil) leaving $30.0 million available to provide for any capital required by IOC or requirements of the Corporation.

Outlook

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John F. Tuer
President and Chief Executive Officer

Toronto, Ontario
May 7, 2020

Forward-Looking Statements

This report 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 report. 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 IOC, market conditions in the steel industry, mining risks and insurance, relationships with indigenous groups, natural disasters, severe weather conditions and public health epidemics, 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 5, 2020 under the heading, "Risk Factors". Although the forward-looking statements contained in this report 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 report and LIORC assumes no obligation, except as required by law, to update any forward-looking statements to reflect new events or circumstances. This report 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:

The following unaudited interim condensed consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not reviewed these interim financial statements.

Labrador Iron Ore Royalty Corporation
Interim Condensed Consolidated Statements of Financial Position

(in thousands of Canadian dollars)	As at March 31, 2020	As at December 31, 2019
	(Unaudited)	
Assets		
Current Assets		
Cash and short-term investments	$ 21,312	$ 77,859
Amounts receivable (note 4)	48,062	36,156
Total Current Assets	69,374	114,015
Non-Current Assets		
Iron Ore Company of Canada (“IOC”) royalty and commission interests	246,076	247,701
Investment in IOC (note 5)	405,713	381,310
Total Non-Current Assets	651,789	629,011
Total Assets	$ 721,163	$ 743,026
Liabilities and Shareholders’ Equity		
Current Liabilities		
Accounts payable	$ 9,995	$ 7,939
Dividend payable	22,400	67,200
Taxes payable	4,387	10,710
Total Current Liabilities	36,782	85,849
Non-Current Liabilities		
Deferred income taxes (note 6)	123,020	119,840
Total Liabilities	159,802	205,689
Shareholders’ Equity		
Share capital	317,708	317,708
Retained earnings	254,255	230,005
Accumulated other comprehensive loss	(10,602)	(10,376)
	561,361	537,337
Total Liabilities and Shareholders’ Equity	$ 721,163	$ 743,026

See accompanying notes to interim condensed consolidated financial statements.

Approved by the Directors,

John F. Tuer
Director

Patricia M. Volker
Director

Labrador Iron Ore Royalty Corporation Interim Condensed Consolidated Statements of Income and Comprehensive Income

(in thousands of Canadian dollars except for per share information)	For the Three Months Ended March 31, 2020	2019
	(Unaudited)	
Revenue		
IOC royalties	$ 47,615	$ 38,496
IOC commissions	462	348
Interest and other income	222	366
	48,299	39,210
Expenses		
Newfoundland royalty taxes	9,523	7,699
Amortization of royalty and commission interests	1,625	1,607
Administrative expenses	557	770
	11,705	10,076
Income before equity earnings and income taxes	36,594	29,134
Equity earnings in IOC	24,669	22,408
Income before income taxes	61,263	51,542
Provision for income taxes (note 6)		
Current	11,393	9,229
Deferred	3,220	2,964
	14,613	12,193
Net income for the period	46,650	39,349
Other comprehensive (loss) income		
Share of other comprehensive (loss) income of IOC that will not be reclassified subsequently to profit or loss (net of income taxes of 2020 – $40; 2019 – $202)	(226)	1,145
Comprehensive income for the period	$ 46,424	$ 40,494
Net income per share	$ 0.73	$ 0.61

See accompanying notes to interim condensed consolidated financial statements.

Labrador Iron Ore Royalty Corporation
Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	For the Three Months Ended March 31, 2020	2019
	(Unaudited)	
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income for the period	$ 46,650	$ 39,349
Items not affecting cash:		
Equity earnings in IOC	(24,669)	(22,408)
Current income taxes	11,393	9,229
Deferred income taxes	3,220	2,964
Amortization of royalty and commission interests	1,625	1,607
Change in amounts receivable	(11,906)	6,200
Change in accounts payable	2,056	(1,528)
Income taxes paid	(17,716)	(10,450)
Cash flow from operating activities	10,653	24,963
Financing		
Dividend paid to shareholders	(67,200)	(38,400)
Cash flow used in financing activities	(67,200)	(38,400)
Decrease in cash, during the period	(56,547)	(13,437)
Cash, beginning of period	77,859	80,495
Cash, end of period	$ 21,312	$ 67,058

See accompanying notes to interim condensed consolidated financial statements.

Labrador Iron Ore Royalty Corporation
Interim Condensed Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)	**Share capital**	**Retained earnings**	**Accumulated other comprehensive loss**	**Total**
		(Unaudited)		
Balance as at December 31, 2018	$ 317,708	$ 280,759	$ (7,616)	$ 590,851
Adjustment on initial application of IFRS 16		(93)		(93)
Net income for the period	—	39,349	—	39,349
Dividends declared to shareholders	—	(67,200)	—	(67,200)
Share of other comprehensive income from investment in IOC (net of taxes)	—	—	1,145	1,145
Balance as at March 31, 2019	$ 317,708	$ 252,815	$ (6,471)	$ 564,052
Balance as at December 31, 2019	$ 317,708	$ 230,005	$ (10,376)	$ 537,337
Net income for the period	—	46,650	—	46,650
Dividends declared to shareholders	—	(22,400)	—	(22,400)
Share of other comprehensive loss from investment in IOC (net of taxes)	—	—	(226)	(226)
Balance as at March 31, 2020	$ 317,708	$ 254,255	$ (10,602)	$ 561,361

See accompanying notes to interim condensed consolidated financial statements.

(in thousands of Canadian dollars)

1. Corporate Information

Labrador Iron Ore Royalty Corporation (the "Corporation") directly and through its wholly-owned subsidiary, Hollinger Hanna Limited ("Hollinger-Hanna"), holds a 15.10% equity interest in Iron Ore Company of Canada ("IOC"), a 7% gross overriding royalty on all iron ore products produced, sold, delivered and shipped by IOC, a $0.10 per tonne commission interest on sales of iron ore by IOC and certain lease interests and, accordingly, is economically dependent on IOC. The Corporation is listed on the Toronto Stock Exchange under the symbol LIF. The registered office of the Corporation is 235 Water Street, P.O. Box 610, St. John's, Newfoundland and Labrador, A1C 5L3.

Seasonality

The results of operations and operating cash flows of the Corporation vary considerably from quarter to quarter. The operations of the Corporation are dependent on the royalty and commission revenues from IOC, whose production and revenues are not constant throughout the year, being lower during the winter months when the St. Lawrence Seaway is closed. The results reported in these interim condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

2. Basis of Presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

These interim condensed consolidated financial statements and management's discussion and analysis were authorized for issuance by the Board of Directors of the Corporation on May 7, 2020.

3. Significant Accounting Policies

These interim condensed consolidated financial statements have been prepared using the same accounting policies as the annual consolidated financial statements for the year ended December 31, 2019. The disclosure in these interim condensed consolidated financial statements does not include all requirements of IAS 1 *Presentation of Financial Statements*. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

Following the declaration on March 11, 2020 of a pandemic by the World Health Organization, the restrictions imposed by governments around the world has had significant impact on the global economy. The COVID-19 pandemic increases the uncertainty regarding the immediate outlook for the Corporation. At present, IOC's mining, processing, rail and shipping operations continue to operate safely within the COVID-19 guidelines of both the Québec and Newfoundland and Labrador governments. Further, iron ore prices have benefited from continued demand mainly driven by a combination of seaborne iron ore supply disruptions and solid demand from China's steel mills despite COVID-19 impacts. As an understanding of the longer-term effects of COVID-19 on IOC's operations and iron ore markets evolves, management will continue to assess its impact on the Corporation's investment in IOC and the IOC royalty and commission interests.

4. Amounts Receivable

	March 31, 2020	December 31, 2019
IOC royalties	$ 47,649	$ 35,950
IOC commissions	152	168
Other	261	38
	$ 48,062	$ 36,156

5. Investment in IOC

The Corporation holds, directly and through Hollinger-Hanna, all of the Series B and Series C common shares of IOC, representing a 15.10% equity interest in IOC as at March 31, 2020 and December 31, 2019. The Series B and Series C common shares have identical voting rights to all other issued and outstanding common shares of IOC.

	March 31, 2020	December 31, 2019
Investment in IOC, beginning of period/year	$ 381,310	$ 382,704
Equity earnings in IOC	24,669	112,076
Other comprehensive loss of IOC	(266)	(3,247)
Adjustment on initial application of IFRS 16	—	(109)
Common share dividend received	—	(110,114)
Investment in IOC, end of period/year	$ 405,713	$ 381,310

The net excess of cost of the Investment in IOC over the net book value of the Corporation's proportionate interest in the underlying net assets of IOC amounts to $42,087 as at March 31, 2020 (December 31, 2019 – $42,365) and is being amortized to net income on the units-of-production method based on production and mineral reserve and resource estimates at IOC.

6. Income Taxes

The provision for income taxes in the statements of comprehensive income differs from the amount computed by applying the combined Canadian federal and provincial tax rate to the Corporation's income before income taxes. The reasons for the difference and the related tax effects are as follows:

	For the Three Months Ended March 31, 2020	2019
Income before income taxes	$ 61,263	$ 51,542
Income taxes at combined federal and provincial statutory tax rates of 30.0%	18,379	15,463
(Decrease) increase in income taxes resulting from:		
Undistributed equity earnings in investment in IOC	(3,700)	(3,361)
Other	(66)	91
Income tax expense	$ 14,613	$ 12,193

In addition to income taxes, Corporation pays 20% Government of Newfoundland and Labrador royalty tax, which is deducted at source and remitted by IOC.

The deferred tax liability is comprised of the following:

	Opening Balance	Recognized in net income	Recognized in other comprehensive income (loss)	Closing Balance
December 31, 2019				
Difference in tax and book value of assets	$ 122,431	$ (1,542)	$ (487)	$ 120,402
Adjustment on initial application of IFRS 16	(16)			(16)
Tax benefit of deductible temporary differences	(671)	125	—	(546)
Net deferred income tax liability	$ 121,744	$ (1,417)	$ (487)	$ 119,840
March 31, 2020				
Difference in tax and book value of assets	$ 120,386	$ 3,208	$ (40)	$ 123,554
Tax benefit of deductible temporary differences	(546)	12	—	(534)
Net deferred income tax liability	$ 119,840	$ 3,220	$ (40)	$ 123,020

7. Key Management Personnel Compensation

Key management personnel are the President and Chief Executive Officer, Executive Vice Presidents, the Chief Financial Officer, the Secretary and directors. Their remuneration for the three months ended March 31, 2020 was comprised of salaries, Restricted Share Units ("RSUs"), and fees totaling $236 (2019 – $378).

8. Share-based payments

On March 15, 2018, the Corporation adopted a restricted share unit plan ("Plan") for its employees that uses notional units that are valued based on the Corporation's common share price on the Toronto Stock Exchange. The RSUs accumulate dividend equivalents in the form of additional units based on the dividends paid on the Corporation's common shares. The Plan is settled in cash and, as a result, is classified as a liability. Fluctuations in the Corporation's share price change the value of the RSUs, which affects the Corporation's compensation expense.

Under the Plan, selected employees receive an award of RSUs which vest in three equal installments on each of the first, second and third anniversary of the award date. Upon vesting all RSUs are paid in cash to the employee. The share-based payment expense is recognized evenly over the vesting period. As at March 31, 2020, there were 23,713 (2019 – 15,848) RSUs awarded and outstanding. For the three month period ended March 31, 2020, compensation expense (recovery) of approximately ($53) (2019 – $79) was accrued in connection with the RSUs.

Corporate Information

Administration and Investor Relations

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Directors

John F. Tuer
President and Chief Executive Officer
Labrador Iron Ore Royalty Corporation

William J. Corcoran(1)
Company Director

Mark J. Fuller(1)
President and CEO of
Ontario Pension Board

William H. McNeil
Company Director

Douglas F. McCutcheon(1)
President of Longview
Asset Management Ltd

Dorothea E. Mell(1)
Company Director

Sandra L. Rosch
Executive Vice President
Labrador Iron Ore Royalty Corporation

Patricia M. Volker(1)
Company Director

Officers

William H. McNeil
Non-Executive Chair of the Board

John F. Tuer
President and Chief Executive Officer

James C. McCartney
Executive Vice President

Sandra L. Rosch
Executive Vice President

Alan R. Thomas
Chief Financial Officer

Robert O. Hansen
Secretary

(1) Member of Audit, Nominating and Compensation Committees

Registrar & Transfer Agent

Computershare Investor Services Inc.
100 University Avenue
Toronto, Ontario
M5J 2Y1

Legal Counsel

McCarthy Tétrault LLP
Toronto, Ontario

Auditors

PricewaterhouseCoopers LLP
Toronto, Ontario

Stock Exchange Listing

The Toronto Stock Exchange

Symbol

LIF

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