

THE SECURITIES ACT) **Order No. 4419**
)
Section 20) **March 24, 2004**

LABRADOR IRON ORE ROYALTY INCOME FUND

WHEREAS:

(A) Application has been made by Labrador Iron Ore Royalty Income Fund (the "Applicant") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (as amended) (the "Act") that certain trades in securities of the Applicant shall be exempt from sections 6 and 37 of the Act.

(B) It has been represented to the Commission by the Applicant that:

1.1 The Applicant is an unincorporated open-ended trust established under the laws of Ontario, whose principal office is located at 40 King Street West, Scotia Plaza, 26th Floor, Toronto, Ontario M4W 2X6.

1.2 An unlimited number of trust units ("Trust Units") are issuable pursuant to the Applicant's trust indenture, each Trust Unit is transferable and represents an equal undivided beneficial interest in any distributions of the Applicant (whether net income, net realized capital gains or other amounts), and in the net assets of the Applicant in the event of termination or winding-up of the Applicant, and the issued Trust Units are listed and posted for trading on the Toronto Stock Exchange.

1.3 The Applicant is a reporting issuer or the equivalent in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

1.4 Pursuant to an offering (the "Offering"), 2,000,000 Subscription Receipts of the Applicant (the "Subscription Receipts") will be offered for issuance and sale to residents of Manitoba, British Columbia, Alberta, Saskatchewan, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, the "Selling Jurisdictions").

1.5 The Offering of the Subscription Receipts in the Province of Manitoba will be:

(a) pursuant to a Preliminary Short Form Prospectus dated March 12, 2004, in respect of which a decision document issued by the Ontario Securities Commission, the designated jurisdiction of the Applicant, under National Policy 43-201 Mutual Reliance Review

System for Prospectuses and Annual Information Forms (the "MRRS"), confirms that a receipt for the Preliminary Short Form Prospectus was issued by, among others, the Commission on March 12, 2004, and pursuant to, and conditional upon, the filing by the Applicant of a final Short Form Prospectus with and the issuance of a receipt therefor by, among others, the Commission pursuant to the MRRS prior to the closing of the Offering; and

(b) by or through investment dealers and brokers duly registered under applicable securities laws in the Province of Manitoba.

1.6 The Subscription Receipts will be issued pursuant to, and the exercise thereof shall be governed by, the provisions of a Subscription Receipt Agreement (the "Subscription Receipt Agreement") between the Applicant and Computershare Trust Company of Canada, or such other subscription receipt and escrow agent as may be acceptable to the Applicant and the Underwriters, as hereinafter defined, (the "Subscription Receipt Agent").

1.7 Under an underwriting agreement dated March 12, 2004 (the "Underwriting Agreement"), between the Applicant and Scotia Capital Inc., CIBC World Markets Inc. and RBC Dominion Securities Inc. (collectively, the "Underwriters"), the Applicant has agreed to issue and sell, and the Underwriters have severally agreed to purchase, the Subscription Receipts at a price of \$18.25 per Subscription Receipt and subject to the terms and conditions of the Underwriting Agreement, including the payment by the Applicant to the Underwriters of a fee (the "Underwriters' Fee"), one-half of which is payable on the closing date of the Offering, which is expected to take place on or about April 1, 2004, and the other half of which is payable only if the Exchange Condition (as hereinafter defined) is satisfied on or before June 15, 2004 (the "Escrow Deadline").

1.8 The net proceeds from the sale of the Subscription Receipts, after deduction of fifty (50%) percent of the Underwriters' Fee (the "Escrowed Funds") will be held by the Subscription Receipt Agent pending satisfaction of the Exchange Condition (as hereinafter defined).

1.9 Each Subscription Receipt will be automatically exchanged (the "Automatic Conversion") for one Trust Unit in the capital of the Applicant (collectively, the "Underlying Trust Units") without payment of any consideration in addition to the issue price of such Subscription Receipts, at 5:00 p.m. (Toronto time) on the first business day after the Applicant has executed and delivered a written notice to the Subscription Receipt Agent that the holders of the trust units in the capital of the Applicant (the "Unitholders") have approved, by resolution as specified in section 1.10, the issuance of the Underlying Trust Units (the "Exchange Condition").

1.10 The Declaration of Trust constituting the Applicant provides that, except in certain limited circumstances, an issue of Trust Units must be approved by a

resolution of the Unitholders passed by at least seventy five (75%) percent of the votes cast at a meeting of the Unitholders, and accordingly, in connection with the Offering and the satisfaction of the Exchange Condition, the Applicant will be calling a special meeting of Unitholders to be held on or before the Escrow Deadline to approve the issuance of the Underlying Trust Units issuable upon exchange of the Subscription Receipts.

1.11 If the Exchange Condition is not satisfied on or before the Escrow Deadline, the Subscription Receipt Agent and the Applicant will refund to each holder of Subscription Receipts (a "Holder") an amount equivalent to the issue price therefor and the Holder's pro rata share of interest and other income earned on the Escrowed Funds, less any applicable withholding taxes, and the Subscription Receipts will be cancelled.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. THAT, pursuant to Subsection 20(1) of the Act all trades in connection with the Automatic Conversion of the Subscription Receipts into the Underlying Trust Units shall be exempt from Sections 6 and 37 of the Act provided that no commission or other remuneration is paid or given to any person in respect of such trades except for ministerial or professional services or for services performed by a person or company registered for trading in securities under the Act.

2. THAT the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

Director - Legal