

LABRADOR IRON ORE
ROYALTY CORPORATION

2025



**THIRD QUARTER
REPORT**

87 YEARS IN LABRADOR WEST

REPORT TO SHAREHOLDERS

■ 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 third quarter report for the period ended September 30, 2025.

Financial Performance

In the third quarter of 2025, LIORC’s financial results were negatively affected by lower concentrate for sale (“CFS”) sales tonnages and lower pellet premiums, offset by higher iron ore prices and increased pellet sales volumes. Royalty revenue for the third quarter of 2025 was \$43.4 million representing a 5% increase over the third quarter of 2024 and a 6% decrease from the second quarter of 2025. Equity earnings from Iron Ore Company of Canada (“IOC”) totaled \$8.6 million in the third quarter of 2025 compared to \$9.7 million in the third quarter of 2024 and \$2.3 million in the second quarter of 2025. Net income per share for the third quarter of 2025 was \$0.47 per share, which was an 11% decrease from the same period in 2024 and a 12% increase from the second quarter of 2025. The adjusted cash flow per share for the third quarter of 2025 was \$0.38 per share, which was 44% lower than in the same period in 2024 and 5% lower than the second quarter of 2025. The significant decrease in adjusted cashflow per share primarily reflects that LIORC received no dividend from IOC in the third quarter of 2025, compared to a dividend from IOC of \$20.3 million in the third quarter of 2024. While adjusted cash flow is not a measure recognized under IFRS Accounting Standards, the Directors believe it provides a useful analytical indicator of cash available for dividends to shareholders.

While iron ore prices saw some improvement during the third quarter of 2025, average prices for the first three quarters of 2025 remained lower compared to the first three quarters of 2024. Global steel demand remained weak as a result of a more difficult global trading environment, and on-going concerns regarding China’s housing sector. According to the World Steel Association, global crude steel production was down 1% in the third quarter of 2025 compared to the third quarter of 2024, and down 1% for the first three quarters of 2025 relative to the same period in 2024. Steel demand in China declined by 3% in the third quarter compared to the same period in 2024. On the supply side, iron ore production remained robust. Combined production from the world’s three largest seaborne producers (Rio Tinto, Vale and BHP) increased by 1% for the quarter ended September 30, 2025, compared to the same quarter of 2024, led by Vale’s 4% increase in production. For the three quarters ending September 30, 2025, total production from Rio Tinto, BHP and Vale rose 1% compared to the same period in 2024.

Pellet premiums continued to decline in the third quarter of 2025. Demand trends for pellets continued to diverge across markets. In the Blast Furnace segment, steel demand remained sluggish due to seasonal softness, and lower steel margins continued to prompt producers to substitute higher-quality pellets with less expensive lower-quality iron ore. In contrast, the Direct Reduction (“DR”) pellet market in Middle East and North Africa showed stable consumption, supported by infrastructure and construction activity. In the U.S., import constraints under prevailing tariff policies contributed to higher domestic crude steel

REPORT TO SHAREHOLDERS

production. However, despite this, U.S. steel prices were lower and DR pellet imports have remained below typical levels during the third quarter. On the supply side, Vale's pellet shipments declined in the quarter following the idling of its Sao Luis plant in July. While this reduction was expected to tighten the market, increased production from Samarco and LKAB partially offset the shortfall.

IOC sells CFS based on the Platts index for 65% Fe, CFR China ("65% Fe index"). All references to tonnes and per-tonne prices in this report refer to wet metric tonnes, other than references to Platts quoted pricing, which refer to dry metric tonnes. Historically, IOC's wet ore contains approximately 3% less ore per equivalent volume than dry ore. In the third quarter of 2025, the 65% Fe index averaged US\$117 per tonne, an 8% increase over the prior quarter and a 3% increase over the average of US\$114 per tonne in the third quarter of 2024. However, longer term, the 65% Fe Index averaged US\$114 per tonne over the first three quarters of 2025, or 9% lower than the average for the same period in 2024. The monthly Atlantic Blast Furnace 65% Fe pellet premium index as quoted by Platts (the "pellet premium"), averaged US\$27 per tonne in the third quarter of 2025, down 32% from an average of US\$39 per tonne in the same quarter of 2024.

Based on sales as reported for the LIORC royalty, the overall average price realized by IOC for CFS and pellets, FOB Sept-Îles, net of freight charges, was approximately US\$114 per tonne in the third quarter of 2025, compared to approximately US\$109 per tonne in the third quarter of 2024. This increase was primarily due to the pricing changes referred to above, as well as an improved product mix (more pellets and less CFS).

Iron Ore Company of Canada Operations

Operations

IOC concentrate production in the third quarter of 2025 totaled 4.4 million tonnes, 15% higher than the same quarter of 2024, (mainly reflecting the 11-day site-wide shutdown following forest fires in the third quarter of 2024) and 1% lower than the second quarter of 2025. Total mine material moved in the third quarter of 2025 increased 4% over the same quarter last year but was 7% lower than the prior quarter due to lower haul truck availability and higher cycle times. While concentrate production in the third quarter of 2025 continued to be negatively impacted by lower ground tonnes resulting from upstream ore availability and ore delivery system performance, these impacts were mostly offset by a higher weight yield.

IOC saleable production (CFS plus pellets) was 4.0 million tonnes in the third quarter of 2025, 11% higher than the same quarter of 2024 and 6% lower than the second quarter of 2025. Pellet production of 2.4 million tonnes was 11% higher than the corresponding quarter in 2024 (primarily due to the site-wide shutdown in the third quarter of 2024), and 8% higher than the second quarter of 2025, reflecting refractory repairs carried out on induration machines in the second quarter of 2024. CFS production of 1.6 million tonnes was 11% higher than the same quarter of 2024 mainly due to the higher concentrate output noted above.

REPORT TO SHAREHOLDERS

Sales as Reported for the LIORC Royalty

Total iron ore sales tonnage (CFS plus pellets) by IOC was 3.9 million tonnes in the third quarter of 2025, 3% lower than in the same quarter of 2024 and 16% lower than in the second quarter of 2025. The decrease in IOC sales tonnage was primarily due to inventory availability and vessel scheduling. Pellet sales tonnages increased 8% compared to the same quarter of 2024 and 11% lower than the second quarter of 2025. CFS sales tonnages were 13% lower than the same quarter of 2024 and 21% lower than the second quarter of 2025.

Outlook

In its second quarter production report, Rio Tinto disclosed that the 2025 guidance for IOC's saleable production (CFS plus pellets) is expected to be at the low end of its original guidance of 16.5 million to 19.4 million tonnes. This compares to 16.1 million tonnes of saleable production in 2024 (which experienced the 11-day shutdown noted above), and 12.2 million tonnes produced in the first nine months of 2025. IOC has revised its outlook for capital expenditures in 2025. IOC is now forecasting that its 2025 capital expenditure will be US\$288 million, down from the originally budgeted US\$342 million. To date, IOC's capital expenditures are on track with the updated forecast.

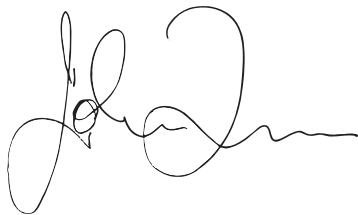
Operationally, Rio Tinto, the operator of IOC, has implemented several changes to leverage Rio Tinto's mining expertise and strengthen IOC's operations. In connection with these changes, IOC is also focussed on continuing to improve the pit health of its mining operations. This will require increased stripping in the coming years, which could impact the level of future IOC dividends to LIORC. On October 29, Rio Tinto announced a management restructuring that resulted in IOC, together with Simandou, falling under the leadership of Elias Scafidas, Managing Director – International Operations. This change reflects Rio Tinto's commitment to simplify how it operates and further strengthen collaboration across its organization.

Since the end of the third quarter, iron ore prices have remained relatively stable, while pellet premiums have continued to decline. In October 2025, the 65% Fe index averaged US\$119 per tonne and the October pellet premium was US\$25 per tonne. Longer term the outlook for iron ore prices remains challenging. The World Steel Association has stated that, despite a considerable escalation of the global trade war and inherent uncertainties, it is cautiously optimistic that global steel demand will stabilize in 2025 (0% increase) and show moderate growth in 2026 (1.3% increase). However, it acknowledged that these projections depend on, among other things, the long-awaited return of steel demand growth in Europe and the moderation of the decline in China's steel demand as its housing market stabilizes. On the supply side, while Vale's São Luís plant is expected to remain idled through the fourth quarter, longer-term a surplus of seaborne iron ore is anticipated, most significantly due to increased Brazilian exports and the start-up of Simandou.

LIORC remains debt-free and as of September 30, 2025 had positive net working capital (current assets less current liabilities) of \$27 million, which included the third quarter net royalty payment received from IOC on October 25, 2025 and the LIORC dividend in the amount of \$0.40 per share paid to shareholders on October 29, 2025.

REPORT TO SHAREHOLDERS

Respectfully submitted on behalf of the Directors of the Corporation,

A handwritten signature in black ink, appearing to read 'John F. Tuer', with a stylized, cursive script.

John F. Tuer
President and Chief Executive Officer
November 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the Management's Discussion and Analysis section of Labrador Iron Ore Royalty Corporation's ("LIORC" or the "Corporation") 2024 Annual Report, and the financial statements and notes contained therein and the September 30, 2025 interim condensed consolidated financial statements.

Overview of the Business

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 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.

Financial Highlights

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(\$ in millions except per share information)			
Revenue	44.0	42.3	126.9	152.1
Equity earnings from IOC	8.6	9.7	14.1	62.6
Net income	30.4	33.6	78.4	143.1
Net income per share	\$ 0.47	\$ 0.53	\$ 1.22	\$ 2.24
Dividend from IOC	—	20.3	—	61.8
Cash flow from operations	32.7	43.0	75.2	155.1
Cash flow from operations per share ⁽¹⁾	\$ 0.51	\$ 0.67	\$ 1.18	\$ 2.42
Adjusted cash flow ⁽¹⁾	24.2	43.6	69.8	145.8
Adjusted cash flow per share ⁽¹⁾	\$ 0.38	\$ 0.68	\$ 1.09	\$ 2.28
Dividends declared per share	\$ 0.40	\$ 0.70	\$ 1.20	\$ 2.25

(1) This is a non-IFRS financial measure and does not have a standard meaning under IFRS. Please refer to Standardized Cash Flow and Adjusted Cash Flow section in the MD&A.

The higher revenue achieved in the third quarter of 2025 compared to the third quarter of 2024 was primarily driven by higher iron ore prices and an improved product mix (more pellets and less CFS), partly offset by lower sales tonnages and declining pellet premiums. This resulted in royalty revenue of \$43.5 million for the quarter, compared to \$41.5 million for the same period in 2024. Total sales tonnages (CFS plus pellets) in the third quarter

MANAGEMENT'S DISCUSSION AND ANALYSIS

of 2025 were 3% lower, than the same quarter of 2024, mainly due to inventory availability and vessel scheduling. CFS sales tonnages declined 13%, while pellet sales tonnages increased 8%.

Net income and equity earnings from IOC were lower in the third quarter of 2025 as compared to the third quarter of 2024 reflecting reduced profitability at IOC. Equity earnings from IOC amounted to \$8.6 million or \$0.13 per share in the third quarter in 2025 compared to \$9.7 million or \$0.15 per share for the same period in 2024. Cash flow from operations in the third quarter of 2025 was \$32.7 million, or \$0.51 per share, compared to \$43.0 million, or \$0.67 per share, for the same period in 2024. LIORC received no IOC dividend in the third quarter of 2025 compared to \$20.3 million, or \$0.32 per share, for the same period in 2024.

Operating Highlights

IOC Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(in millions of tonnes)</i>			
Sales⁽¹⁾				
Pellets	2.19	2.03	6.81	7.01
Concentrate for sale ("CFS") ⁽²⁾	1.72	1.99	5.00	5.61
Total ⁽³⁾	3.91	4.02	11.80	12.61
Production				
Concentrate produced	4.41	3.83	13.13	12.45
Saleable production				
Pellets	2.40	2.17	6.96	6.83
CFS	1.59	1.43	5.22	4.94
Total ⁽³⁾	4.00	3.60	12.18	11.77
Average index prices per tonne (US\$)				
65% Fe index ⁽⁴⁾	\$ 117	\$ 114	\$ 114	\$ 125
62% Fe index ⁽⁵⁾	\$ 102	\$ 100	\$ 101	\$ 112
Pellet premium ⁽⁶⁾	\$ 27	\$ 39	\$ 32	\$ 41

(1) For calculating the royalty to LIORC.

(2) Excludes third party ore sales.

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

(4) The Platts index for 65% Fe, CFR China.

(5) The Platts index for 62% Fe, CFR China.

(6) The Platts Atlantic Blast Furnace 65% Fe pellet premium index.

IOC sells CFS based on the 65% Fe index. In the third quarter of 2025, the 65% Fe index averaged US\$117 per tonne, a 3% increase over the average of US\$114 per tonne in the third quarter of 2024. Despite this modest improvement in iron ore prices in the quarter, global steel demand remained weak due to a challenging global trading environment, and on-going

MANAGEMENT'S DISCUSSION AND ANALYSIS

concerns regarding China's housing sector. On the supply side, production remained robust, with combined iron ore production from the world's three largest seaborne producers (Rio Tinto, Vale and BHP) rising by 1% in the quarter ended September 30, 2025, compared to the same quarter of 2024. The monthly pellet premium averaged US\$27 per tonne in the third quarter of 2025, down 32% from an average of US\$39 per tonne in the same quarter of 2024, as lower steel margins continued to prompt steel producers to substitute higher-quality pellets with less expensive lower-quality iron ore.

Based on sales as reported for the LIORC royalty, the overall average price realized by IOC for CFS and pellets, FOB Sept-Îles, net of freight charges was approximately US\$114 per tonne in the third quarter of 2025 compared to approximately US\$109 per tonne in the third quarter of 2024. This increase was primarily due to the pricing changes referred to above, as well as an improved product mix (more pellets and less CFS).

The following table sets out quarterly revenue, net income, cash flow and dividend data for 2025, 2024 and 2023. Due to seasonal weather patterns the first and fourth quarters generally have lower production and sales. Royalty revenues and equity earnings in IOC track iron ore spot prices, which can be very volatile. Dividends, included in cash flow, are declared and paid by IOC irregularly according to the availability of cash.

	Revenue	Net Income	Net Income per Share	Cash Flow from Operations	Cash Flow from Operations per Share	Adjusted Cash Flow per Share ⁽¹⁾	Dividends Declared per Share
(\$ in millions except per share information)							
<u>2025</u>							
First Quarter	36.2	21.4	\$ 0.33	24.7	\$ 0.39	\$ 0.31	\$ 0.50
Second Quarter	46.8	26.5	\$ 0.42	17.7	\$ 0.28	\$ 0.40	\$ 0.30
Third Quarter	44.0	30.4	\$ 0.47	32.7	\$ 0.51	\$ 0.38	\$ 0.40
<u>2024</u>							
First Quarter	56.7	59.3	\$ 0.93	30.0	\$ 0.47	\$ 0.49	\$ 0.45
Second Quarter	53.1	50.2	\$ 0.78	82.1 ⁽²⁾	\$ 1.28 ⁽²⁾	\$ 1.11 ⁽²⁾	\$ 1.10
Third Quarter	42.3	33.6	\$ 0.53	43.0 ⁽³⁾	\$ 0.67 ⁽³⁾	\$ 0.68 ⁽³⁾	\$ 0.70
Fourth Quarter	56.9	31.9	\$ 0.50	46.8 ⁽⁴⁾	\$ 0.73 ⁽⁴⁾	\$ 0.83 ⁽⁴⁾	\$ 0.75
<u>2023</u>							
First Quarter	47.2	43.6	\$ 0.68	19.5	\$ 0.30	\$ 0.41	\$ 0.50
Second Quarter	51.5	41.9	\$ 0.65	40.9 ⁽⁵⁾	\$ 0.64 ⁽⁵⁾	\$ 0.75 ⁽⁵⁾	\$ 0.65
Third Quarter	47.7	49.4	\$ 0.77	65.7 ⁽⁶⁾	\$ 1.03 ⁽⁶⁾	\$ 0.89 ⁽⁶⁾	\$ 0.95
Fourth Quarter	54.9	51.4	\$ 0.80	26.4	\$ 0.41	\$ 0.47	\$ 0.45

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

(2) Includes \$41.5 million IOC dividend.

(3) Includes \$20.3 million IOC dividend.

(4) Includes \$21.8 million IOC dividend.

(5) Includes \$19.9 million IOC dividend.

(6) Includes \$30.5 million IOC dividend.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$0.51 for the quarter (2024 – \$0.67).

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 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.

	3 Months Ended Sept. 30, 2025	3 Months Ended Sept. 30, 2024	9 Months Ended Sept. 30, 2025	9 Months Ended Sept. 30, 2024
	<i>(\$ in millions except per share information)</i>			
Standardized cash flow from operating activities	32.7	43.0	75.2	155.1
Changes in amounts receivable, accounts payable and income taxes recoverable and payable	(8.5)	0.6	(5.4)	(9.3)
Adjusted cash flow	24.2	43.6	69.8	145.8
Adjusted cash flow per share	\$ 0.38	\$ 0.68	\$ 1.09	\$ 2.28

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The Corporation had \$18.3 million in cash as at September 30, 2025 (December 31, 2024 – \$42.3 million) with total current assets of \$61.7 million (December 31, 2024 – \$95.1 million). The Corporation had working capital of \$27.1 million as at September 30, 2025 (December 31, 2024 – \$34.1 million). The Corporation's operating cash flow was \$32.7 million and the dividend paid during the quarter was \$19.2 million, resulting in cash balances increasing by \$13.5 million during the third quarter of 2025.

Cash balances consist of deposits in Canadian dollars with a Canadian chartered bank. 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 free cash flow generated from IOC to the maximum extent possible, subject to the maintenance of appropriate levels of working capital.

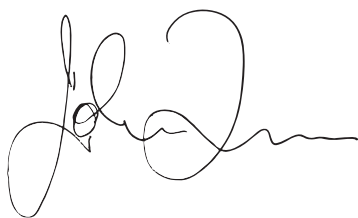
The Corporation has a \$30 million revolving credit facility with a term ending September 18, 2026 with provision for annual one-year extensions. No amount is currently drawn under this facility (2024 – nil) leaving \$30.0 million available to provide for any capital required by IOC or requirements of the Corporation.

Disclosure Controls and Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings. Internal control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and due to its inherent limitations, may not prevent or detect all misrepresentations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

There have been no changes in the Corporation's internal controls over financial reporting during the three-month period ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting. For the quarter ended September 30, 2025, the Chief Executive Officer and the Chief Financial Officer concluded that Labrador Iron Ore Royalty Corporation's disclosure controls and procedures, and internal control over financial reporting are designed to provide reasonable assurance regarding the reliability of information disclosed in its filings, including its interim financial statements prepared in accordance with IFRS.

A handwritten signature in black ink, appearing to read 'John F. Tuer', with a stylized, flowing script.

John F. Tuer
President and Chief Executive Officer

Toronto, Ontario
November 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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; the performance of IOC; market conditions in the steel industry; fluctuations in the value of the Canadian and U.S. dollar; mining risks that cause a disruption in operations and availability of insurance; disruption in IOC's operations caused by natural disasters, severe weather conditions and public health crises, including the COVID-19 outbreak; failure of information systems or damage from cyber security attacks; adverse changes in domestic and global economic and political conditions; changes in government regulation and taxation; national, provincial and international laws, regulations and policies regarding climate change that further limit the emissions of greenhouse gases or increase the costs of operations for IOC or its customers; changes affecting IOC's customers; competition from other iron ore producers; renewal of mining licenses and leases; relationships with indigenous groups; litigation; and uncertainty in the estimates of reserves and resources. A discussion of these factors is contained in LIORC's annual information form dated March 11, 2025 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.sedarplus.ca.

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

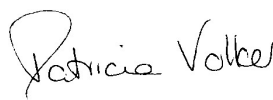
	As at	
	September 30, 2025	December 31, 2024
(in thousands of Canadian dollars)	(Unaudited)	
Assets		
Current Assets		
Cash	\$ 18,307	\$ 42,300
Amounts receivable (note 4)	42,750	52,843
Income taxes recoverable	594	—
Total Current Assets	61,651	95,143
Non-Current Assets		
Iron Ore Company of Canada (“IOC”) royalty and commission interests	211,799	216,644
Investment in IOC (note 5)	538,828	524,340
Total Non-Current Assets	750,627	740,984
Total Assets	\$ 812,278	\$ 836,127
Liabilities and Shareholders’ Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 8,934	\$ 11,205
Dividend payable	25,600	48,000
Income taxes payable	—	1,800
Total Current Liabilities	34,534	61,005
Non-Current Liabilities		
Deferred income taxes (note 6)	132,930	132,190
Total Liabilities	167,464	193,195
Shareholders’ Equity		
Share capital	317,708	317,708
Retained earnings	332,552	330,966
Accumulated other comprehensive loss	(5,446)	(5,742)
	644,814	642,932
Total Liabilities and Shareholders’ Equity	\$ 812,278	\$ 836,127

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 September 30,	
	2025	2024
	(Unaudited)	
Revenue		
IOC royalties	\$ 43,454	\$ 41,485
IOC commissions	399	395
Interest and other income	133	461
	43,986	42,341
Expenses		
Newfoundland royalty taxes	8,691	8,297
Amortization of royalty and commission interests	1,519	1,452
Administrative expenses	697	726
	10,907	10,475
Income before equity earnings and income taxes	33,079	31,866
Equity earnings in IOC	8,604	9,747
Income before income taxes	41,683	41,613
Provision for income taxes (note 6)		
Current	10,388	10,014
Deferred	850	(2,010)
	11,238	8,004
Net income for the period	\$ 30,445	\$ 33,609
Comprehensive income for the period	\$ 30,445	\$ 33,609
Basic and diluted income per share	\$ 0.47	\$ 0.53

See accompanying notes to interim condensed consolidated financial statements.

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 Nine Months Ended September 30,	
	2025	2024
	(Unaudited)	
Revenue		
IOC royalties	\$ 125,244	\$ 149,754
IOC commissions	1,176	1,241
Interest and other income	524	1,130
	126,944	152,125
Expenses		
Newfoundland royalty taxes	25,049	29,951
Amortization of royalty and commission interests	4,845	4,721
Administrative expenses	2,233	2,241
	32,127	36,913
Income before equity earnings and income taxes	94,817	115,212
Equity earnings in IOC	14,140	62,566
Income before income taxes	108,957	177,778
Provision for income taxes (note 6)		
Current	29,883	35,947
Deferred	688	(1,279)
	30,571	34,668
Net income for the period	78,386	143,110
Other comprehensive income		
Share of other comprehensive income of IOC that will not be reclassified subsequently to profit or loss (net of income taxes of 2025 – \$52; 2024 – \$139)	296	785
Comprehensive income for the period	\$ 78,682	\$ 143,895
Basic and diluted income per share	\$ 1.22	\$ 2.24

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 Nine Months Ended September 30,	
	2025	2024
	(Unaudited)	
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income for the period	\$ 78,386	\$ 143,110
Items not affecting cash:		
Equity earnings in IOC	(14,140)	(62,566)
Current income taxes	29,883	35,947
Deferred income taxes	688	(1,279)
Amortization of royalty and commission interests	4,845	4,721
Common share dividends received from IOC	—	61,825
Change in amounts receivable	10,093	11,217
Change in accounts payable	(2,271)	(2,667)
Income taxes paid	(32,277)	(35,218)
Cash flow from operating activities	75,207	155,090
Financing		
Dividend paid to shareholders	(99,200)	(128,000)
Cash flow used in financing activities	(99,200)	(128,000)
(Decrease) increase in cash, during the period	(23,993)	27,090
Cash, beginning of period	42,300	13,192
Cash, end of period	\$ 18,307	\$ 40,282

See accompanying notes to interim condensed consolidated financial statements.

LABRADOR IRON ORE ROYALTY CORPORATION

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in thousands of Canadian dollars except share amounts)</i>	Common shares	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
	<i>(Unaudited)</i>				
Balance as at					
December 31, 2023	64,000,000	\$ 317,708	\$ 347,927	\$ (6,303)	\$ 659,332
Net income for the period	—	—	143,110	—	143,110
Dividends declared to shareholders	—	—	(144,000)	—	(144,000)
Share of other comprehensive income from investment in IOC (net of taxes)	—	—	—	785	785
Balance as at					
September 30, 2024	64,000,000	\$ 317,708	\$ 347,037	\$ (5,518)	\$ 659,227
Balance as at					
December 31, 2024	64,000,000	\$ 317,708	\$ 330,966	\$ (5,742)	\$ 642,932
Net income for the period	—	—	78,386	—	78,386
Dividends declared to shareholders	—	—	(76,800)	—	(76,800)
Share of other comprehensive income from investment in IOC (net of taxes)	—	—	—	296	296
Balance as at					
September 30, 2025	64,000,000	\$ 317,708	\$ 332,552	\$ (5,446)	\$ 644,814

See accompanying notes to interim condensed consolidated financial statements.

NOTES TO THE 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 and shipped by IOC and a \$0.10 per tonne commission interest on all iron ore products produced and sold 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 IFRS Accounting Standards, 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 November 5, 2025.

3. Material 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, 2024. 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, 2024.

On April 9, 2024, the IASB issued IFRS 18 “Presentation and Disclosure in the Financial Statements” (“IFRS 18”) replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

4. Amounts Receivable

	September 30, 2025	December 31, 2024
IOC royalties	\$42,499	\$52,640
IOC commissions	102	142
Other	149	52
	<u>\$42,750</u>	<u>\$52,834</u>

5. Investment in IOC

	September 30, 2025	December 31, 2024
Investment in IOC, beginning of period	\$ 524,340	\$ 546,614
Equity earnings in IOC	14,140	60,640
Other comprehensive income of IOC	348	661
Common share dividend received	—	(83,575)
Investment in IOC, end of period	<u>\$ 538,828</u>	<u>\$ 524,340</u>

The excess of cost of the Investment in IOC over the book value of underlying net assets amounts to \$36,224 as at September 30, 2025 (December 31, 2024 – \$37,053) and is being amortized to net income on the unit-of-production method based on actual production in the current year and estimated production of iron ore over the life of mine at IOC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Income before income taxes	\$ 41,683	\$ 41,613	\$ 108,957	\$ 177,778
Income taxes at combined federal and provincial statutory tax rates of 30.0%	12,505	12,484	32,687	53,333
(Decrease) increase in income taxes resulting from:				
Undistributed equity earnings in investment in IOC	(1,291)	(1,462)	(2,121)	(9,385)
Equity earnings distributed as dividends	—	(3,044)	—	(9,274)
Other	24	26	5	(6)
Income tax expense	\$ 11,238	\$ 8,004	\$ 30,571	\$ 34,668

The deferred tax liability is comprised of the following:

	Opening Balance	Recognized in net income	Recognized in other comprehensive loss	Closing Balance
December 31, 2024				
Difference in tax and book value of assets	\$ 137,740	\$ (5,314)	\$ 100	\$ 132,526
Tax benefit of deductible temporary differences	(370)	34	—	(336)
Net deferred income tax liability	\$ 137,370	\$ (5,280)	\$ 100	\$ 132,190
September 30, 2025				
Difference in tax and book value of assets	\$ 132,526	\$ 667	\$ 52	\$ 133,245
Tax benefit of deductible temporary differences	(336)	21	—	(315)
Net deferred income tax liability	\$ 132,190	\$ 688	\$ 52	\$ 132,930

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Fair Value of Financial Instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest-bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. The carrying value of amounts of cash, amounts receivable, accounts payable and dividends payable to shareholders approximate their fair value because of the short-term nature of these items. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of the Corporation's financial instruments.

8. Key Management Personnel Compensation

Key management personnel are the President and Chief Executive Officer, the Executive Vice President, the Chief Financial Officer, the Secretary and directors. Their remuneration for the three months ended September 30, 2025 was comprised of salaries, restricted share units ("RSUs"), performance share units ("PSUs") and fees totaling \$314 (2024 – \$333). Their remuneration for the nine months ended September 30, 2025 was comprised of salaries, RSUs, PSUs and fees totaling \$990 (2024 – \$958).

9. 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.

As at September 30, 2025, there were 2,324 (December 31, 2024 – 6,374) RSUs awarded and outstanding. For the three month and nine month period ended September 30, 2025, compensation expense of approximately \$8 (2024 – \$33) and \$30 (2024 – \$70) was accrued in connection with the RSUs.

On March 18, 2024, the Corporation adopted a performance share unit plan ("PSU Plan" or "PSUs") for its employees that uses notional units that are valued based on the Corporation's common share price on the Toronto Stock Exchange. The PSUs accumulate dividend equivalents in the form of additional units based on the dividends paid on the Corporation's common shares. The PSU 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 PSUs, which affects the Corporation's compensation expense.

Under the PSU Plan, selected employees receive an award of PSUs which vest on the third anniversary of the award date. The number of units that will ultimately vest and be paid out on the third anniversary of the award date will depend on whether the average Adjusted Cash Flow ("ACF") per share over the three fiscal years immediately preceding the vesting date meets the target ACF per share set for that award, which is the average of the ACF per

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

share for the five completed fiscal years preceding the award, excluding the highest and lowest years. The share-based payment expense is recognized over the vesting period.

As at September 30, 2025, there were 13,391 (December 31, 2024 – 6,677) PSUs awarded and outstanding. For the three month and nine month period ended September 30, 2025, compensation expense of approximately \$14 (2024 – \$20) and \$15 (2024 – \$41) was accrued in connection with the PSUs.

CORPORATE INFORMATION

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Company Director

Mark J. Fuller⁽²⁾

Company Director

Douglas F. McCutcheon⁽²⁾

President of
Longview Asset Management Ltd

Dorothea E. Mell⁽²⁾

Company Director

Sandra L. Rosch

Executive Vice President
Labrador Iron Ore Royalty Corporation

John F. Tuer

President and Chief Executive Officer
Labrador Iron Ore Royalty Corporation

Patricia M. Volker⁽²⁾

Company Director

Officers

John F. Tuer

President and Chief Executive Officer

Sandra L. Rosch

Executive Vice President

Stephen D. Pearce

Chief Financial Officer

Robert O. Hansen

Secretary

(1) *Chair of the Board*

(2) *Member of Audit and Governance and
Human Resources Committees*

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