

LABRADOR IRON ORE
ROYALTY CORPORATION

2026



**FIRST QUARTER
REPORT**

88 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 first quarter report for the period ended March 31, 2026.

Financial Performance

In the first quarter of 2026, LIORC’s financial results continued to be negatively affected by low concentrate for sale (“CFS”) and pellet sales volumes. Royalty revenue for the first quarter of 2026 was \$35.4 million, comparable to the first quarter of 2025 and a 9% decrease from the fourth quarter of 2025. Equity (losses) earnings from Iron Ore Company of Canada (“IOC”) totaled (\$6.4) million in the first quarter of 2026 compared to \$3.3 million in the first quarter of 2025 and \$1.7 million in the fourth quarter of 2025. Net income per share for the first quarter of 2026 was \$0.21 per share, which was a 36% decrease from the same period in 2025 and a 40% decrease from the fourth quarter of 2025. The adjusted cash flow per share for the first quarter of 2026 was \$0.31 per share, consistent with the same period in 2025 and 9% lower than the fourth quarter of 2025. 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 distribution to shareholders.

Iron ore prices saw modest improvement during the first quarter of 2026, despite lower global steel production and robust global seaborne iron ore sales. Global steel production fell as China pivoted from construction-grade output to high-value specialty products. This decline was worsened by high energy costs and new carbon regulations that squeezed production margins across Europe. According to the World Steel Association, global steel production was down 2% in the first quarter of 2026 compared to the first quarter of 2025, and steel production in China declined by 5% in the first quarter compared to the same period in 2025. On the supply side, iron ore production remained robust. Combined sales from the world’s three largest seaborne producers (Rio Tinto, Vale, and BHP) increased by 2% for the quarter ended March 31, 2026, compared to the same quarter in the prior year.

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 first quarter of 2026, the 65% Fe index averaged US\$121 per tonne, a 2% increase over the prior quarter and a 3% increase over the average of US\$117 per tonne in the first quarter of 2025. IOC sells blast furnace (“BF”) pellets and direct reduction (“DR”) pellets based on a premium to the 65% Fe index. In 2026, Platts began publishing a new Atlantic Iron Ore Blast Furnace Pellet Contract Price Premium based of the 65% Fe index (the “BF pellet premium”) to reflect the higher liquidity and usage of Atlantic pellet premium contract settlements over the 65% Fe index. The BF pellet premium averaged US\$28 per tonne in the first quarter of 2026. The Platts DR pellet premium for 67.5% Fe pellet over 65% Fe index (the “DR pellet premium”) was US\$42, down from an average of US\$45 per tonne in the same quarter of 2025.

REPORT TO SHAREHOLDERS

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\$110 per tonne in the first quarter of 2026, comparable with the first quarter of 2025. The modest increase in iron ore pricing was offset by a modest change in the product mix sold (fewer pellets and more CFS).

Iron Ore Company of Canada Operations

Operations

IOC concentrate production in the first quarter of 2026 totaled 3.7 million tonnes, 14% lower than the same quarter of 2025, and 4% lower than the fourth quarter of 2025. Performance was primarily constrained by reduced haul truck availability mainly due to structural frame failures identified in the fourth quarter of 2025, longer than planned cycle times, and lower payloads. Total mine material moved in the first quarter of 2026 was 26% lower than the same quarter last year and 4% higher than the prior quarter, which was disproportionately impacted by the haul truck frame failures.

The lower material movement was partially offset by a lower strip ratio, resulting in crude ore in the first quarter being 14% lower than the same quarter last year. The weight yield in the first quarter of 2026, while comparable to the same quarter last year, continues to be below expectation due to reduced spiral recovery linked to lower crude iron content caused by sequencing changes and the presence of marginal ore in the system.

IOC saleable production (CFS plus pellets) was 3.4 million tonnes in the first quarter of 2026, 13% lower than the same quarter of 2025 and 8% lower than the fourth quarter of 2025, mainly due to the lower concentrate production referred to above. Pellet production of 1.7 million tonnes was 26% lower than the corresponding quarter in 2025 and 28% lower than the fourth quarter of 2025, mainly due to availability of feed and machine-reliability issues, most notably drive failures on Machines 4 and 6. CFS production of 1.7 million tonnes was 7% higher than the same quarter of 2025 and 29% higher than the fourth quarter of 2025 mainly due to the decrease in pellet production.

Sales as Reported for the LIORC Royalty

Total iron ore sales tonnage (CFS plus pellets) by IOC was 3.3 million tonnes in the first quarter of 2026, 1% higher than in the same quarter of 2025 and 15% lower than in the fourth quarter of 2025. Sales tonnages were affected by inventory availability and vessel scheduling. Pellet sales tonnages decreased 2% compared to the same quarter of 2025 and 21% lower than the fourth quarter of 2025. CFS sales tonnages were 8% higher than the same quarter of 2025 and 4% lower than the fourth quarter of 2025.

Outlook

In its first quarter production report, Rio Tinto disclosed that there was no change to its original 2026 guidance for IOC's sales (CFS plus pellets) of 15 million to 18 million tonnes. However, based on the results of the first quarter, LIORC believes that 2026 sales will more likely be at the low end of this range. This compares to sales of 15.7 million tonnes in 2025.

REPORT TO SHAREHOLDERS

Operationally, IOC continues to focus on improving the pit health of its mining operations. This will be a multi-year effort and will result in increased stripping in the coming years, which will negatively impact IOC's iron ore production levels and the amount of cashflow available for future IOC dividends to LIORC. As part of its 2026 capital budget, IOC is in the process of purchasing 6 new haul trucks to help facilitate the removal of increased waste material.

Since the end of the first quarter, iron ore prices and pellet premiums have remained resilient. In April 2026, the 65% Fe index averaged US\$124 per tonne and the April BF pellet premium and DR pellet premium were US\$32 per tonne and \$43 per tonne, respectively. The World Steel Association expects global steel demand to bottom out in 2025 – 2026, followed by a modest 0.3% growth rate in 2026 and an improved 2.2% growth rate in 2027. This recovery is supported by stabilizing demand in China, vibrant growth in India, and a meaningful turnaround across all major developed economies. Excluding China, global demand is forecast to hit a 4.0% growth rate in 2027 as the industry transitions toward more pronounced acceleration. Despite this positive turnaround, the ongoing conflict in the Middle East is expected to cause a sharp regional drop in 2026 and poses a significant stress test to the overall outlook.

LIORC remains debt-free and as of March 31, 2026 had positive net working capital (current assets less current liabilities) of \$27 million, which included the first quarter net royalty payment received from IOC on April 25, 2026 and the LIORC dividend in the amount of \$0.30 per share paid to shareholders on April 29, 2026.

Respectfully submitted on behalf of the Directors of the Corporation,



John F. Tuer
President and Chief Executive Officer
May 4, 2026

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") 2025 Annual Report, and the financial statements and notes contained therein and the March 31, 2026 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 March 31,	
	2026	2025
	<i>(\$ in millions except per share information)</i>	
Revenue	35.9	36.2
Equity (losses) earnings from IOC	(6.4)	3.3
Net income	13.2	21.4
Net income per share	\$ 0.21	\$ 0.33
Cash flow from operations	23.1	24.7
Cash flow from operations per share ⁽¹⁾	\$ 0.36	\$ 0.39
Adjusted cash flow ⁽¹⁾	19.7	19.8
Adjusted cash flow per share ⁽¹⁾	\$ 0.31	\$ 0.31
Dividends declared per share	\$ 0.30	\$ 0.50

(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.*

In the first quarter of 2026, LIORC's financial results continued to be negatively affected by low CFS and pellet sales volumes. This resulted in royalty revenue of \$35.4 million for the quarter, compared to \$35.6 million for the same period in 2025. Total sales tonnages (CFS plus pellets) in the first quarter of 2026 were 1% higher, than the same quarter of 2025. Sales volumes in both quarters were negatively impacted by reduced volumes of saleable

MANAGEMENT'S DISCUSSION AND ANALYSIS

production due to issues at the mine, specifically reduced haul truck availability, longer than planned cycle times, and lower payloads. CFS sales tonnages increased 8%, while pellet sales tonnages decreased 2%.

Net income and equity earnings from IOC were lower in the first quarter of 2026 as compared to the first quarter of 2025 reflecting reduced profitability at IOC. Equity (losses) earnings from IOC amounted to (\$6.4) million or (\$0.10) per share in the first quarter in 2026 compared to \$3.3 million or \$0.05 per share for the same period in 2025. Cash flow from operations in the first quarter of 2026 was \$23.1 million, or \$0.36 per share, compared to \$24.7 million, or \$0.39 per share, for the same period in 2025. LIORC received no IOC dividend in the first quarter of 2026 or in the first quarter of 2025.

Operating Highlights

IOC Operations	Three Months Ended March 31,	
	2026	2025
	(in millions of tonnes)	
Sales⁽¹⁾		
Pellets	2.11	2.15
Concentrate for sale ("CFS") ⁽²⁾	1.19	1.10
Total ⁽³⁾	3.30	3.25
Production		
Concentrate produced	3.66	4.25
Saleable production		
Pellets	1.72	2.33
CFS	1.72	1.61
Total ⁽³⁾	3.44	3.95
Average index prices per tonne (US\$)		
65% Fe index ⁽⁴⁾	\$ 121	\$ 117
BF pellet premium	\$ 28 ⁽⁵⁾	\$ 35 ⁽⁶⁾
DR pellet premium ⁽⁷⁾	\$ 42	\$ 45

(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 Atlantic Blast Furnace pellet premium (65% Fe fines basis).

(6) The Platts index for Atlantic Blast Furnace pellet premium (IODEX basis).

(7) The Platts index for Direct Reduction 67.5% Fe pellet premium (65% Fe fines basis).

IOC sells CFS based on the 65% Fe index. In the first quarter of 2026, the 65% Fe index averaged US\$121 per tonne, a 2% increase over the prior quarter and a 3% increase over the average of US\$117 per tonne in the first quarter of 2025. Despite the modest improvement during the first quarter of 2026, global steel production fell as China pivoted from

MANAGEMENT'S DISCUSSION AND ANALYSIS

construction-grade output to high-value specialty products. This decline was worsened by high energy costs and new carbon regulations that squeezed production margins across Europe. On the supply side, iron ore production remained robust, with combined sales from the world's three largest seaborne producers (Rio Tinto, Vale, and BHP) increasing by 2% for the quarter ended March 31, 2026, compared to the same quarter in the prior year.

Pellet premiums remained soft during the first quarter of 2026, as steel producers prioritized cost-saving measures over the efficiency gains typically associated with high-grade feedstocks. IOC sells BF and DR pellets based on a premium to the 65% Fe index. The BF pellet premium averaged US\$28 per tonne in the first quarter of 2026. The DR pellet premium was US\$42, down from an average of US\$45 per tonne in the same quarter of 2025.

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\$110 per tonne in the first quarter of 2026, comparable with the first quarter of 2025. The modest increase in iron ore pricing was offset by a modest change in the product mix sold (fewer pellets and more CFS).

The following table sets out quarterly revenue, net income, cash flow and dividend data for 2026, 2025 and 2024. 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>2026</u>							
First Quarter	35.9	13.2	\$ 0.21	23.1	\$ 0.36	\$ 0.31	\$ 0.30
<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
Fourth Quarter	39.5	22.3	\$ 0.35	22.0	\$ 0.34	\$ 0.34	\$ 0.35
<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

(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.

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 \$0.36 for the quarter (2025 – \$0.39).

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 Mar. 31, 2026	3 Months Ended Mar. 31, 2025
	<i>(\$ in millions except per share information)</i>	
Standardized cash flow from operating activities	23.1	24.7
Changes in amounts receivable, accounts payable and income taxes recoverable and payable	(3.4)	(4.9)
Adjusted cash flow	19.7	19.8
Adjusted cash flow per share	\$ 0.31	\$ 0.31

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The Corporation had \$15.3 million in cash as at March 31, 2026 (December 31, 2025 – \$14.6 million) with total current assets of \$53.5 million (December 31, 2025 – \$57.7 million). The Corporation had working capital of \$26.9 million as at March 31, 2026 (December 31, 2025 – \$26.4 million). The Corporation's operating cash flow was \$23.1 million and the dividend paid during the quarter was \$22.4 million, resulting in cash balances increasing by \$0.7 million during the first quarter of 2026.

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 (2025 – 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 March 31, 2026, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting. For the quarter ended March 31, 2026, 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, cursive script.

John F. Tuer
President and Chief Executive Officer

Toronto, Ontario
May 4, 2026

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, 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, 2026 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

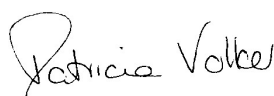
<i>(in thousands of Canadian dollars)</i>	As at	
	March 31, 2026	December 31, 2025
Assets		
Current Assets		
Cash	\$ 15,295	\$ 14,568
Amounts receivable (note 4)	35,911	42,158
Income taxes recoverable	2,327	984
Total Current Assets	53,533	57,710
Non-Current Assets		
Iron Ore Company of Canada (“IOC”) royalty and commission interests	208,991	210,470
Investment in IOC (note 5)	534,816	541,248
Total Non-Current Assets	743,807	751,718
Total Assets	\$ 797,340	\$ 809,428
Liabilities and Shareholders’ Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,457	\$ 8,920
Dividend payable	19,200	22,400
Income taxes payable	—	—
Total Current Liabilities	26,657	31,320
Non-Current Liabilities		
Deferred income taxes (note 6)	131,480	132,900
Total Liabilities	158,137	164,220
Shareholders’ Equity		
Share capital	317,708	317,708
Retained earnings	326,345	332,350
Accumulated other comprehensive loss	(4,850)	(4,850)
	639,203	645,208
Total Liabilities and Shareholders’ Equity	\$ 797,340	\$ 809,428

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

	For the Three Months Ended March 31,	
<i>(in thousands of Canadian dollars except for per share information)</i>	2026	2025
Revenue		
IOC royalties	\$ 35,424	\$ 35,568
IOC commissions	324	320
Interest and other income	131	280
	35,879	36,168
Expenses		
Newfoundland royalty taxes	7,085	7,114
Amortization of royalty and commission interests	1,479	1,656
Administrative expenses	656	794
	9,220	9,564
Income before equity earnings and income taxes	26,659	26,604
Equity (losses) earnings in IOC	(6,432)	3,263
Income before income taxes	20,227	29,867
Provision for income taxes (note 6)		
Current	8,452	8,466
Deferred	(1,420)	(20)
	7,032	8,446
Net income for the period	13,195	21,421
Comprehensive income for the period	\$ 13,195	\$ 21,421
Basic and diluted income per share	\$ 0.21	\$ 0.33

See accompanying notes to interim condensed consolidated financial statements.

LABRADOR IRON ORE ROYALTY CORPORATION

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,	
<i>(in thousands of Canadian dollars)</i>	2026	2025
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income for the period	\$ 13,195	\$ 21,421
Items not affecting cash:		
Equity losses (earnings) in IOC	6,432	(3,263)
Current income taxes	8,452	8,466
Deferred income taxes	(1,420)	(20)
Amortization of royalty and commission interests	1,479	1,656
Change in amounts receivable	6,247	13,236
Change in accounts payable	(1,463)	(2,912)
Income taxes paid	(9,795)	(13,842)
Cash flow from operating activities	23,127	24,742
Financing		
Dividend paid to shareholders	(22,400)	(48,000)
Cash flow used in financing activities	(22,400)	(48,000)
Increase (decrease) in cash, during the period	727	(23,258)
Cash, beginning of period	14,568	42,300
Cash, end of period	\$ 15,295	\$ 19,042

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
Balance as at December 31, 2024	64,000,000	\$ 317,708	\$ 330,966	\$ (5,742)	\$ 642,932
Net income for the period	—	—	21,421	—	21,421
Dividend declared to shareholders	—	—	(32,000)	—	(32,000)
Share of other comprehensive income from investment in IOC (net of taxes)	—	—	—	—	—
Balance as at March 31, 2025	64,000,000	\$ 317,708	\$ 320,387	\$ (5,742)	\$ 632,353
Balance as at December 31, 2025	64,000,000	\$ 317,708	\$ 332,350	\$ (4,850)	\$ 645,208
Net income for the period	—	—	13,195	—	13,195
Dividend declared to shareholders	—	—	(19,200)	—	(19,200)
Share of other comprehensive income from investment in IOC (net of taxes)	—	—	—	—	—
Balance as at March 31, 2026	64,000,000	\$ 317,708	\$ 326,345	\$ (4,850)	\$ 639,203

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 May 4, 2026.

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, 2025. 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, 2025.

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

	March 31, 2026	December 31, 2025
IOC royalties	\$35,457	\$42,019
IOC commissions	121	107
Other	335	32
	<u>\$35,911</u>	<u>\$42,158</u>

5. Investment in IOC

	March 31, 2026	December 31, 2025
Investment in IOC, beginning of period	\$ 541,248	\$ 524,340
Equity earnings in IOC	(6,432)	15,859
Other comprehensive income of IOC	—	1,049
Investment in IOC, end of period	<u>\$ 534,816</u>	<u>\$ 541,248</u>

The excess of cost of the Investment in IOC over the book value of underlying net assets amounts to \$35,744 as at March 31, 2026 (December 31, 2025 – \$35,997) 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 March 31,	
	2026	2025
Income before income taxes	\$20,227	\$29,867
Income taxes at combined federal and provincial statutory tax rates of 30.0%	6,068	8,960
Increase (decrease) in income taxes resulting from:		
Undistributed equity losses (earnings) in investment in IOC	965	(489)
Other	(1)	(25)
Income tax expense	<u>\$ 7,032</u>	<u>\$ 8,446</u>

The deferred tax liability is comprised of the following:

	Opening Balance	Recognized in net income	Recognized in other comprehensive income	Closing Balance
December 31, 2025				
Difference in tax and book value of assets	\$ 132,526	\$ 525	\$157	\$ 133,208
Tax benefit of deductible temporary differences	(336)	28	—	(308)
Net deferred income tax liability	<u>\$ 132,190</u>	<u>\$ 553</u>	<u>\$157</u>	<u>\$ 132,900</u>
March 31, 2026				
Difference in tax and book value of assets	\$ 133,208	\$ (1,409)	\$ —	\$ 131,799
Tax benefit of deductible temporary differences	(308)	(11)	—	(319)
Net deferred income tax liability	<u>\$ 132,900</u>	<u>\$ (1,420)</u>	<u>\$ —</u>	<u>\$ 131,480</u>

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 March 31, 2026 was comprised of salaries, restricted share units ("RSUs"), performance share units ("PSUs") and fees totaling \$338 (2025 – \$350).

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 March 30, 2026, there were nil (December 31, 2025 – 1,740) RSUs awarded and outstanding. For the three month period ended March 31, 2026, compensation expense of approximately \$1 (2025 – \$18) 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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2026, there were 17,925 (December 31, 2025 – 10,027) PSUs awarded and outstanding. For the three month period ended March 31, 2026, compensation expense (recovery) of approximately \$9 (2025 – (\$11)) was accrued in connection with the PSUs.

CORPORATE INFORMATION

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Dorothea E. Mell⁽²⁾

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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

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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
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