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, 2026.

Financial Performance

In the third quarter of 2026, LIORC's financial results continued to be negatively affected by low concentrate for sale ("CFS") and pellet sales volumes. In addition, net realized prices in the quarter were lower due to lower iron ore prices and increased shipping costs. Royalty revenue for the third quarter of 2026 was $40.1 million, an 8% decrease from the third quarter of 2025 and a 19% increase from the second quarter of 2026. Equity earnings (losses) from Iron Ore Company of Canada ("IOC") totaled $3.9 million in the third quarter of 2026 compared to $8.6 million in the third quarter of 2025 and ($7.6) million in the second quarter of 2026. Net income for the third quarter of 2026 was $0.38 per share, which was an 18% decrease from the same period in 2025 and a 123% increase from the second quarter of 2026. The adjusted cash flow for the third quarter of 2026 was $0.35 per share, an 8% decrease from the same period in 2025 and 21% higher than in the second quarter of 2026. 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 declined in the third quarter of 2026, pressured by weaker Chinese steel demand and continuing strong supply. According to data from the World Steel Association, overall global crude steel production during the third quarter of 2026 fell by 0.6% compared to the same period in 2025. In China, third-quarter steel production fell 2.5% year-over-year. This contraction was primarily driven by protracted weakness in the domestic property market, which reduced demand for construction-grade steel. China's decline was partially offset by expansion in other regions, where non-China steel production grew by 1.5% year-over-year in the third quarter. In particular, India's crude steel production expanded by 2.8% year-over-year in the third quarter. This performance was underpinned by aggressive domestic infrastructure spending and a resilient automotive manufacturing sector. On the supply side, iron ore production remained strong. Combined sales from the world's three largest seaborne producers (Rio Tinto, Vale, and BHP) rose approximately 3% in the quarter ended September 30, 2026, compared with the same quarter of 2025, ensuring that global markets remained well supplied against a backdrop of declining demand.

Pellet premiums in the third quarter were supported by increased demand from global steelmakers seeking low-emission feedstocks to minimize direct carbon liabilities under the EU Carbon Border Adjustment Mechanism, now in effect. At the same time, tighter seaborne supply from Atlantic producers limited the availability of low-impurity pellets. Together, rising low-emission demand and constrained supply drove premiums higher despite weakness in the broader iron ore market.

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 2026, the 65% Fe index averaged US$113 per tonne, a 7% decrease from the prior quarter and a 4% decrease from the average of US$117 per tonne in the third 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 on 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$33 per tonne in the third quarter of 2026, up from an average of US$31 in the prior quarter. The Platts DR pellet premium for 67.5% Fe pellets over the 65% Fe index (the "DR pellet premium") was US$50 per tonne, up from an average of US$43 per tonne in the prior quarter and up from an average of US$37 per tonne in the same quarter of 2025.

Based on sales 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$105 per tonne in the third quarter of 2026, compared to approximately US$114 per tonne in the third quarter of 2025. Lower iron ore prices and increased shipping costs were partially offset by higher pellet premiums and a more favorable product sales mix (higher proportion of pellets relative to CFS).

Iron Ore Company of Canada Operations

Operations

IOC concentrate production in the third quarter of 2026 totaled 4.0 million tonnes, down 8% from the third quarter of 2025 and 30% higher than in the second quarter of 2026. The current performance reflects deliberate operational adjustments to address deferred waste removal, enhance long-term pit stability, and restore mining flexibility across the operations. Output was also constrained in the third quarter by AG mill availability and unplanned downtime issues at the concentrator. Total material moved in the third quarter of 2026 fell 4% year-over-year reflecting the baseline effect of external contractors utilized in the third quarter of 2025 but increased 5% compared to the first quarter of 2026. Stripping ratios and weight yields in the third quarter were consistent year-over-year.

IOC saleable production (CFS plus pellets) was 3.8 million tonnes in the third quarter of 2026, 5% lower than the same quarter of 2025 and 30% higher than in the second quarter of 2026, mainly due to the changes in concentrate production referred to above. Pellet production of 2.5 million tonnes was 3% higher than in the corresponding quarter in 2025 and 14% higher than in the second quarter of 2026. Pellet production was supported by improvements in induration machine availability in the third quarter relative to prior quarters. CFS production of 1.3 million tonnes was 16% lower than the same quarter of 2025 and 79% higher than in the second quarter of 2026 mainly due to the changes in concentrate production.

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 2026, 1% lower than in the same quarter of 2025 and 24% higher than in the second quarter of 2026. Sales tonnages were primarily affected by inventory availability. The third quarter of 2026 also saw a return to normal in-load rates at the port following the ore dumper replacement. Pellet sales tonnages increased 27% compared to the same quarter of 2025 and were 39% higher than in the second quarter of 2026. CFS sales tonnages were 37% lower than the same quarter of 2025 and 2% lower than the second quarter of 2026.

Outlook

Rio Tinto’s original 2026 guidance for IOC’s sales (CFS plus pellets) was 15 million to 18 million tonnes. In its third quarter production report, Rio Tinto did not comment on IOC specific guidance, however, based on the results of the first nine months, LIORC believes that 2026 sales will more likely be at or below the low end of the original guidance. This compares to IOC sales of 15.7 million tonnes in 2025.

Operationally, IOC continues to execute on its multi-year strategic reset to improve pit health, access new ore, and increase profitability through cost control and asset reliability. LIORC expects these ongoing initiatives to constrain concentrate production for several years, which may limit the free cash flow available for IOC dividends to LIORC.

In October, the World Steel Association forecast that global steel demand will remain essentially flat in 2026 before rebounding with 1.7% growth in 2027. This delayed global recovery is primarily driven by a persistent structural contraction in China's real estate and infrastructure sectors, compounded by regional conflicts in the Middle East. Conversely, steel demand outside of China is projected to grow by a robust 4.0% in 2027, fueled by a broad industrial turnaround in developed nations and rapid, infrastructure-led expansion in India.

The Australian Government’s September 2026 Resources and Energy Quarterly forecasts that lower Chinese steel production, rising port stocks, increased scrap use, and higher Electric Arc Furnace production will reduce China's iron ore

imports. This declining demand, combined with modest increases in seaborne supply, including output from the Simandou project, is expected to lower iron ore prices.

Since the end of the third quarter, iron ore prices have continued to soften, while pellet premiums continue to find increased support. In October 2026, the 65% Fe index averaged US$106 per tonne, while the BF and DR pellet premiums were US$37 per tonne and US$58 per tonne, respectively.

LIORC remains debt-free, and as of September 30, 2026, had positive net working capital (current assets less current liabilities) of $29 million, which included the third quarter net royalty payment received from IOC on October 25, 2026, and the LIORC dividend in the amount of $0.30 per share paid to shareholders on October 28, 2026.

Respectfully submitted on behalf of the Directors of the Corporation,

John F. Tuer
President and Chief Executive Officer
November 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 September 30, 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in millions except per share information)			
Revenue	40.5	44.0	110.5	126.9
Equity (losses) earnings from IOC	3.9	8.6	(10.1)	14.1
Net income	24.5	30.4	49.0	78.4
Net income per share	$ 0.38	$ 0.47	$ 0.77	$ 1.22
Cash flow from operations	20.4	32.7	61.2	75.2
Cash flow from operations per share[(1)]	$ 0.32	$ 0.51	$ 0.96	$ 1.18
Adjusted cash flow[(1)]	22.3	24.2	60.6	69.8
Adjusted cash flow per share[(1)]	$ 0.35	$ 0.38	$ 0.95	$ 1.09
Dividends declared per share	$ 0.30	$ 0.40	$ 0.90	$ 1.20

[(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 third quarter of 2026, LIORC's financial results were negatively impacted by lower sales volumes. In addition, net realized prices in the quarter were lower due to lower iron ore prices and increased shipping costs, partially offset by higher pellet premiums and a more favorable product sales mix (higher proportion of pellets relative to CFS). As a result, royalty revenue fell to $40.1 million from $43.5 million in the same period last year. Total sales tonnages were down 1% compared to the third quarter of 2025, as volumes were constrained by reduced saleable production at IOC, driven by the strategic operational reset—focused on catching up on deferred waste removal, advancing pit health, and restoring operational optionality. By product line, CFS sales tonnages decreased 37%, while pellet sales increased 27%.

Net income and equity earnings from IOC decreased in the third quarter of 2026 compared to the third quarter of 2025, due to an 8% decrease in net realized price per tonne and a 2% increase in cash costs per tonne, as fixed costs were spread over fewer tonnes produced. Equity earnings from IOC amounted to $3.9 million or $0.06 per share in the third quarter of 2026 compared to $8.6 million or $0.13 per share for the same period in 2025. Cash flow from operations in the third quarter of 2026 was $20.4 million, or $0.32 per share, compared to $32.7 million or 0.51 per share for the same period in 2025. LIORC received no IOC dividend in the third quarter of 2026 or in the third quarter of 2025.

Operating Highlights

IOC Operations	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
		(in millions of tonnes)		
Sales[1]				
Pellets	2.78	2.19	6.89	6.81
Concentrate for sale ("CFS")[2]	1.09	1.72	3.39	5.00
Total[3]	3.87	3.91	10.27	11.80
Production				
Concentrate produced	4.05	4.41	10.82	13.13
Saleable production				
Pellets	2.46	2.40	6.35	6.96
CFS	1.34	1.59	3.82	5.22
Total[3]	3.81	4.00	10.17	12.18
Average index prices per tonne (US$)				
65% Fe index[4]	$ 113	$ 117	$ 118	$ 114
BF pellet premium[5]	$ 33	n/a	$ 31	n/a
DR pellet premium[6]	$ 50	$ 37	$ 45	$ 43

(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 Direct Reduction 67.5% Fe pellet premium (65% Fe fines basis).

IOC sells CFS based on the 65% Fe index. In the third quarter of 2026, the 65% Fe index averaged US$113 per tonne, a 7% decrease over the prior quarter and a 4% decrease over the average of US$117 per tonne in the third quarter of 2025. Iron ore prices declined in the third quarter of 2026, pressured by weaker Chinese steel demand and continuing strong supply. A 2.5% year-over-year third-quarter decline in China's steel production was partially offset by expansion elsewhere in the world, including India, where steel production increased by 2.8%. On the supply side, global markets remained well supplied as the top three seaborne producers (Rio Tinto, Vale, and BHP) increased combined sales by approximately 3% year-over-year, ensuring that global markets remained well supplied against a backdrop of declining demand.

Pellet premiums in the third quarter were supported by increased demand from global steelmakers seeking low-emission feedstocks to minimize direct carbon liabilities under the EU Carbon Border Adjustment Mechanism, now in effect. At the same time, tighter seaborne supply from Atlantic producers limited the availability of low-impurity pellets. Together, rising low-emission demand and constrained supply drove premiums higher despite weakness in the broader iron ore market. IOC sells BF and DR pellets based on a premium to the 65% Fe index. The BF pellet premium averaged US$33 per tonne in the third quarter of 2026, up from an average of US$31 in the prior quarter. The DR pellet premium was US$50, up from an average of US$43 per tonne in the prior quarter and an average of US$37 per tonne in the same quarter of 2025.

Based on sales 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$105 per tonne in the third quarter of 2026, compared to approximately US$114 per tonne in the third quarter of 2025. Lower iron ore prices and increased shipping costs were partially offset by higher pellet premiums and a more favorable product sales mix (higher proportion of pellets relative to 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)						
2026							
First Quarter	35.9	13.2	$0.21	23.1	$0.36	$0.31	$0.30
Second Quarter	34.1	11.2	$0.17	17.7	$0.28	$0.29	$0.30
Third Quarter	40.5	24.5	$0.38	20.4	$0.32	$0.35	$0.30
2025							
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
2024							
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.*

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 $0.32 for the quarter (2025 - $0.51).

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, 2026	3 Months Ended Sept. 30, 2025	9 Months Ended Sept. 30, 2026	9 Months Ended Sept. 30, 2025
	($ in millions except per share information)			
Standardized cash flow from operating activities	20.4	32.7	61.2	75.2
Changes in amounts receivable, accounts payable and income taxes recoverable and payable	1.9	(8.5)	(0.6)	(5.4)
Adjusted cash flow	22.3	24.2	60.6	69.8
Adjusted cash flow per share	$0.35	$0.38	$0.95	$1.09

Liquidity and Capital Resources

The Corporation had $15.0 million in cash as at September 30, 2026 (December 31, 2025 - $14.6 million) with total current assets of $56.8 million (December 31, 2025 - $57.7 million). The Corporation had working capital of $29.4 million as at September 30, 2026 (December 31, 2025 - $26.4 million). The Corporation's operating cash flow was $20.4 million and the dividend paid during the quarter was $19.2 million, resulting in cash balances increasing by $1.2 million during the third 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, a commission of 10 cents 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, 2027 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.

There have been no changes in the Corporation's internal controls over financial reporting during the three-month period ended September 30, 2026, 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, 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.

John F. Tuer
President and Chief Executive Officer
Toronto, Ontario
November 4, 2026

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

(in thousands of Canadian dollars)	As at September 30, 2026	As at December 31, 2025
Assets		
Current Assets		
Cash	$ 14,982	$ 14,568
Amounts receivable (note 4)	39,407	42,158
Income taxes recoverable	2,431	984
Total Current Assets	56,820	57,710
Non-Current Assets		
Iron Ore Company of Canada ("IOC") royalty and commission interests	206,122	210,470
Investment in IOC (note 5)	531,428	541,248
Total Non-Current Assets	737,550	751,718
Total Assets	$ 794,370	$ 809,428
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 8,211	$ 8,920
Dividend payable	19,200	22,400
Total Current Liabilities	27,411	31,320
Non-Current Liabilities		
Deferred income taxes (note 6)	130,120	132,900
Total Liabilities	157,531	164,220
Shareholders' Equity		
Share capital	317,708	317,708
Retained earnings	323,714	332,350
Accumulated other comprehensive loss	(4,583)	(4,850)
	636,839	645,208
Total Liabilities and Shareholders' Equity	$ 794,370	$ 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

(in thousands of Canadian dollars)	For the Three Months Ended September 30, 2026	2025
Revenue		
IOC royalties	$ 40,068	$ 43,454
IOC commissions	381	399
Interest and other income	120	133
	40,569	43,986
Expenses		
Newfoundland royalty taxes	8,013	8,691
Amortization of royalty and commission interests	1,537	1,519
Administrative expenses	651	697
	10,201	10,907
Income before equity earnings and income taxes	30,368	33,079
Equity earnings in IOC	3,852	8,604
Income before income taxes	34,220	41,683
Provision for income taxes (note 6)		
Current	9,583	10,388
Deferred	120	850
	9,703	11,238
Net income for the period	$ 24,517	$ 30,445
Comprehensive income for the period	$ 24,517	$ 30,445
Basic and diluted income per share	$ 0.38	$ 0.47

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)	For the Nine Months Ended September 30, 2026	2025
Revenue		
IOC royalties	$ 109,151	$ 125,244
IOC commissions	1,011	1,176
Interest and other income	371	524
	110,533	126,944
Expenses		
Newfoundland royalty taxes	21,830	25,049
Amortization of royalty and commission interests	4,348	4,845
Administrative expenses	2,021	2,233
	28,199	32,127
Income before equity earnings and income taxes	82,334	94,817
Equity (losses) earnings in IOC	(10,134)	14,140
Income before income taxes	72,200	108,957
Provision for income taxes (note 6)		
Current	26,063	29,883
Deferred	(2,827)	688
	23,236	30,571
Net income for the period	48,964	78,386
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 2026 - $47; 2025 - $52)	267	296
Comprehensive income for the period	$ 49,231	$ 78,682
Basic and diluted income per share	$ 0.77	$ 1.22

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, 2026	2025
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income for the period	$ 48,964	$ 78,386
Items not affecting cash:		
Equity losses (earnings) in IOC	10,134	(14,140)
Current income taxes	26,063	29,883
Deferred income taxes	(2,827)	688
Amortization of royalty and commission interests	4,348	4,845
Change in amounts receivable	2,751	10,093
Change in accounts payable	(709)	(2,271)
Income taxes paid	(27,510)	(32,277)
Cash flow from operating activities	61,214	75,207
Financing		
Dividends paid to shareholders	(60,800)	(99,200)
Cash flow used in financing activities	(60,800)	(99,200)
Increase (decrease) in cash, during the period	414	(23,993)
Cash, beginning of period	14,568	42,300
Cash, end of period	$ 14,982	$ 18,307

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 except share amounts)	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	-	-	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
Balance as at December 31, 2025	64,000,000	$ 317,708	$ 332,350	$ (4,850)	$ 645,208
Net income for the period	-	-	48,964	-	48,964
Dividends declared to shareholders	-	-	(57,600)	-	(57,600)
Share of other comprehensive income from investment in IOC (net of taxes)	-	-	-	267	267
Balance as at September 30, 2026	64,000,000	$ 317,708	$ 323,714	$ (4,583)	$ 636,839

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 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 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 Corporation is currently assessing the impact of the standard on its financial statements.

4. Amounts Receivable

	September 30, 2026	December 31, 2025
IOC royalties	$ 39,127	$ 42,019
IOC commissions	130	107
Other	150	32
	$ 39,407	$ 42,158

5. Investment in IOC

	September 30, 2026	December 31, 2025
Investment in IOC, beginning of period	$ 541,248	$ 524,340
Equity earnings in IOC	(10,134)	15,859
Other comprehensive income of IOC	314	1,049
Investment in IOC, end of period	$ 531,428	$ 541,248

The excess of cost of the Investment in IOC over the book value of underlying net assets amounts to $35,253 as at September 30, 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.

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,	
	2026	2025	2026	2025
Income before income taxes	$ 34,220	$ 41,683	$ 72,200	$ 108,957
Income taxes at combined federal and provincial statutory tax rates of 30.0%	10,266	12,505	21,660	32,687
Increase (decrease) in income taxes resulting from:				
Undistributed equity losses (earnings) in investment in IOC	(578)	(1,291)	1,520	(2,121)
Other	15	24	56	5
Income tax expense	$ 9,703	$ 11,238	$ 23,236	$ 30,571

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	$ 132,190	$ 553	$ 157	$ 132,900
September 30, 2026				
Difference in tax and book value of assets	$ 133,208	$ (2,831)	$ 47	$ 130,424
Tax benefit of deductible temporary differences	(308)	4	-	(304)
Net deferred income tax liability	$ 132,900	$ (2,827)	$ 47	$ 130,120

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, 2026 was comprised of salaries, restricted share units ("RSUs"), performance share units ("PSUs") and fees totaling $342 (2025 - $314). Their remuneration for the nine months ended September 30, 2026 was comprised of salaries, RSUs, PSUs and fees totaling $1,043 (2025 - $990)

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, 2026, there were nil (December 31, 2025 - 1,740) RSUs awarded and outstanding. For the three and nine month period ended September 30, 2026, compensation expense of $0 (2025 - $8) and $0 (2025 -$30) 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.

As at September 30, 2026, there were 18,345 (December 31, 2025 - 10,027) PSUs awarded and outstanding. For the three month and nine month period ended September 30, 2026, compensation expense of approximately $12 (2025 - $14) and $44 (2025 - $15) was accrued in connection with the PSUs.

Corporate Information **Administration and Investor Relations**	**Registrar & Transfer Agent**
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Directors	**Legal Counsel**
Douglas F. McCutcheon [(1)(2)] President of Longview Asset Management Ltd	McCarthy Tétrault LLP Toronto, Ontario
	Auditors
Mark J. Fuller [(2)] Company Director	KPMG LLP Toronto, Ontario
Peter A. Ingram [(2)] Managing Director, Global Head of Engineering, Capital Markets, BMO	**Stock Exchange Listing** The Toronto Stock Exchange
Dorothea E. Mell [(2)] Company Director	**Symbol** LIF
Sandra L. Rosch Executive Vice President Labrador Iron Ore Royalty Corporation	**Website** www.labradorironore.com
John F. Tuer President and Chief Executive Officer Labrador Iron Ore Royalty Corporation	**E-mail** investor.relations@labradorironore.com
Patricia M. Volker [(2)] Company Director	
Officers	
John F. Tuer President and Chief Executive Officer	**Stephen D. Pearce** Chief Financial Officer
Sandra L. Rosch Executive Vice President	**Robert O. Hansen** Secretary

(1) Chair of the Board
(2) Member of Audit and Governance and Human Resources Committee