LABRADOR IRON ORE
ROYALTY CORPORATION

225

FIRST 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 first quarter report for the period ended March 31, 2025.

Financial Performance

In the first quarter of 2025, LIORC's financial results were negatively affected by lower sales tonnages of pellets and concentrate for sale ("CFS"), and lower iron ore prices and pellet premiums. Royalty revenue for the first quarter of 2025 of $35.6 million was 36% lower than the first quarter of 2024 and 37% lower than the fourth quarter of 2024. Equity earnings from Iron Ore Company of Canada ("IOC") were $3.3 million in the first quarter of 2024 compared to $34.3 million in the first quarter of 2024. Net income per share for the first quarter of 2025 was $0.33 per share, which was a 64% decrease from the same period in 2024 and a 33% decrease from the fourth quarter of 2024. The adjusted cash flow per share for the first quarter of 2025 was $0.31 per share, which was 37% lower than in the same period in 2024 and 63% lower than the fourth quarter of 2024. While adjusted cash flow is not a recognized measure under IFRS Accounting Standards, the Directors believe that it is a useful analytical measure as it better reflects cash available for dividends to shareholders.

Iron ore prices were lower in the first quarter of 2025 as the European steel market remained weak due to soft demand and high producer stocks and China dealt with slowing economic growth, in part due to its problematic property sector. According to the World Steel Association, global crude steel production in the first quarter of 2025 was flat relative to the first quarter of 2024. This is consistent with the longer-term trend that has seen no growth in China crude steel production over the last 5 years (2019-2024), compared to an average growth of 4% per year over the five years prior (2014-2019). On the supply side, expectations are for an increase in seaborne supply in 2025 despite lower shipments in the first quarter. While shipments from Vale in the first quarter were affected by seasonal rainfall in Brazil, volumes remained within the normal range for this time of year, and as the rainy season ends volumes are expected to rise through the second quarter. Additionally, Samarco continues to ramp up production following the commissioning of their new concentrator. Shipments from major Australian miners, which had been negatively impacted in the first quarter by storms, are now operating at high levels as producers work to make up for lost volumes.

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 2025, the 65% Fe index averaged US$117 per tonne, a 1% decrease from the prior quarter and a 14% decrease from the average of US$136 per tonne in the first quarter of 2024.

The monthly Atlantic Blast Furnace 65% Fe pellet premium index as quoted by Platts (the "pellet premium") averaged US$35 per tonne in the first quarter of 2025, down 12% from an average of US$40 per tonne in the same quarter of 2024, as soft demand and high producer stocks resulted in EU pellet imports being approximately 30% lower than the annual average in 2024. The demand for direct reduction ("DR") pellets was more stable, with the Middle East and North Africa region continuing to be the largest consumer of DR pellets. However, the influx of new supply has caused prices to consistently fall below the main market reference. The Platts Direct Reduction 67.5% Fe pellet premium (the "DR pellet premium") averaged US$54 per tonne in the first quarter of 2025, down 9% from an average of US$59 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$110 per tonne in the first quarter of 2025, compared to approximately US$133 per tonne in the first quarter of 2024.

Iron Ore Company of Canada Operations

Operations

IOC concentrate production in the first quarter of 2025 of 4.3 million tonnes was 10% lower than the same quarter of 2024 and 13% lower than the fourth quarter of 2024. Total mine material moved in the quarter increased by 30% over the same quarter last year, as a result of the use of additional haul trucks, an increase in haul truck availability and higher contractor movement of material. However, the increase in material moved was more than offset by a higher strip ratio, resulting in a reduction in ore delivered to the concentrator. In addition, concentrate production in the first quarter of 2025 was negatively impacted by a lower weight yield, mainly driven by a lower spiral plant yield due to changes in the mining sequence (due to ore and loading unit availability), and a lower crude iron content.

IOC saleable production (CFS plus pellets) of 3.9 million tonnes in the first quarter of 2025 was 11% lower than the same quarter of 2024. Pellet production of 2.3 million tonnes was 8% lower than the corresponding quarter in 2024, mainly due to induration machine #2 refractory repairs, plant reliability issues, and a lower amount of feed from the concentrator. CFS production of 1.6 million tonnes was 16% lower than the same quarter of 2024 mainly due to a lower amount of concentrate production referred to above.

Sales as Reported for the LIORC Royalty

Total iron ore sales tonnage by IOC (CFS plus pellets) of 3.2 million tonnes in the first quarter of 2025 was 26% lower than the total sales tonnage for the same period in 2024 and 24% lower than the fourth quarter of 2024. The decrease in IOC sales tonnage was largely a result of inventory availability and timing of vessels. Pellet sales tonnages were 12% lower than the same quarter of 2024 and 7% lower than the fourth quarter of 2024. CFS sales tonnages were 43% lower than the same quarter of 2024 and 43% lower than the fourth quarter of 2024.

Outlook

Rio Tinto's 2025 guidance for IOC's saleable production (CFS plus pellets) remains at 16.5 million to 19.4 million tonnes. This compares to 16.1 million tonnes of saleable production in 2024. IOC continues to focus on upgrading its capital assets through increased capital expenditures. As reported in the 2024 Annual Report, IOC's capital expenditures for 2025 are forecasted to be US$342 million, down from US$376 million in 2024.

The outlook for iron ore pricing in the second quarter remains uncertain. Currently the market is in a wait-and-see mode, as geopolitical developments involving US and reciprocal tariffs are evolving rapidly and continue to significantly impact market conditions. While China exports very little crude steel to the US, increases in US tariffs on imports from China could indirectly impact China's steel sector, as China exports large volumes of manufactured goods to the US with substantial embodied steel inputs. A material reduction in these exports could reduce Chinese demand for steel, depressing steel prices and mill profitability, in turn placing downward pressure on iron ore prices. The World Steel Association, which typically releases a bi-annual short-range outlook for steel demand in April has decided to defer providing an outlook at this time, stating that it believes that the imposition of tariffs by the US administration could render such a report outdated. In April 2025, the 65% Fe index averaged US$112 per tonne or 4% lower than the average in first quarter of 2025.

US tariffs could also directly affect IOC current sales arrangements. Currently about 11% of IOC's product is sold into the US. This is mainly in the form of DR pellets. IOC also sells DR pellets into Europe and the Middle East/North Africa. The implementation of import tariffs on iron ore from Canada would significantly affect trade flows, prompting US direct reduction iron ore producers to seek alternative supply sources to mitigate the increased costs of Canadian ore. In such a circumstance IOC should be able to successfully reposition DR pellet sales to the Middle East/North Africa.

LIORC has no debt and at March 31, 2025, had positive net working capital (current assets less current liabilities) of $22 million, which included the first quarter net royalty payment received from IOC on April 25, 2025 and the LIORC dividend in the amount of $0.50 per share paid to shareholders on the next day.

Respectfully submitted on behalf of the Directors of the Corporation,

John F. Tuer
President and Chief Executive Officer
May 7, 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 March 31, 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 March 31, 2025	Three Months Ended March 31, 2024
	($ in millions except per share information)	
Revenue	36.2	56.7
Equity earnings from IOC	3.3	34.3
Net income	21.4	59.3
Net income per share	$ 0.33	$ 0.93
Cash flow from operations	24.7	30.0
Cash flow from operations per share(1)	$ 0.39	$ 0.47
Adjusted cash flow(1)	19.8	31.3
Adjusted cash flow per share(1)	$ 0.31	$ 0.49
Dividends declared per share	$ 0.50	$ 0.45

(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 lower revenue, net income and equity earnings from IOC achieved in the first quarter of 2025 as compared to 2024 were mainly due to lower sales tonnages of pellets and CFS, as well as lower iron ore prices and pellet premiums. The first quarter of 2025 sales tonnages (CFS plus pellets) were lower by 26%, predominantly due to lower availability of inventory and timing of vessels. CFS sales tonnages were 43% lower than the same quarter in 2024, and pellet sales tonnage were 12% lower.

The lower pellet and CFS sales tonnages resulted in royalty income of $35.6 million for the quarter as compared to $56.0 million for the same period in 2024. First quarter 2025 cash flow from operations was $24.7 million or $0.39 per share compared to $30.0 million or $0.47 per share for the same period in 2024. Equity earnings from IOC amounted to $3.3 million or $0.05 per share in the first quarter of 2025 compared to $34.3 million or $0.54 per share for the same period in 2024.

Operating Highlights

IOC Operations	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
	(in millions of tonnes)	
Sales[1]		
Pellets	2.15	2.45
Concentrate for sale ("CFS")[2]	1.10	1.92
Total[3]	3.25	4.37
Production		
Concentrate produced	4.25	4.75
Saleable production		
Pellets	2.33	2.53
CFS	1.61	1.92
Total[3]	3.95	4.45
Average index prices per tonne (US$)		
65% Fe index[4]	$ 117	$ 136
62% Fe index[5]	$ 104	$ 124
Pellet premium[6]	$ 35	$ 40

(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 first quarter of 2025, the 65% Fe index averaged US$117 per tonne, a 14% decrease from the average of US$136 per tonne in the first quarter of 2024, as the European steel market remained weak due to soft demand and high producer stocks and China dealt with slowing economic growth, in part due to its problematic property sector. On the supply side, expectations are for an increase in seaborne supply in 2025 despite lower shipments in the first quarter. The monthly pellet premium averaged US$35 per tonne in the first quarter of 2025, down 12% from an average of US$40 per tonne in the same quarter of 2024, as soft demand and high producer stocks resulted in EU pellet imports being approximately 30% lower than the annual average in 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$110 per tonne in the first quarter of 2025 compared to US$133 per tonne in the first quarter of 2024. The decrease in the average realized price FOB Sept-Îles in 2025 was a result of lower CFS prices and lower pellet premiums.

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)						
2025							
First Quarter	36.2	21.4	$ 0.33	24.7	$ 0.39	$ 0.31	$ 0.50
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
2023							
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.

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 $0.39 for the quarter (2024 – $0.47).

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, 2025	**3 Months Ended Mar. 31, 2024**
	($ in millions except per share information)	
Standardized cash flow from operating activities	$ 24.7	$ 30.0
Changes in amounts receivable, accounts payable and income taxes recoverable and payable	(4.9)	1.3
Adjusted cash flow	$ 19.8	$ 31.3
Adjusted cash flow per share	$ 0.31	$ 0.49

Liquidity and Capital Resources

The Corporation had $19.0 million in cash as at March 31, 2025 (December 31, 2024 – $42.3 million) with total current assets of $62.2 million (December 31, 2024 – $95.1 million). The Corporation had working capital of $21.9 million as at March 31, 2024 (December 31, 2024 – $34.1 million). The Corporation's operating cash flow was $24.7 million and the dividend paid during the quarter was $48.0 million, resulting in cash balances decreasing by $23.3 million during the first 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

The President and CEO and the CFO are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Corporation. Two directors serve as directors of IOC and IOC provides monthly reports on its operations to them. The Corporation also relies on financial information provided by IOC, including its audited financial statements, and other material information provided to the President and CEO and the CFO by officers of IOC. IOC is a private corporation, and its financial statements are not publicly available.

The Directors are informed of all material information relating to the Corporation and its subsidiary by the officers of the Corporation on a timely basis and approve all core disclosure documents including the Management Information Circular, the annual and interim financial statements and related Management's Discussion and Analysis, the Annual Information Form, any prospectuses and all press releases related to the disclosure of quarterly and annual financial statements and the declaration of dividends. An evaluation of the design and operating effectiveness of the Corporation's disclosure controls and procedures was conducted under the supervision of the President and CEO and CFO. Based on their evaluation, they concluded that the Corporation's disclosure controls and procedures were effective in ensuring that all material information relating to the Corporation was accumulated and communicated for the three month period ended March 31, 2025.

Management's Discussion and Analysis

The President and CEO and the CFO have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. An evaluation of the design and operating effectiveness of the Corporation's internal control over financial reporting was conducted under the supervision of the President and CEO and CFO. Based on their evaluation, they concluded that the Corporation's internal control over financial reporting was effective as of March 31, 2025. In making this assessment, management used the criteria specified in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The preparation of financial statements requires the Corporation's management to make estimates and assumptions that affect the reported amounts of the assets, liabilities, revenue and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Corporation's reported financial results. Estimates are deemed critical when the Corporation's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the consolidated financial statements of future periods.

No material changes in the Corporation's internal control over financial reporting occurred during the period beginning on January 1, 2025 and ended on March 31, 2025.

John F. Tuer
President and Chief Executive Officer

Toronto, Ontario
May 7, 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

(in thousands of Canadian dollars)	As at March 31, 2025	2024
	(Unaudited)	
Assets		
Current Assets		
Cash	$ 19,042	$ 42,300
Amounts receivable (note 4)	39,607	52,843
Income taxes recoverable	3,576	—
Total Current Assets	62,225	95,143
Non-Current Assets		
Iron Ore Company of Canada (“IOC”) royalty and commission interests	214,988	216,644
Investment in IOC (note 5)	527,603	524,340
Total Non-Current Assets	742,591	740,984
Total Assets	$ 804,816	$ 836,127
Liabilities and Shareholders’ Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 8,293	$ 11,205
Dividend payable	32,000	48,000
Income taxes payable	—	1,800
Total Current Liabilities	40,293	61,005
Non-Current Liabilities		
Deferred income taxes (note 6)	132,170	132,190
Total Liabilities	172,463	193,195
Shareholders’ Equity		
Share capital	317,708	317,708
Retained earnings	320,387	330,966
Accumulated other comprehensive loss	(5,742)	(5,742)
	632,353	642,932
Total Liabilities and Shareholders’ Equity	$ 804,816	$ 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 March 31, 2025	2024
	(Unaudited)	
Revenue		
IOC royalties	$ 35,568	$ 55,983
IOC commissions	320	430
Interest and other income	280	246
	36,168	56,659
Expenses		
Newfoundland royalty taxes	7,114	11,197
Amortization of royalty and commission interests	1,656	1,622
Administrative expenses	794	831
	9,564	13,650
Income before equity earnings and income taxes	26,604	43,009
Equity earnings in IOC	3,263	34,324
Income before income taxes	29,867	77,333
Provision for income taxes (note 6)		
Current	8,466	13,336
Deferred	(20)	4,670
	8,446	18,006
Net income for the period	21,421	59,327
Comprehensive income for the period	$ 21,421	$ 59,327
Basic and diluted income per share	$ 0.33	$ 0.93

See accompanying notes to interim condensed consolidated financial statements.

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

(in thousands of Canadian dollars)	For the Three Months Ended March 31, 2025	2024
	(Unaudited)	
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income for the period	$ 21,421	$ 59,327
Items not affecting cash:		
Equity earnings in IOC	(3,263)	(34,324)
Current income taxes	8,466	13,336
Deferred income taxes	(20)	4,670
Amortization of royalty and commission interests	1,656	1,622
Change in amounts receivable	13,236	(3,541)
Change in accounts payable	(2,912)	400
Income taxes paid	(13,842)	(11,445)
Cash flow from operating activities	24,742	30,045
Financing		
Dividend paid to shareholders	(48,000)	(28,800)
Cash flow used in financing activities	(48,000)	(28,800)
(Decrease) increase in cash, during the period	(23,258)	1,245
Cash, beginning of period	42,300	13,192
Cash, end of period	$ 19,042	$ 14,437

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
			(Unaudited)		
Balance as at December 31, 2023	64,000,000	$ 317,708	$ 347,927	$ (6,303)	$ 659,332
Net income for the period	—	—	59,327	—	59,327
Dividend declared to shareholders	—	—	(28,800)	—	(28,800)
Balance as at March 31, 2024	64,000,000	$ 317,708	$ 378,454	$ (6,303)	$ 689,859
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)
Balance as at March 31, 2025	64,000,000	$ 317,708	$ 320,387	$ (5,742)	$ 632,353

See accompanying notes to interim condensed consolidated financial statements.

(in thousands of Canadian dollars)

1. Corporate Information

Labrador Iron Ore Royalty Corporation (the "Corporation") directly and through its wholly-owned subsidiary, Hollinger Hanna Limited ("Hollinger-Hanna"), holds a 15.10% equity interest in Iron Ore Company of Canada ("IOC"), a 7% gross overriding royalty on all iron ore products produced, sold 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 7, 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 IFRS Accounting Standards for annual audited consolidated financial statements and 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 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, 2025	December 31, 2024
IOC royalties	$39,133	$52,640
IOC commissions	104	142
Other	369	52
	$39,607	$52,834

5. Investment in IOC

	March 31, 2025	December 31, 2024
Investment in IOC, beginning of period	$ 524,340	$ 546,614
Equity earnings in IOC	3,263	60,640
Other comprehensive income of IOC	—	661
Common share dividend received	—	(83,575)
Investment in IOC, end of period	$ 527,603	$ 524,340

The excess of cost of the Investment in IOC over the book value of underlying net assets amounts to $36,770 as at March 31, 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.

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, 2025	2024
Income before income taxes	$ 29,867	$ 77,333
Income taxes at combined federal and provincial statutory tax rates of 30.0%	8,960	23,200
(Decrease) increase in income taxes resulting from:		
Undistributed equity earnings in investment in IOC	(489)	(5,149)
Equity earnings distributed as dividends	—	—
Other	(25)	(45)
Income tax expense	$ 8,446	$ 18,006

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
March 31, 2025				
Difference in tax and book value of assets	$ 132,526	$ (13)	$ —	$ 132,513
Tax benefit of deductible temporary differences	(336)	(7)	—	(343)
Net deferred income tax liability	$ 132,190	$ (20)	$ —	$ 132,170

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, 2025 was comprised of salaries, restricted share units ("RSUs"), performance share units ("PSUs") and fees totaling $350 (2024 – $331).

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 31, 2025, there were 2,267 (December 31, 2024 – 6,374) RSUs awarded and outstanding. For the three month period ended March 31, 2025, compensation expense of approximately $18 (2024 – $16) 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 March 31, 2025, there were 13,065 (December 31, 2024 – 6,677) PSUs awarded and outstanding. For the three month period ended March 31, 2025, compensation (recovery) expense of approximately $(11) (2024 – $15) was accrued in connection with the PSUs.

Corporate Information

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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

Officers

John F. Tuer
President and Chief Executive Officer

Sandra L. Rosch
Executive Vice President

Alan R. Thomas
Chief Financial Officer

Robert O. Hansen
Secretary

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

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