

## **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 second quarter report for the period ended June 30, 2025.

### **Financial Performance**

In the second quarter of 2025, LIORC's financial results were negatively affected by lower iron ore prices and lower pellet premiums, partly offset by higher concentrate for sale ("CFS") sales tonnages. Royalty revenue for the second quarter of 2025 of \$46.2 million was 12% lower than the second quarter of 2024 and 30% higher than the first quarter of 2025. Equity earnings from Iron Ore Company of Canada ("IOC") were \$2.3 million in the second quarter of 2025 compared to \$18.5 million in the second quarter of 2024 and \$3.3 million in the first quarter of 2025. Net income per share for the second quarter of 2025 was \$0.42 per share, which was a 46% decrease over the same period in 2024 and a 27% increase over the first quarter of 2025. The adjusted cash flow per share for the second quarter of 2025 was \$0.40 per share, which was 64% lower than in the same period in 2024 and 30% higher than the first quarter of 2025. LIORC received no dividend from IOC in the second quarter of 2025, compared to a dividend from IOC in the amount of \$41.5 million in the second 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 decreased during the second quarter of 2025 as a result of lower steel demand, particularly from within China due to continuing issues with China's property sector. At the same time, the supply of global seaborne iron ore remained robust. According to the World Steel Association, global crude steel production was down 1% in the second quarter of 2025 compared to the prior quarter and was down 3% in the second quarter of 2025 compared to the second quarter of 2024, with most of that decline coming from China which was down 5%. On the supply side, shipments in the quarter ended June 30, 2025 for the world's three largest iron ore producers (Rio Tinto, Vale and BHP) were relatively consistent year over year (-1%, -3% and +2%, respectively) and increased over the last quarter by 15%, 17% and 15%, respectively.

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 second quarter of 2025, the 65% Fe index averaged US\$108 per tonne, a 7% decrease over the prior quarter and a 14% decrease over the average of US\$126 per tonne in the second 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 second quarter of 2025, down 18% from an average of US\$43 per tonne in the same quarter of 2024, as lower steel margins continued to cause steel producers to substitute higher quality pellets with less expensive lower quality iron ore.

Rio Tinto has disclosed that the average realised price achieved for IOC pellets, FOB Sept Îles, in the second quarter of 2025 was US\$127 per tonne, compared to US\$148 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\$107 per tonne in the second quarter of 2025, compared to approximately US\$127 per tonne in the second quarter of 2024.

### **Iron Ore Company of Canada Operations**

#### **Operations**

IOC concentrate production in the second quarter of 2025 of 4.5 million tonnes was 16% higher than the same quarter of 2024, and 5% higher than the first quarter of 2025. In the second quarter of 2025 IOC continued to focus on improving the pit health of the mining operations. Total mine material moved increased by 24% over the same quarter last year, as a result of increased truck payloads and higher contractor movement of material. However, the higher material

movement was partially offset by a higher strip ratio as a result of limited ore availability, resulting in a 13% increase over the same quarter of 2024 in ore delivered to the concentrator. While concentrate production in the second quarter of 2025 continued to be negatively impacted by a lower weight yield due to a lower spiral plant performance, there was a slight improvement relative to recent prior quarters.

IOC saleable production (CFS plus pellets) of 4.2 million tonnes in the second quarter of 2025 was 14% higher than the same quarter of 2024. Pellet production of 2.2 million tonnes was 4% higher than the corresponding quarter in 2024, predominantly as a result of equipment reliability issues and a site wide power outage that negatively impacted operations in the second quarter of 2024. CFS production of 2.0 million tonnes was 27% higher than the same quarter of 2024 mainly due to the higher production of concentrate referred to above.

### **Sales as Reported for the LIORC Royalty**

Total iron ore sales tonnage by IOC (CFS plus pellets) of 4.6 million tonnes in the second quarter of 2025 was 10% higher than the total sales tonnage for the same period in 2024 and 43% higher than the first quarter of 2025. The increase in IOC sales tonnage was largely a result of increased availability of inventory and timing of vessels. Pellet sales tonnages were 2% lower than the same quarter of 2024 and 15% higher than the first quarter of 2025. CFS sales tonnages were 28% higher than the same quarter of 2024 and 98% higher than the first quarter of 2025.

### **Outlook**

In its second quarter production report, Rio Tinto disclosed that the 2025 guidance for IOC's saleable production (CFS plus pellets) remains at 16.5 million to 19.4 million tonnes. This compares to 16.1 million tonnes of saleable production in 2024 and 8.2 million tonnes of saleable production in the first half of 2025. IOC has updated its outlook for capital expenditures in 2025. IOC is now forecasting that its 2025 capital expenditure will be US\$299 million, down from the originally budgeted US\$342 million. To date, IOC's capital expenditures are on track with the updated forecast.

Since the end of the second quarter, iron ore prices have remained relatively stable, while pellet premiums have continued to decline. In July 2025, the 65% Fe index averaged US\$112 per tonne and the July pellet premium was US\$27 per tonne. Longer term the outlook for iron ore prices remains challenging. According to S&P Global Commodity Insights prices for the Platts index for 62% Fe, CFR China ("62% Fe index") are projected to average \$97 per tonne in 2025 gradually declining to \$80 per tonne by 2029, as a result of a combination of increasing global supply and softening steel demand, especially from China, before recovering to \$95 per tonne by 2035 as trade balances tighten. The expected surplus in seaborne iron ore is largely driven by the launch of the Simandou greenfield project in Guinea and increasing exports from Brazil. The demand for steel in China is expected to remain muted as a result of the protracted slowdown in the domestic property sector, and the rising trade tensions from US-China tariffs. The recent anti-dumping measures imposed by India and Southeast Asian nations are anticipated to restrict China's steel exports. On a more optimistic note, S&P Global Commodity Insights expects the premium for high-grade iron ore (65% Fe Index over the 62% Fe Index) to increase in the long run as the steel industry increases the use of high-grade iron ore as a means to lower carbon emissions.

LIORC has no debt and at June 30, 2025 had positive net working capital (current assets less current liabilities) of \$29 million, which included the second quarter net royalty payment received from IOC on July 25, 2025 and the LIORC dividend in the amount of \$0.30 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  
August 6, 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 June 30, 2025 interim condensed consolidated financial statements.

### Overview of the Business

The Corporation's revenues are entirely dependent on the operations of IOC as its principal assets relate to the operations of IOC and its principal source of revenue is the 7% royalty it receives on all sales of iron ore products by IOC. In addition to the volume of iron ore sold, the Corporation's royalty revenue is affected by the price of iron ore and the Canadian – U.S. dollar exchange rate. The first quarter sales of IOC are traditionally adversely affected by the general winter operating conditions and are usually 15% – 20% of the annual volume, with the balance spread fairly evenly throughout the other three quarters. Because of the size of individual shipments, some quarters may be affected by the timing of the loading of ships that can be delayed from one quarter to the next.

### Financial Highlights

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(\$ in millions except per share information)				
Revenue	46.8	53.1	83.0	109.8
Equity earnings from IOC	2.3	18.5	5.5	52.8
Net income	26.5	50.2	47.9	109.5
Net income per share	\$ 0.42	\$ 0.78	\$ 0.75	\$ 1.71
Dividend from IOC	-	41.5	-	41.5
Cash flow from operations	17.7	82.1	42.5	112.1
Cash flow from operations per share <sup>(1)</sup>	\$ 0.28	\$ 1.28	\$ 0.66	\$ 1.75
Adjusted cash flow <sup>(1)</sup>	25.8	70.9	45.6	102.2
Adjusted cash flow per share <sup>(1)</sup>	\$ 0.40	\$ 1.11	\$ 0.71	\$ 1.60
Dividends declared per share	\$ 0.30	\$ 1.10	\$ 0.80	\$ 1.55

<sup>(1)</sup> 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 second quarter of 2025 as compared to 2024 were mainly due to lower iron ore prices and lower pellet premiums, partly offset by higher sales tonnages. The second quarter of 2025 sales tonnages (CFS plus pellets) were higher by 10%, predominantly due to an increase in the availability of inventory as a result of increased production levels. While CFS sales tonnages were 28% higher than the same quarter in 2024, pellet sales tonnages were 2% lower.

The lower iron ore prices and pellet premiums, partly offset by higher sales tonnages, resulted in royalty revenue of \$46.2 million for the quarter as compared to \$52.3 million for the same period in 2024. Second quarter 2025 cash flow from operations was \$17.7 million or \$0.28 per share compared to \$82.1 million or \$1.28 per share for the same period in 2024. LIORC received no IOC dividend in the second quarter of 2025 compared to \$41.5 million or \$0.65 per share for the same period in 2024. Equity earnings from IOC amounted to \$2.3 million or \$0.04 per share in the second quarter of 2025 compared to \$18.5 million or \$0.29 per share for the same period in 2024.

## Operating Highlights

	Three Months Ended June 30,		Six Months Ended June 30,	
IOC Operations	2025	2024	2025	2024
<i>(in millions of tonnes)</i>				
<b>Sales<sup>(1)</sup></b>				
Pellets	2.47	2.54	4.62	4.98
Concentrate for sale ("CFS") <sup>(2)</sup>	2.17	1.70	3.27	3.61
Total <sup>(3)</sup>	4.65	4.23	7.89	8.60
<b>Production</b>				
Concentrate produced	4.47	3.87	8.72	8.61
<b>Saleable production</b>				
Pellets	2.23	2.14	4.56	4.66
CFS	2.01	1.58	3.62	3.51
Total <sup>(3)</sup>	4.24	3.72	8.18	8.17
<b>Average index prices per tonne (US\$)</b>				
65% Fe index <sup>(4)</sup>	\$ 108	\$ 126	\$ 113	\$ 131
62% Fe index <sup>(5)</sup>	\$ 98	\$ 112	\$ 101	\$ 118
Pellet premium <sup>(6)</sup>	\$ 35	\$ 43	\$ 35	\$ 42

<sup>(1)</sup> For calculating the royalty to LIORC.

<sup>(2)</sup> Excludes third party ore sales.

<sup>(3)</sup> Totals may not add up due to rounding.

<sup>(4)</sup> The Platts index for 65% Fe, CFR China.

<sup>(5)</sup> The Platts index for 62% Fe, CFR China.

<sup>(6)</sup> The Platts Atlantic Blast Furnace 65% Fe pellet premium index.

IOC sells CFS based on the 65% Fe index. In the second quarter of 2025, the 65% Fe index averaged US\$108 per tonne, a 14% decrease over the average of US\$126 per tonne in the second quarter of 2024, as a result of lower steel demand, particularly from within China due to continuing issues with China's property sector. At the same time, the supply of global seaborne iron ore remained robust. The monthly pellet premium averaged US\$35 per tonne in the second quarter of 2025, down 18% from an average of US\$43 per tonne in the same quarter of 2024, as lower steel margins continued to cause steel producers to substitute higher quality pellets with less expensive lower quality iron ore.

Based on sales as reported for the LIORC royalty, the overall average price realized by IOC for CFS and pellets, FOB Sept-Îles, net of freight charges was approximately US\$107 per tonne in the second quarter of 2025 compared to approximately US\$127 per tonne in the second 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, as well as a lower percentage of pellet sales.

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.

	<u>Revenue</u>	<u>Net Income</u>	<u>Net Income per Share</u>	<u>Cash Flow from Operations</u>	<u>Cash Flow from Operations per Share</u>	<u>Adjusted Cash Flow per Share <sup>(1)</sup></u>	<u>Dividends Declared per Share</u>
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*(\$ in millions except per share information)*

## 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

## 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 <sup>(2)</sup>	\$1.28 <sup>(2)</sup>	\$1.11 <sup>(2)</sup>	\$1.10
Third Quarter	42.3	33.6	\$0.53	43.0 <sup>(3)</sup>	\$0.67 <sup>(3)</sup>	\$0.68 <sup>(3)</sup>	\$0.70
Fourth Quarter	56.9	31.9	\$0.50	46.8 <sup>(4)</sup>	\$0.73 <sup>(4)</sup>	\$0.83 <sup>(4)</sup>	\$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 <sup>(5)</sup>	\$0.64 <sup>(5)</sup>	\$0.75 <sup>(5)</sup>	\$0.65
Third Quarter	47.7	49.4	\$0.77	65.7 <sup>(6)</sup>	\$1.03 <sup>(6)</sup>	\$0.89 <sup>(6)</sup>	\$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 \$0.28 for the quarter (2024 - \$1.28).

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 Jun. 30, 2025	3 Months Ended Jun. 30, 2024	6 Months Ended Jun. 30, 2025	6 Months Ended Jun. 30, 2024
	<i>(\$ in millions except per share information)</i>			
Standardized cash flow from operating activities	17.7	82.1	42.5	112.1
Changes in amounts receivable, accounts payable and income taxes recoverable and payable	8.06	(11.1)	3.1	(9.9)
Adjusted cash flow	25.8	70.9	45.6	102.2
Adjusted cash flow per share	\$0.40	\$1.11	\$0.71	\$1.60

### Liquidity and Capital Resources

The Corporation had \$4.8 million in cash as at June 30, 2025 (December 31, 2024 - \$42.3 million) with total current assets of \$57.5 million (December 31, 2024 - \$95.1 million). The Corporation had working capital of \$28.5 million as at June 30, 2025 (December 31, 2024 - \$34.1 million). The Corporation's operating cash flow was \$17.7 million and the dividend paid during the quarter was \$32.0 million, resulting in cash balances decreasing by \$14.3 million during the second quarter of 2025.

Cash balances consist of deposits in Canadian dollars with a Canadian chartered bank. Amounts receivable primarily consist of royalty payments from IOC. Royalty payments are received in U.S. dollars and converted to Canadian dollars on receipt, usually 25 days after the quarter end. The Corporation does not normally attempt to hedge this short-term foreign currency exposure.

Operating cash flow of the Corporation is sourced entirely from IOC through the Corporation's 7% royalty, 10 cents commission per tonne and dividends from its 15.10% equity interest in IOC. The Corporation normally pays cash dividends from its free cash flow generated from IOC to the maximum extent possible, subject to the maintenance of appropriate levels of working capital.

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

### Disclosure Controls and Internal Control over Financial Reporting

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

There have been no changes in the Corporation's internal controls over financial reporting during the three-month period ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting. For the quarter ended June 30, 2025, the Chief Executive Officer and the Chief Financial Officer concluded that Labrador Iron Ore Royalty Corporation's disclosure controls and procedures, and internal control

over financial reporting are designed to provide reasonable assurance regarding the reliability of information disclosed in its filings, including its interim financial statements prepared in accordance with IFRS.

John F. Tuer  
President and Chief Executive Officer  
Toronto, Ontario  
August 6, 2025

### **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](http://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	
	June 30,	December 31,
	2025	2024
	(Unaudited)	
<b>Assets</b>		
Current Assets		
Cash	\$ 4,760	\$ 42,300
Amounts receivable (note 4)	47,781	52,843
Income taxes recoverable	4,982	-
Total Current Assets	57,523	95,143
Non-Current Assets		
Iron Ore Company of Canada ("IOC") royalty and commission interests	213,318	216,644
Investment in IOC (note 5)	530,224	524,340
Total Non-Current Assets	743,542	740,984
Total Assets	\$ 801,065	\$ 836,127
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,816	\$ 11,205
Dividend payable	19,200	48,000
Income taxes payable	-	1,800
Total Current Liabilities	29,016	61,005
Non-Current Liabilities		
Deferred income taxes (note 6)	132,080	132,190
Total Liabilities	161,096	193,195
Shareholders' Equity		
Share capital	317,708	317,708
Retained earnings	327,707	330,966
Accumulated other comprehensive loss	(5,446)	(5,742)
	639,969	642,932
Total Liabilities and Shareholders' Equity	\$ 801,065	\$ 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

	For the Three Months Ended	
	June 30,	
	2025	2024
<i>(in thousands of Canadian dollars except for per share information)</i>	<i>(Unaudited)</i>	
<b>Revenue</b>		
IOC royalties	\$ 46,222	\$ 52,286
IOC commissions	457	416
Interest and other income	111	423
	<u>46,790</u>	<u>53,125</u>
<b>Expenses</b>		
Newfoundland royalty taxes	9,244	10,457
Amortization of royalty and commission interests	1,670	1,647
Administrative expenses	742	684
	<u>11,656</u>	<u>12,788</u>
<b>Income before equity earnings and income taxes</b>	35,134	40,337
<b>Equity earnings in IOC</b>	<u>2,273</u>	<u>18,495</u>
<b>Income before income taxes</b>	<u>37,407</u>	<u>58,832</u>
<b>Provision for income taxes (note 6)</b>		
Current	11,029	12,597
Deferred	(142)	(3,939)
	<u>10,887</u>	<u>8,658</u>
<b>Net income for the period</b>	26,520	50,174
<b>Other comprehensive income</b>		
Share of other comprehensive income of IOC that will not be reclassified subsequently to profit or loss (net of income taxes of 2025 - \$52; 2024 - \$139)	<u>296</u>	<u>785</u>
<b>Comprehensive income for the period</b>	<u>\$ 26,816</u>	<u>\$ 50,959</u>
<b>Basic and diluted income per share</b>	<u>\$ 0.42</u>	<u>\$ 0.78</u>

See accompanying notes to interim condensed consolidated financial statements.

# LABRADOR IRON ORE ROYALTY CORPORATION

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	For the Six Months Ended	
	June 30,	
	2025	2024
<i>(in thousands of Canadian dollars except for per share information)</i>	<i>(Unaudited)</i>	
<b>Revenue</b>		
IOC royalties	\$ 81,790	\$ 108,269
IOC commissions	777	846
Interest and other income	391	669
	<u>82,958</u>	<u>109,784</u>
<b>Expenses</b>		
Newfoundland royalty taxes	16,358	21,654
Amortization of royalty and commission interests	3,326	3,269
Administrative expenses	1,536	1,515
	<u>21,220</u>	<u>26,438</u>
<b>Income before equity earnings and income taxes</b>	61,738	83,346
<b>Equity earnings in IOC</b>	<u>5,536</u>	<u>52,819</u>
<b>Income before income taxes</b>	<u>67,274</u>	<u>136,165</u>
<b>Provision for income taxes (note 6)</b>		
Current	19,495	25,933
Deferred	(162)	731
	<u>19,333</u>	<u>26,664</u>
<b>Net income for the period</b>	47,941	109,501
<b>Other comprehensive income</b>		
Share of other comprehensive income of IOC that will not be reclassified subsequently to profit or loss (net of income taxes of 2025 - \$52; 2024 - \$139)	296	785
<b>Comprehensive income for the period</b>	<u>\$ 48,237</u>	<u>\$ 110,286</u>
<b>Basic and diluted income per share</b>	<u>\$ 0.75</u>	<u>\$ 1.71</u>

See accompanying notes to interim condensed consolidated financial statements.

**LABRADOR IRON ORE ROYALTY CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(in thousands of Canadian dollars)</i>	<b>For the Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
	<i>(Unaudited)</i>	
<b>Net inflow (outflow) of cash related to the following activities</b>		
<b>Operating</b>		
Net income for the period	\$ 47,941	\$ 109,501
Items not affecting cash:		
Equity earnings in IOC	(5,536)	(52,819)
Current income taxes	19,495	25,933
Deferred income taxes	(162)	731
Amortization of royalty and commission interests	3,326	3,269
Common share dividends received from IOC	-	41,529
Change in amounts receivable	5,062	4,776
Change in accounts payable	(1,389)	(1,445)
Income taxes paid	(26,277)	(19,369)
Cash flow from operating activities	<u>42,460</u>	<u>112,106</u>
<b>Financing</b>		
Dividend paid to shareholders	<u>(80,000)</u>	<u>(57,600)</u>
Cash flow used in financing activities	<u>(80,000)</u>	<u>(57,600)</u>
<b>(Decrease) increase in cash, during the period</b>	<b>(37,540)</b>	<b>54,506</b>
<b>Cash, beginning of period</b>	<u>42,300</u>	<u>13,192</u>
<b>Cash, end of period</b>	<u>\$ 4,760</u>	<u>\$ 67,698</u>

See accompanying notes to interim condensed consolidated financial statements.

**LABRADOR IRON ORE ROYALTY CORPORATION**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Common shares	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
<i>(in thousands of Canadian dollars except share amounts)</i>					
					<i>(Unaudited)</i>
Balance as at December 31, 2023	64,000,000	\$317,708	\$347,927	\$ (6,303)	\$ 659,332
Net income for the period	-	-	109,501	-	109,501
Dividends declared to shareholders	-	-	(99,200)	-	(99,200)
Share of other comprehensive loss from investment in IOC (net of taxes)	-	-	-	785	785
Balance as at June 30, 2024	64,000,000	\$317,708	\$358,228	\$ (5,518)	\$ 670,418
Balance as at December 31, 2024	64,000,000	\$317,708	\$330,966	\$ (5,742)	\$ 642,932
Net income for the period	-	-	47,941	-	47,941
Dividends declared to shareholders	-	-	(51,200)	-	(51,200)
Share of other comprehensive income from investment in IOC (net of taxes)	-	-	-	296	296
Balance as at June 30, 2025	64,000,000	\$317,708	\$327,707	\$ (5,446)	\$ 639,969

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 August 6, 2025.

### 3. Material Accounting Policies

These interim condensed consolidated financial statements have been prepared using the same accounting policies as the annual consolidated financial statements for the year ended December 31, 2024. The disclosure in these interim condensed consolidated financial statements does not include all requirements of IAS 1 *Presentation of Financial Statements*. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

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

	June 30, 2025	December 31, 2024
IOC royalties	\$ 47,405	\$ 52,640
IOC commissions	123	142
Other	253	52
	<u>\$ 47,781</u>	<u>\$ 52,834</u>

#### 5. Investment in IOC

	June 30, 2025	December 31, 2024
Investment in IOC, beginning of period	\$ 524,340	\$ 546,614
Equity earnings in IOC	5,536	60,640
Other comprehensive income of IOC	348	661
Common share dividend received	-	(83,575)
Investment in IOC, end of period	<u>\$ 530,224</u>	<u>\$ 524,340</u>

The excess of cost of the Investment in IOC over the book value of underlying net assets amounts to \$36,484 as at June 30, 2025 (December 31, 2024 - \$37,053) and is being amortized to net income on the unit-of-production method based on actual production in the current year and estimated production of iron ore over the life of mine at IOC.

#### 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 June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Income before income taxes	<u>\$ 37,407</u>	<u>\$ 58,832</u>	<u>\$ 67,274</u>	<u>\$ 136,165</u>
Income taxes at combined federal and provincial statutory tax rates of 30.0%	11,222	17,650	20,182	40,850
(Decrease) increase in income taxes resulting from:				
Undistributed equity earnings in investment in IOC	(341)	(2,774)	(830)	(7,923)
Equity earnings distributed as dividends	-	(6,229)	-	(6,229)
Other	6	11	(19)	(34)
Income tax expense	<u>\$ 10,887</u>	<u>\$ 8,658</u>	<u>\$ 19,333</u>	<u>\$ 26,664</u>

The deferred tax liability is comprised of the following:

	Opening Balance	Recognized in net income	Recognized in other comprehensive loss	Closing Balance
<b>December 31, 2024</b>				
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
<b>June 30, 2025</b>				
Difference in tax and book value of assets	\$ 132,526	\$ (175)	\$ 52	\$ 132,403
Tax benefit of deductible temporary differences	(336)	13	-	(323)
Net deferred income tax liability	\$ 132,190	\$ (162)	\$ 52	\$ 132,080

## 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 June 30, 2025 was comprised of salaries, restricted share units ("RSUs"), performance share units ("PSUs") and fees totaling \$316 (2024 – \$294). Their remuneration for the six months ended June 30, 2025 was comprised of salaries, RSUs, PSUs and fees totaling \$676 (2024 – \$625).

## 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 June 30, 2025, there were 2,291 (December 31, 2024 -6,374) RSUs awarded and outstanding. For the three month and six month period ended June 30, 2025, compensation expense of approximately \$3 (2024 - \$21) and \$22 (2024 - \$37) 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 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 June 30, 2025, there were 13,203 (December 31, 2024 – 6,677) PSUs awarded and outstanding. For the three month and six month period ended June 30, 2025, compensation expense of approximately \$12 (2024 - \$6) and \$1 (2024 – \$21) was accrued in connection with the PSUs.



<b>Corporate Information</b>	
<b>Administration and Investor Relations</b>	<b>Registrar &amp; Transfer Agent</b>
PO Box 957, 31 Adelaide St. E. Toronto, Ontario M5C 2K3 Telephone: (416) 362-0066	Computershare Investor Services Inc. 100 University Avenue Toronto, Ontario M5J 2Y1
<b>Directors</b>	<b>Legal Counsel</b>
<b>William H. McNeil</b> <sup>(1)</sup> Company Director	McCarthy Tétrault LLP Toronto, Ontario
	<b>Auditors</b>
<b>Mark J. Fuller</b> <sup>(2)</sup> Company Director	KPMG LLP Toronto, Ontario
<b>Douglas F. McCutcheon</b> <sup>(2)</sup> President of Longview Asset Management Ltd	<b>Stock Exchange Listing</b> The Toronto Stock Exchange
<b>Dorothea E. Mell</b> <sup>(2)</sup> Company Director	<b>Symbol</b> LIF
<b>Sandra L. Rosch</b> Executive Vice President Labrador Iron Ore Royalty Corporation	<b>Website</b> www.labradorironore.com
<b>John F. Tuer</b> President and Chief Executive Officer Labrador Iron Ore Royalty Corporation	<b>E-mail</b> investor.relations@labradorironore.com
<b>Patricia M. Volker</b> <sup>(2)</sup> Company Director	
<b>Officers</b>	
<b>John F. Tuer</b> President and Chief Executive Officer	<b>Alan R. Thomas</b> Chief Financial Officer
<b>Sandra L. Rosch</b> Executive Vice President	<b>Robert O. Hansen</b> Secretary

(1) Chair of the Board

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