LABRADOR IRON ORE
ROYALTY CORPORATION

2026 SECOND QUARTER REPORT

88 YEARS IN LABRADOR WEST

Report To Shareholders

To the Holders of Common Shares of Labrador Iron Ore Royalty Corporation

The Directors of Labrador Iron Ore Royalty Corporation ("LIORC" or the "Corporation") present the second quarter report for the period ended June 30, 2026.

Financial Performance

In the second quarter of 2026, LIORC's financial results were negatively affected by low concentrate for sale ("CFS") and pellet sales volumes. Royalty revenue for the second quarter of 2026 was $33.7 million, a 27% decrease from the second quarter of 2025 and a 5% decrease from the first quarter of 2026. Equity (losses) earnings from Iron Ore Company of Canada ("IOC") totaled ($7.6) million in the second quarter of 2026 compared to $2.3 million in the second quarter of 2025 and ($6.4) million in the first quarter of 2026. Net income per share for the second quarter of 2026 was $0.17 per share, which was a 58% decrease from the same period in 2025 and a 19% decrease from the first quarter of 2026. The adjusted cash flow per share for the second quarter of 2026 was $0.29 per share, a 28% decrease from the same period in 2025 and 5% lower than the first 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 improved modestly in the second quarter of 2026, supported by resilient demand in emerging markets despite higher seaborne supply and flat global steel output. According to data from the World Steel Association, overall global crude steel production during the second quarter of 2026 remained unchanged compared to the same period in 2025. In China, second quarter steel production fell 1.7% year-over-year. This contraction was primarily driven by ongoing weakness in the domestic property market, which reduced demand for construction grade steel, as well as strict carbon emission caps and rising compliance costs that led steelmakers to reduce low-margin volume in favor of high-value specialty products. China's decline was countered by expansion in other regions, where non-China steel production grew by 2.2% year-over-year in the second quarter. Growth was fueled by robust manufacturing and infrastructure activity in major emerging markets such as India and Turkey. European steel output also rebounded from historical lows in 2025. Pellet premiums in the second 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. 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 2% in the quarter ended June 30, 2026, compared with the same quarter of 2025, ensuring that global markets were well supplied even as prices found steady demand-side support.

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 2026, the 65% Fe index averaged US$122 per tonne, a 1% increase over the prior quarter and a 12% increase over the average of US$108 per tonne in the second 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$31 per tonne in the second quarter of 2026, up from an average of US$28 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$43 per tonne, up from an average of US$42 per tonne in the prior quarter and down from an average of US$46 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$111 per tonne in the second quarter of 2026, compared to approximately US$107 per tonne in the second quarter of 2025. Higher iron ore prices and a more favorable product sales mix (higher proportion of pellets relative to CFS) were partially offset by lower pellet premiums and increased shipping costs.

Iron Ore Company of Canada Operations

Operations

IOC concentrate production in the second quarter of 2026 totaled 3.1 million tonnes, down 31% from the second quarter of 2025 and 15% lower than the first quarter of 2026. This performance reflects a strategic operational reset to catch up on deferred waste removal, advance long-term pit health, and restore operational optionality. Concurrently, output continued to be constrained by reduced haul truck availability and increased cycle times. Total material moved in the second quarter of 2026 fell 15% year-over-year reflecting the baseline effect of external contractors utilized in the second quarter of 2025 but increased 13% compared to the first quarter of 2026. While waste movement was down 5% year-over-year, it rebounded 56% quarter-over-quarter as operations advanced necessary waste removal to support future ore release. Conversely, crude ore moved was down 20% year-over-year and 10% from the previous quarter. Weight yield in the second quarter of 2026 remained comparable to that of prior quarters, though recovery continued to reflect the processing of marginal ore and mine sequencing adjustments.

IOC saleable production (CFS plus pellets) was 2.9 million tonnes in the second quarter of 2026, 31% lower than the same quarter of 2025 and 15% lower than the first quarter of 2026, mainly due to the lower concentrate production referred to above. Pellet production of 2.2 million tonnes was 3% lower than the corresponding quarter in 2025 and 26% higher than the first quarter of 2026. While pellet production continued to be negatively impacted by lack of feed, there were improvements in induration machine availability in the second quarter relative to the prior quarter. CFS production of 0.8 million tonnes was 63% lower than the same quarter of 2025 and 56% lower than the first quarter of 2026 mainly due to the decrease in concentrate production.

Sales as Reported for the LIORC Royalty

Total iron ore sales tonnage (CFS plus pellets) by IOC was 3.1 million tonnes in the second quarter of 2026, 33% lower than in the same quarter of 2025 and 6% lower than in the first quarter of 2026. Sales tonnages were affected by inventory availability and the ore dumper replacement project, which reduced train unloading capacity into the port. Pellet sales tonnages decreased 19% compared to the same quarter of 2025 and were 5% lower than the first quarter of 2026. CFS sales tonnages were 49% lower than the same quarter of 2025 and 7% lower than the first quarter of 2026.

Outlook

In its second quarter production report, Rio Tinto indicated that its original 2026 guidance for IOC's sales (CFS plus pellets) of 15 million to 18 million tonnes remains subject to the impact of recent forest fires in Canada. Fortunately, the forest fire situation referenced was quickly resolved; however, despite the fact that Rio Tinto has not commented further on its guidance, based on the results of the first half, LIORC believes that 2026 sales will more likely be at or below the low end of the original guidance. This compares to sales of 15.7 million tonnes in 2025.

Operationally, IOC remains committed to the strategic reset outlined above. This multi-year initiative aims to improve pit health and access new ore bodies required to restore operational efficiency and flexibility. Concurrently, IOC is focused on driving profitability through cost discipline, process enhancements, and greater asset reliability. LIORC anticipates these efforts will take several years, during which concentrate production will remain constrained, limiting free cash flow available for IOC dividends to LIORC.

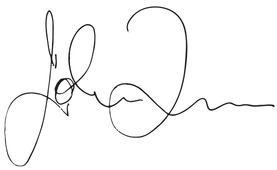
Since the end of the second quarter, iron ore prices have softened, while pellet premiums continue to find support. In July 2026, the 65% Fe index averaged US$115 per tonne, while the July BF pellet premium and DR pellet premium were US$31 per tonne and US$50 per tonne, respectively. Iron ore prices are projected to remain well supported around current levels during the second half of 2026, as an elevated global cost curve, driven by higher freight, fuel, and operational expenses, establishes a firm price floor. While expanding seaborne supply from major global miners and new project ramp-ups are expected to keep overall market fundamentals balanced to modestly surplus, steady Chinese import demand and robust infrastructure-related steel consumption in India are expected to prevent significant downside. Furthermore, a widening structural preference for high-grade feeds (such as 65% Fe fines) continues to allow premium iron ore products to decouple and outperform standard 62% Fe fines benchmarks.

Pellet premiums for both BF and DR grades are expected to strengthen through the second half of the year, supported by depleted port inventories across key Asian import hubs and a tight global balance of low-impurity, high-grade feed. This upward trajectory is further underpinned by integrated steelmakers expanding their pellet charge ratios to lower coking coal usage and satisfy stricter carbon-compliance mandates. Consequently, high-grade DR pellets are projected to maintain robust structural price differentials over standard iron ore fines as new green steel and Direct Reduced Iron/Electric Arc Furnace capacity comes online in Europe and the Middle East.

Report To Shareholders

LIORC remains debt-free, and as of June 30, 2026, had positive net working capital (current assets less current liabilities) of $26 million, which included the second quarter net royalty payment received from IOC on July 25, 2026, and the LIORC dividend in the amount of $0.30 per share paid to shareholders on July 29, 2026.

Respectfully submitted on behalf of the Directors of the Corporation,



John F. Tuer
President and Chief Executive Officer
August 5, 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 June 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 June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
	($ in millions except per share information)			
Revenue	34.1	46.8	70.0	83.0
Equity (losses) earnings from IOC	(7.6)	2.3	(14.0)	5.5
Net income	11.2	26.5	24.4	47.9
Net income per share	$ 0.16	$ 0.42	$ 0.38	$ 0.75
Cash flow from operations	17.7	17.7	40.8	42.5
Cash flow from operations per share(1)	$ 0.28	$ 0.28	$ 0.64	$ 0.66
Adjusted cash flow(1)	18.6	25.8	38.3	45.6
Adjusted cash flow per share(1)	$ 0.29	$ 0.40	$ 0.60	$ 0.71
Dividends declared per share	$ 0.30	$ 0.30	$ 0.60	$ 0.80

(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 second quarter of 2026, LIORC's financial results continued to be impacted by lower CFS and pellet sales volumes, with total sales tonnages down 33% compared to the second quarter of 2025. Consequently, royalty revenue fell to $33.7 million from $46.2 million in the same period last year. Sales 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 – as well as haul truck availability and longer-than-planned cycle times. By product line, CFS sales tonnages decreased 49%, while pellet sales tonnages fell 19%.

Net income and equity earnings from IOC decreased in the second quarter of 2026 compared to the second quarter of 2025, driven by lower profitability as fixed costs were spread over fewer tonnes produced. Equity (losses) earnings from IOC amounted to ($7.6) million or ($0.12) per share in the second quarter in 2026 compared to $2.3 million or $0.04 per share for the same period in 2025. Cash flow from operations in the second quarter of 2026 was $17.7 million, or $0.28 per share, consistent with the same period in 2025. LIORC received no IOC dividend in the second quarter of 2026 or in the second quarter of 2025.

Operating Highlights

	Three Months Ended June 30,		Six Months Ended June 30,	
IOC Operations	**2026**	**2025**	**2026**	**2025**
	(in millions of tonnes)			
Sales(1)				
Pellets	2.00	2.47	4.11	4.62
Concentrate for sale ("CFS")(2)	1.11	2.17	2.30	3.27
Total(3)	3.11	4.65	6.41	7.89
Production				
Concentrate produced	3.11	4.47	6.77	8.72
Saleable production				
Pellets	2.17	2.23	3.89	4.56
CFS	0.75	2.01	2.47	3.62
Total(3)	2.92	4.24	6.36	8.18
Average index prices per tonne (US$)				
65% Fe index(4)	$ 122	$ 108	$ 121	$ 113
BF pellet premium(5)	$ 31	n/a	$ 29	n/a
DR pellet premium(6)	$ 43	$ 46	$ 43	$ 32

(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 second quarter of 2026, the 65% Fe index averaged US$122 per tonne, a 1% increase over the prior quarter and a 12% increase over the average of US$108 per tonne in the second quarter of 2025. Iron ore prices improved modestly in the second quarter of 2026, as robust infrastructure and manufacturing activity in emerging markets offset a 1.7% contraction in Chinese steel production. 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 2% year-over-year. Despite this expansion in major miner shipments and flat overall global steel output, resilient non-China demand provided steady support for pricing throughout the quarter.

Pellet premiums in the second 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. IOC sells BF and DR pellets based on a premium to the 65% Fe index. The BF pellet premium averaged US$31 per tonne in the second quarter of 2026, up from an average of US$28 in the prior quarter. The DR pellet premium was US$43, up from an average of US$42 per tonne in the prior quarter and down from an average of US$46 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$111 per tonne in the second quarter of 2026, compared to approximately US$107 per tonne in the second quarter of 2025. Higher iron ore prices and a more favorable product sales mix (higher proportion of pellets relative to CFS) were partially offset by lower pellet premiums and increased shipping costs.

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
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 $0.28 for the quarter (2025 – $0.28).

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, 2026	**3 Months Ended Jun. 30, 2025**	**6 Months Ended Jun. 30, 2026**	**6 Months Ended Jun. 30, 2025**
	($ in millions except per share information)			
Standardized cash flow from operating activities	17.7	17.7	40.8	42.5
Changes in amounts receivable, accounts payable and income taxes recoverable and payable	0.9	8.1	(2.5)	3.1
Adjusted cash flow	18.6	25.8	38.3	45.6
Adjusted cash flow per share	$ 0.29	$ 0.40	$ 0.60	$ 0.71

Liquidity and Capital Resources

The Corporation had $13.7 million in cash as at June 30, 2026 (December 31, 2025 – $14.6 million) with total current assets of $52.8 million (December 31, 2025 – $57.7 million). The Corporation had working capital of $26.3 million as at June 30, 2026 (December 31, 2025 – $26.4 million). The Corporation's operating cash flow was $17.7 million and the dividend paid during the quarter was $19.2 million, resulting in cash balances decreasing by $1.6 million during the second quarter of 2026.

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

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

The Corporation has a $30 million revolving credit facility with a term ending September 18, 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 June 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 June 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
August 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 June 30, 2026	As at December 31, 2025
Assets		
Current Assets		
Cash	$ 13,744	$ 14,568
Amounts receivable (note 4)	34,978	42,158
Income taxes recoverable	4,094	984
Total Current Assets	52,816	57,710
Non-Current Assets		
Iron Ore Company of Canada ("IOC") royalty and commission interests	207,659	210,470
Investment in IOC (note 5)	527,576	541,248
Total Non-Current Assets	735,235	751,718
Total Assets	$ 788,051	$ 809,428
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 7,329	$ 8,920
Dividend payable	19,200	22,400
Total Current Liabilities	26,529	31,320
Non-Current Liabilities		
Deferred income taxes (note 6)	130,000	132,900
Total Liabilities	156,529	164,220
Shareholders' Equity		
Share capital	317,708	317,708
Retained earnings	318,397	332,350
Accumulated other comprehensive loss	(4,583)	(4,850)
	631,522	645,208
Total Liabilities and Shareholders' Equity	$ 788,051	$ 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 June 30, 2026	2025
Revenue		
IOC royalties	$ 33,659	$ 46,222
IOC commissions	306	457
Interest and other income	120	111
	34,085	46,790
Expenses		
Newfoundland royalty taxes	6,732	9,244
Amortization of royalty and commission interests	1,332	1,670
Administrative expenses	714	742
	8,778	11,656
Income before equity earnings and income taxes	25,307	35,134
Equity (losses) earnings in IOC	(7,554)	2,273
Income before income taxes	17,753	37,407
Provision for income taxes (note 6)		
Current	8,028	11,029
Deferred	(1,527)	(142)
	6,501	10,887
Net income for the period	$ 11,252	$ 26,520
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	$ 11,519	$ 26,816
Basic and diluted income per share	$ 0.17	$ 0.42

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 Six Months Ended June 30, 2026**	**2025**
Revenue		
IOC royalties	$ 69,083	$ 81,790
IOC commissions	630	777
Interest and other income	251	391
	69,964	82,958
Expenses		
Newfoundland royalty taxes	13,817	16,358
Amortization of royalty and commission interests	2,811	3,326
Administrative expenses	1,370	1,536
	17,998	21,220
Income before equity earnings and income taxes	51,966	61,738
Equity (losses) earnings in IOC	(13,986)	5,536
Income before income taxes	37,980	67,274
Provision for income taxes (note 6)		
Current	16,480	19,495
Deferred	(2,947)	(162)
	13,533	19,333
Net income for the period	24,447	47,941
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	$ 24,714	$ 48,237
Basic and diluted income per share	$ 0.38	$ 0.75

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 Six Months Ended June 30, 2026**	**2025**
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income for the period	$ 24,447	$ 47,941
Items not affecting cash:		
Equity losses (earnings) in IOC	13,986	(5,536)
Current income taxes	16,480	19,495
Deferred income taxes	(2,947)	(162)
Amortization of royalty and commission interests	2,811	3,326
Change in amounts receivable	7,180	5,062
Change in accounts payable	(1,591)	(1,389)
Income taxes paid	(19,590)	(26,277)
Cash flow from operating activities	40,776	42,460
Financing		
Dividends paid to shareholders	(41,600)	(80,000)
Cash flow used in financing activities	(41,600)	(80,000)
Decrease in cash, during the period	(824)	(37,540)
Cash, beginning of period	14,568	42,300
Cash, end of period	$ 13,744	$ 4,760

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	—	—	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
Balance as at December 31, 2025	64,000,000	$ 317,708	$ 332,350	$ (4,850)	$ 645,208
Net income for the period	—	—	24,447	—	24,447
Dividends declared to shareholders	—	—	(38,400)	—	(38,400)
Share of other comprehensive income from investment in IOC (net of taxes)	—	—	—	267	267
Balance as at June 30, 2026	64,000,000	$ 317,708	$ 318,397	$ (4,583)	$ 631,522

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 5, 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 Company is currently assessing the impact of the standard on its financial statements.

4. Amounts Receivable

	June 30, 2026	December 31, 2025
IOC royalties	$34,628	$42,019
IOC commissions	98	107
Other	252	32
	$34,978	$42,158

5. Investment in IOC

	June 30, 2026	December 31, 2025
Investment in IOC, beginning of period	$ 541,248	$ 524,340
Equity earnings in IOC	(13,986)	15,859
Other comprehensive income of IOC	314	1,049
Investment in IOC, end of period	$ 527,576	$ 541,248

The excess of cost of the Investment in IOC over the book value of underlying net assets amounts to $35,516 as at June 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 June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Income before income taxes	$ 17,753	$ 37,407	$ 37,980	$ 67,274
Income taxes at combined federal and provincial statutory tax rates of 30.0%	5,326	11,222	11,394	20,182
Increase (decrease) in income taxes resulting from:				
Undistributed equity losses (earnings) in investment in IOC	1,133	(341)	2,098	(830)
Other	42	6	41	(19)
Income tax expense	$ 6,501	$ 10,887	$ 13,533	$ 19,333

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
June 30, 2026				
Difference in tax and book value of assets	$ 133,208	$(2,943)	$ 47	$ 130,312
Tax benefit of deductible temporary differences	(308)	(4)	—	(312)
Net deferred income tax liability	$ 132,900	$(2,947)	$ 47	$ 130,000

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, 2026 was comprised of salaries, restricted share units ("RSUs"), performance share units ("PSUs") and fees totaling $363 (2025 – $316). Their remuneration for the six months ended June 30, 2026 was comprised of salaries, RSUs, PSUs and fees totaling $701 (2025 – $676)

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, 2026, there were nil (December 31, 2025 – 1,740) RSUs awarded and outstanding. For the three and six month period ended June 30, 2026, compensation expense of $0 (2025 – $3) and $0 (2025 -$22) 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 June 30, 2026, there were 18,118 (December 31, 2025 – 10,027) PSUs awarded and outstanding. For the three month and six month period ended June 30, 2026, compensation expense of approximately $23 (2025 – $12) and $32 (2025 – $1) was accrued in connection with the PSUs.

Corporate Information

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Mark J. Fuller(2)
Company Director

Peter A. Ingram(2)
Managing Director, Global Head of Engineering, Capital Markets, BMO

Dorothea E. Mell(2)
Company Director

Sandra L. Rosch
Executive Vice President
Labrador Iron Ore Royalty Corporation

John F. Tuer
President and Chief Executive Officer
Labrador Iron Ore Royalty Corporation

Patricia M. Volker(2)
Company Director

Officers

John F. Tuer
President and Chief Executive Officer

Sandra L. Rosch
Executive Vice President

Stephen D. Pearce
Chief Financial Officer

Robert O. Hansen
Secretary

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

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