

Labrador Iron Ore Royalty Corporation - 2025 Results Of Operations

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[Labrador Iron Ore Royalty Corp.](#) (TSX: LIF) announced the results of its operations for the year ended December 31, 2025.

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 Annual Report for the year ended December 31, 2025.

88 Years in Labrador West

Labrador Iron Ore Royalty Corporation has been involved in Labrador West for 88 years. Under a Statutory Agreement with the Government of Newfoundland made in 1938, a predecessor company, Labrador Mining and Exploration Limited ("LM&E"), was granted exploration and mining rights in Labrador West. LM&E found the iron ore bodies that now constitute the mine operated by the Iron Ore Company of Canada. LM&E received grants of leases and licences under the Statutory Agreement. It also received a grant of rights to establish the town site that became Labrador City. LM&E sublets the leases to IOC and IOC, with major steel companies as original shareholders, built the infrastructure, mine, railway and port. Under the sublease, LIORC receives a 7% gross royalty on iron ore products produced, sold and shipped by IOC.

Financial Performance

In 2025, LIORC's revenue for the year ended December 31, 2025 was \$166.5 million, which was a 20% decrease over 2024. Revenue was lower due to a decrease in sales volume at IOC and lower iron ore prices and pellet premiums. Net income for 2025 was \$1.57 per share, which was a 42% decrease over 2024, due to the lower royalty revenue and a 74% decrease in earnings in IOC (\$15.9 million in 2025 compared to \$60.6 million 2024). The decrease in earnings at IOC was due to a decrease in operating margins as IOC's fixed cost base was unable to adjust to lower realized prices and sales volumes. LIORC's diluted earnings per share for 2025 was \$1.52 per share, which was 52% lower than in 2024, mainly due to lower royalty revenue. In 2025, LIORC decided to not pay a dividend due to the decrease in earnings at IOC. In 2024, IOC paid dividends to its shareholders of US\$400 million. In 2025, IOC had a year-end net working capital balance of US\$245.4 million, compared to US\$172.8 million in 2024.

Iron ore prices weakened in 2025 as global steel demand contracted and seaborne iron ore supply remained robust. According to the World Steel Association, in 2025 global production of crude steel was down 2.0% from 2024. Steel production in China, which accounts for 53% of global production, was down 4.2%, as China's issues with its property sector persisted. Steel production in the rest of the world was up 0.6%. On the iron ore supply side, according to Rio Tinto, total seaborne iron ore shipments rose approximately 10% in 2025, driven by the non-major producers, whose shipments rose approximately 10%, while supply from the major producers (BHP, Vale and Fortescue) was flat in 2025 compared to 2024. With respect to the supply of pellets, Vale ended the year with 7.7 million tonnes below its 2024 total, predominantly as a result of its decision to idle its Sao Luis plant in July. Conversely, Samarco increased output month-over-month, ending the year with a combined 7.7 million tonnes above their 2024 totals.

IOC sells concentrate for sale ("CFS") based on the the Platts index for 65% Fe, CFR China (the "65% Fe index"). All iron ore prices and per tonne prices in this report refer to wet metric tonnes, other than references to Platts quoted pricing, which is in dry metric tonnes. Historically, IOC's wet ore contains approximately 3% less ore per equivalent volume than dry ore. In 2025, the price for the 65% Fe index was US\$115 per tonne, a decrease of 7% year over year. In addition to the reduction in iron ore prices, pellet premiums were lower as steel producers, faced with continuing low profit margins, substituted high quality pellets with lower quality iron feed. The monthly Atlantic Blast Furnace 65% Fe pellet premium index as quoted by Platts (the "pellet premium index") was US\$30 per tonne in 2025, a decrease of 24% from 2024.

Rio Tinto disclosed that IOC achieved an average realised price for pellets, FOB Sept-Îles of approximately US\$126 per tonne, a decrease of 13% year over year. Based on sales as reported for the LIORC Royalty, the overall average price realized was US\$126 per tonne.

and pellets, FOB Sept-Îles was approximately US\$109 per tonne in 2025, a decrease of 13% year over year. The decrease in average realized price FOB Sept-Îles in 2025 was a result of lower CFS and pellet prices.

Iron Ore Company of Canada Operations

Operations

Total concentrate production in 2025 was 16.9 million tonnes, 2% lower than in 2024. While total mine material moved modestly compared to 2024, concentrate production continued to be negatively impacted by several operational challenges related to pit health and mine equipment reliability. The stripping ratio (total waste: total ore) in 2025 was 1.13, compared to 1.00 in 2024. Progress in the first three quarters of 2025 in improving pit health, with total mine material moved increasing 19% over the same period in 2024, driven by higher truck payloads and increased contractor material movement. However, in the fourth quarter of 2025, total mine material moved decreased by 34%, as performance was negatively impacted by reduced haul truck availability due to mechanical issues, chassis failures and subsequent inspection and repair work. In the fourth quarter, concentrate production was 3.8 million tonnes, lower than in the fourth quarter of 2024, primarily due to constrained ore availability and lower ore feed to the concentrator.

The IOC saleable production (CFS plus pellets) of 15.9 million tonnes in 2025 was 1% lower than 2024 and was 4% lower than the end of the range of Rio Tinto's original annual guidance of 16.5 to 19.4 million tonnes, due to the decrease in concentrate production referred to above. Saleable production in the fourth quarter of 3.7 million tonnes was 14% lower than the fourth quarter of 2024. Production was constrained by ore shortages and failures caused by asset reliability issues. In 2025, CFS production of 11.5 million tonnes was 3% lower than 2024, and pellet production in 2025 of 9.4 million tonnes was consistent with the level recorded in 2024.

Third party iron ore haulage by the Québec North Shore and Labrador Railway Company, Inc. ("QNS&L") of 21.9 million tonnes in 2025 was 13% higher than in 2024, despite a train derailment that temporarily stopped haulage during the last 3 days of December. The increase in haulage was driven by continued operational improvements to meet increasing third-party demand.

Sales as Reported for the LIORC Royalty

Total iron ore sales tonnage by IOC (CFS plus pellets) of 15.7 million tonnes in 2025 was 7% lower than the total sales tonnage in 2024, as a result of lower saleable production in 2025 and an increase in sales in 2024 from IOC drawing down inventory at the end of the year.

Capital Expenditures

Capital expenditures for IOC were US\$303 million in 2025, or 19% lower than in 2024. Capital expenditures in 2025 were below the US\$342 million that IOC had originally forecasted, mainly due to project timing, including planned track and culvert replacement and the deferment of locomotive purchases.

Outlook

Rio Tinto's 2026 guidance for IOC's saleable production tonnage is 15.0 million to 18.0 million tonnes. This compares to 15.9 million tonnes of saleable production in 2025. It is expected that IOC will continue to focus on maximizing pellet production in 2026.

The capital expenditures for 2026 at IOC are forecasted by IOC to be approximately US\$290 million. The 2026 forecast includes approximately US\$210 million of sustaining capital projects, US\$53 million of growth and development projects and US\$27 million of stripping. Significant sustaining capital expenditure projects include the QNS&L track and culvert replacement program and the development capital expenditure projects include the purchase of diesel production drills, and the replacement of the diesel engine at Sept-Îles, which is expected to occur in the second quarter of 2026.

Rio Tinto, as operator, recognizes that IOC is currently facing significant challenges related to pit health and asset reliability. In 2025, Rio Tinto announced a series of changes aimed at strengthening operational performance across its global portfolio. Within this context, Rio Tinto simplified its product group structure by integrating IOC with its Western Australian Iron Ore operations and the Simandou project in Guinea. Previously, IOC operated as part of Rio Tinto's minerals division and was managed separately from the company's other assets. Under the new structure, IOC's senior leadership has greater access to Rio Tinto's iron ore safety best practices, expertise, operational experience, and advanced technologies from across the broader portfolio.

Significant changes have also been made to IOC's senior operating team. There has been a meaningful change in senior operational roles filled by experienced Rio Tinto leaders with Western Australian iron ore backgrounds, strengthening operational capability and alignment with Rio Tinto's iron ore standards. The IOC senior leadership team recognizes that multi-year improvements are required before achieving nameplate capacity of approximately 23 million tonnes becomes a realistic objective. As a result, Rio Tinto has identified a more reasonable mid-term production capacity target of approximately 20 million tonnes, reflecting the time and investment needed to sustainably improve performance.

The outlook for iron ore pricing, while uncertain, continues to demonstrate notable resilience. While ongoing economic challenges in China continue to weigh on steel demand, the World Steel Association is forecasting a modest 1.3% rebound in global steel production in 2026, driven by growth from India and other emerging economies. On the supply side, the steep fourth-quartile cost curve and structural price support, and while the ramp-up of Simandou is expected to place near-term pressure on prices, depletion of existing operations over the medium term is anticipated to more than offset this incremental supply.

Thus far in 2026 (January and February), the average price of the 65% Fe index has been approximately US\$119 per tonne, compared to an annual average of US\$115 per tonne in 2025. Pellet demand has also remained challenging, as steel producer margins have been compressed. In the first two months of 2026, the average pellet premium has been approximately US\$24 per tonne, compared to an annual average of US\$30 per tonne in 2025 and US\$40 per tonne in 2024.

I would like to take this opportunity to thank our Shareholders for their interest and support and my fellow Directors for their leadership.

Respectfully submitted on behalf of the Directors of the Corporation,

John F. Tuer
President and Chief Executive Officer
March 11, 2026

Corporate Structure

LIORC is a Canadian corporation formed to give effect to the conversion of the Labrador Iron Ore Royalty Income Fund into a corporation under a plan of arrangement completed on July 1, 2010. LIORC is also the successor by amalgamation of LIORC with Labrador Mining Company Limited, formerly a wholly-owned subsidiary of the Fund, that occurred pursuant to the arrangement.

LIORC, directly and through its wholly-owned subsidiary Hollinger-Hanna, holds a 15.10% equity interest in IOC and receives an overriding royalty on all iron ore products produced, sold and shipped by IOC and a 10 cent per tonne commission on all iron ore produced and sold by IOC. Generally, LIORC pays cash dividends from the free cash flow generated from IOC to the shareholders, as far as possible, subject to the maintenance of appropriate levels of working capital. Quarterly dividends are payable to all shareholders on the last business day of each calendar quarter and are paid on or after the 26th day of the following month.

Seven Directors are responsible for the governance of the Corporation and also serve as directors of Hollinger-Hanna. In addition to managing the affairs of the Corporation and Hollinger-Hanna, oversee the Corporation's interests in IOC. The Governance and Human Resources Committees are composed of four independent Directors.

Taxation

The Corporation is a taxable corporation. Dividend income received from IOC and Hollinger-Hanna is received tax free. Dividend income is subject to income tax and Newfoundland and Labrador royalty tax. Expenses of the Corporation include administrative expenses. Hollinger-Hanna is a taxable corporation.

Income Taxes

Dividends to a shareholder that are paid within a particular year are to be included in the calculation of the shareholder's income for that year. All dividends paid in 2025 were "eligible dividends" under the Income Tax Act.

Review of Operations

Iron Ore Company of Canada

The income of the Corporation is entirely dependent on IOC as the only assets of the Corporation and its subsidiary are IOC and its operations. IOC is one of Canada's largest iron ore producers, operating a mine, concentrator and pellet plant in Newfoundland and Labrador, and is among the top five producers of seaborne iron ore pellets in the world. It has been processing iron ore concentrate and pellets since 1954. IOC is strategically situated to serve markets throughout the world with year-round port facilities at Sept-Îles, Québec.

As at December 31, 2025 the IOC estimated Proven and Probable Reserves, using the London Stock Exchange resource standards, totalled 923 million tonnes which, at the planned processing rates, is equivalent to approximately 19 years of production. In addition, IOC has an estimated Measured and Indicated Resources of 829 million tonnes and a further 662 million tonnes of Potential Resources. It currently has the nominal capacity to extract around 55 million tonnes of crude ore annually. The crude ore is processed into iron ore concentrate and then either sold or converted into different qualities of iron ore pellets to meet its customer requirements. Iron ore concentrate and pellets are transported to IOC's port facilities at Sept-Îles, Québec via its wholly-owned QNS&L, a rail line which links the mine and the port. From there, the products are shipped to markets throughout North America, Europe, East and the Asia-Pacific region.

IOC's 2025 sales tonnages totaled 15.7 million tonnes, comprised of 9.5 million tonnes of iron ore pellets and 6.2 million tonnes of CFS. Saleable production in 2025 was 9.4 million tonnes of pellets and 6.5 million tonnes of CFS. IOC generated ore sales revenue (excluding third party ore sales) of \$2,357 million in 2025 (2024 - \$2,751 million).

Selected IOC Financial Information

	2025	2024	2023	2022	2021
(\$ in millions)					
Operating Revenues ⁽¹⁾	2,672	3,061	3,122	3,426	4,147
Cash Flow from Operating Activities	483	808	788	1,021	1,955
Net Income	112	409	568	1,028	1,551
Capital Expenditures ⁽²⁾	303	376	366	460	498

(1) Ore sales revenue is presented on a net basis (net of related freight costs) to align with IFRS financial statements presentation.

(2) Reported in USD on an incurred basis.
IOC Royalty

The Corporation holds certain leases and licenses covering approximately 18,200 hectares of land near Labrador City. The Corporation has subleased certain portions of these lands from which it currently mines iron ore. In return, IOC pays the Corporation a 7% royalty on all sales of iron ore products produced from these lands. A 20% tax on the royalty is payable to the Government of Newfoundland and Labrador. The average royalty net of the 20% tax had been \$178.1 million for the years 2020 to 2023. In 2024, the net royalty was \$131.5 million (2024 - \$164.7 million).

Because the royalty is "off-the-top", it is not dependent on the profitability of IOC. However, it is affected by changes in iron ore prices and, because iron ore prices are denominated in US dollars, the United States - Canadian dollar exchange rate.

IOC Equity

In addition to the royalty interest, the Corporation directly and through its wholly owned subsidiary, Hollinger-Hanna, owns

equity interest in IOC. The other shareholders of IOC are [Rio Tinto Ltd.](#) with 58.72% and Mitsubishi Corporation with 26.00%.

IOC Commissions

Hollinger-Hanna has the right to receive a payment of 10 cents per tonne on the products produced and sold by IOC. Pursuant to the agreement, IOC is obligated to make the payment to Hollinger-Hanna so long as Hollinger-Hanna is in existence and so long as IOC produces and sells products. In 2025, Hollinger-Hanna received a total of \$1.5 million in commissions from IOC (2024 - \$1.7 million).

Quarterly Dividends

Dividends of \$1.55 per share were declared in 2025 (2024 - dividends of \$3.00 per share). These dividends were allocated as follows:

Period Ended	Record Date	Payment Date	Dividend per Share (\$ millions)	Dividend Total
Mar. 31, 2025	Mar. 31, 2025	Apr. 30, 2025	\$0.50	\$32.0
Jun. 30, 2025	Jun. 30, 2025	Jul. 30, 2025	0.30	19.2
Sep. 30, 2025	Sep. 29, 2025	Oct. 29, 2025	0.40	25.6
Dec. 31, 2025	Dec. 31, 2025	Jan. 28, 2026	0.35	22.4
Dividend to Shareholders - 2025			\$1.55	\$99.2
Mar. 31, 2024	Mar. 28, 2024	Apr. 26, 2024	\$0.45	\$28.8
Jun. 30, 2024	Jun. 28, 2024	Jul. 26, 2024	1.10	70.4
Sep. 30, 2024	Sep. 27, 2024	Oct. 28, 2024	0.70	44.8
Dec. 31, 2024	Dec. 31, 2024	Jan. 29, 2025	0.75	48.0
Dividend to Shareholders - 2024			\$3.00	\$192.0

The quarterly dividends are payable to all shareholders of record on the last business day of each calendar quarter and after the 26th day of the following month.

Management's Discussion and Analysis

The following is a discussion of the consolidated financial condition and results of operations of the Corporation for the years ended December 31, 2025 and 2024. This discussion should be read in conjunction with the consolidated financial statements and notes thereto for the years ended December 31, 2025 and 2024 which are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and all amounts are shown in Canadian dollars unless otherwise indicated.

Overview of the Business

The Corporation is a Canadian corporation resulting from the conversion of the Fund into a corporation under a plan of conversion completed on July 1, 2010. LIORC is also the successor by amalgamation of a predecessor of LIORC with Labrador Minerals Inc.

Limited, formerly a wholly-owned subsidiary of the Fund, that occurred pursuant to the plan of arrangement.

The Corporation is economically dependent on the operations of IOC. IOC's earnings and cash flows are affected by the volume of iron ore products produced and sold, costs of production and the prices received. Iron ore demand and prices fluctuate and are affected by numerous factors which include demand for steel and steel products, the relative exchange rate of the US dollar, regional demand and production, political and economic conditions and production costs in major producing areas.

Financial Highlights

Financial and Operating Highlights

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
	(\$ in millions except per share information)			
Revenue	39.5	56.9	166.5	209.0
Equity earnings from IOC	1.7	(1.9)	15.9	60.6
Net income	22.3	31.9	100.6	175.0
Net income per share	\$ 0.35	\$ 0.51	\$ 1.57	\$ 2.73
Dividend from IOC	-	21.8	-	83.6
Cash flow from operations	22.0	46.8	97.1	201.9
Cash flow from operations per share ⁽¹⁾	\$ 0.34	\$ 0.73	\$ 1.52	\$ 3.15
Adjusted cash flow ⁽¹⁾	21.7	53.1	91.5	199.0
Adjusted cash flow per share ⁽¹⁾	\$ 0.34	\$ 0.83	\$ 1.43	\$ 3.11
Dividends declared per share	\$ 0.35	\$ 0.75	\$ 1.55	\$ 3.00

(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 achieved in 2025 as compared to 2024 was mainly due to a decrease in sales volume at IOC and lower iron ore and pellet premiums. The IOC saleable production in 2025 was 2% lower than 2024 due to several operational challenges including equipment health and mine equipment reliability that constrained ore availability and reduced ore feed to the concentrator. Total sales (pellets and CFS) at IOC was 7% lower in 2025 than 2024, predominantly as a result of lower saleable production and lower iron ore prices resulting from transportation and shipping schedules. Iron ore prices were lower as global demand for steel decreased and iron ore shipments increased. Pellet premiums were lower as low profit margins caused steel producers to favour cheaper iron ore over high quality iron ore products.

Net income per share for 2025 was 42% lower than 2024, as equity earnings in IOC were 74% lower than in 2024 due to lower earnings at IOC. Cash flow from operations for 2025 was 52% lower than in 2024, mainly due to lower royalty revenues and IOC not paying a dividend in 2025 due to the decrease in earnings at IOC.

Fourth quarter 2025 sales tonnage (pellets and CFS) was lower year-over-year by 9% due to lower saleable production and lower inventory availability. Royalty revenue was \$39.1 million for the quarter as compared to \$56.1 million for the same period in 2024.

quarter 2025 cash flow from operations was \$22.0 million or \$0.34 per share compared to fourth quarter 2024 cash flow of \$46.8 million or \$0.73 per share. LIORC received no IOC dividend in the fourth quarter of 2025 (2024 - \$21.7 million share). Equity earnings from IOC amounted to \$1.7 million or \$0.03 per share in the fourth quarter of 2025 compared to \$1.9 million or \$0.03 per share for the same period in 2024.

Operating Highlights

	Three Months Ended Year Ended			
	December 31,		December 31,	
IOC Operations	2025	2024	2025	2024
	(in millions of tonnes)			
Sales ⁽¹⁾				
Pellets	2.65	2.31	9.46	9.32
Concentrate for sale ("CFS") ⁽²⁾	1.24	1.94	6.23	7.55
Total ⁽³⁾	3.89	4.25	15.69	16.86
Production				
Concentrate produced	3.81	4.87	16.94	17.32
Saleable production				
Pellets	2.39	2.50	9.35	9.34
CFS	1.34	1.81	6.55	6.75
Total ⁽³⁾	3.72	4.31	15.91	16.09
Average index prices per tonne (US\$)				
65% Fe index ⁽⁴⁾	\$ 119	\$ 118	\$ 115	\$ 123
62% Fe index ⁽⁵⁾	\$ 106	\$ 103	\$ 102	\$ 109
Pellet premium ⁽⁶⁾	\$ 24	\$ 38	\$ 30	\$ 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's total concentrate production in 2025 of 16.9 million tonnes was 2% lower than 2024. While total mine material modestly compared to 2024, concentrate production continued to be negatively impacted by several operational challenges related to mine health and mine equipment reliability. The stripping ratio (total waste: total ore) in 2025 was 1.13, compared to 1.00 in 2024.

quarter of 2025, concentrate production was 26% lower compared to the fourth quarter of 2024 as total mine material milled was reduced by 34% due to reduced haul truck availability caused by multiple truck chassis failures and subsequent inspection and repair. This resulted in constrained ore availability and lower ore feed to the concentrator. IOC's total saleable production of 15.9 million tonnes in 2025 was 1% lower than 2024, due to the issues affecting concentrate production referred to above. In 2025, CFS production of 11.5 million tonnes was 3% lower than 2024, mainly due to lower concentrate production and a higher percentage of concentrate being diverted to make pellets. Pellet production in 2025 of 9.4 million tonnes was consistent with the 2024 production.

IOC sells CFS based on the 65% Fe index. In 2025, the average price for the 65% Fe index was US\$115 per tonne, a decrease of 12% year over year, as global demand for steel decreased and total seaborne iron ore shipments increased. In addition to the decrease in ore prices, pellet premiums dropped as steel producers, faced with lower profit margins, continued to substitute high quality iron ore with cheaper, lower quality iron feed. The monthly pellet premium averaged US\$30 per tonne in 2025, a decrease of 24% from 2024. The average price on sales as reported for the LIORC Royalty, the overall average price realized by IOC for CFS and pellets, FOB Sept-Île, was approximately US\$109 per tonne in 2025, a decrease of 13% year over year. The decrease in the average realized price in 2025 was a result of lower CFS and pellet prices.

Capital expenditures for IOC were US\$303 million in 2025, or 19% lower than in 2024. Capital expenditures in 2025 were 19% below the US\$342 million that IOC had originally forecasted, mainly due to project timing, including planned track and culvert construction and the deferment of locomotive purchases.

Liquidity and Capital Resources

The Corporation had \$14.6 million (2024 - \$42.3 million) in cash as at December 31, 2025 with total current assets of \$95.1 million. The Corporation had working capital of \$26.4 million (2024 - \$34.1 million). The Corporation's operating cash flow was \$97.1 million (2024 - \$201.9 million) and dividends paid during the year were \$124.8 million, resulting in cash balances of \$27.7 million during 2025.

Cash balances consist of deposits in Canadian dollars and US dollars with a Canadian chartered bank. Accounts receivable consist of royalty payments from IOC. Royalty payments are received in U.S. dollars and converted to Canadian dollars 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 and dividends from its 15.10% equity interest in IOC. The Corporation normally pays cash dividends from the free cash flow 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 renewals and extensions. No amount is currently drawn under this facility (2024 - nil) leaving \$30 million available to provide for any of the Corporation's needs or requirements of the Corporation.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as at December 31, 2025:

Total Less than 12 months

(in millions)

Accounts payable and accrued liabilities \$ 8.9 \$ 8.9

Related Party Transactions

Related party transactions consist of transactions with key management personnel. The Corporation considers members of senior management and senior officers to be key management personnel.

Transactions with key management personnel are disclosed in note 14 to the Financial Statements. In connection with these transactions, no significant changes occurred in the year ended December 31, 2025.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are disclosed in Note 3 of the financial statements.

Selected Consolidated Financial Information

The following table sets out financial data from a Shareholder's perspective for the three years ended December 31, 2025, 2024 and 2023.

Description	Years Ended December 31		
	2025	2024	2023
	(\$ in millions except per share information)		
Revenue	166.5	209.0	201.3
Net Income	100.6	175.0	186.3
Net Income per Share	\$1.57	\$2.73	\$2.91
Cash Flow from Operations	97.1	201.9 ⁽¹⁾	152.5 ⁽²⁾
Cash Flow from Operations per Share	\$1.52	\$3.15 ⁽¹⁾	\$2.38 ⁽²⁾
Total Assets	809.4	836.1	837.0
Dividends Declared per Share	\$1.55	\$3.00	\$2.55
Number of Common Shares outstanding	64.0	64.0	64.0

(1) Includes IOC dividends totaling \$83.6 million or \$1.31 per Share.

(2) Includes IOC dividends totaling \$50.4 million or \$0.79 per Share.

The following table sets out quarterly revenue, net income, cash flow and dividend data for 2025 and 2024. Due to seasonal patterns the first and fourth quarters generally have lower production and sales. Royalty revenues and equity earnings are sensitive to ore spot prices, which can be very volatile. Dividends, included in cash flow, are declared and paid by IOC irregularly and are dependent on the availability of cash.

	Revenue	Net Income	Net Income	Cash Flow	Cash Flow from	Adjusted Cash	Dividends D
			per Share	from Operations	Operations	Flow per Share ⁽¹⁾	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
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 \$1.52 for 2025 (2024 - \$3.15).

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 distributions to Shareholders.

The following reconciles standardized cash flow from operating activities to adjusted cash flow.

	2025	2024
	(\$ in millions except per share inform	
Cash flow from operating activities	97.1	201.9
Changes in amounts receivable, accounts payable and income taxes recoverable (5.6)		(3.0)
Adjusted cash flow	91.5	198.9
Adjusted cash flow per share	\$1.43	\$3.11

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 year ended December 31, 2025.

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 December 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 year ended December 31, 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, 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.

Additional Information

Additional information relating to the Corporation, including the Annual Information Form, is on SEDAR+ at www.sedarplus.ca. Additional information is also available on the Corporation's website at www.labradorironore.com.

John F. Tuer
 President and Chief Executive Officer
 Toronto, Ontario
 March 11, 2026

LABRADOR IRON ORE ROYALTY CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at	
	December 31, December 31,	
(in thousands of Canadian dollars)	2025	2024
Assets		
Current Assets		
Cash	\$ 14,568	\$ 42,300
Amounts receivable	42,158	52,843
Income taxes recoverable	984	-
Total Current Assets	57,710	95,143

Non-Current Assets

Iron Ore Company of Canada ("IOC")

royalty and commission interests	210,470	216,644
Investment in IOC	541,248	524,340
Total Non-Current Assets	751,718	740,984
Total Assets	\$ 809,428	\$ 836,127

Liabilities and Shareholders' Equity

Current Liabilities

Accounts payable and accrued liabilities	\$ 8,920	\$ 11,205
Dividend payable	22,400	48,000
Income taxes payable	-	1,800
Total Current Liabilities	31,320	61,005

Non-Current Liabilities

Deferred income taxes	132,900	132,190
Total Liabilities	164,220	193,195

Shareholders' Equity

Share capital	317,708	317,708
Retained earnings	332,350	330,966
Approved by the Directors, Accumulated other comprehensive loss	(4,850)	(5,742)
	645,208	642,932

John F. Tuer Patricia M. Volker

Total Liabilities and Shareholders' Equity	\$ 809,428	\$ 836,127
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LABRADOR IRON ORE ROYALTY CORPORATION

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Year Ended

December 31,

(in thousands of Canadian dollars except for per share information) 2025 2024

Revenue

IOC royalties	\$ 164,336	\$ 205,847
IOC commissions	1,544	1,660
Interest and other income	647	1,496
	166,527	209,003
Expenses		
Newfoundland royalty taxes	32,867	41,169
Amortization of royalty and commission interests	6,174	6,257
Administrative expenses	3,038	3,059
	42,079	50,485
Income before equity earnings and income taxes	124,448	158,518
Equity earnings in IOC	15,859	60,640
Income before income taxes	140,307	219,158
Provision for income taxes		
Current	39,170	49,399
Deferred	553	(5,280)
	39,723	44,119
Net income for the year	100,584	175,039
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 2025 - \$157; 2024 - \$100)	892	561
Comprehensive income for the year	\$ 101,476	\$ 175,600
Basic and diluted income per share	\$ 1.57	\$ 2.73

LABRADOR IRON ORE ROYALTY CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended	
	December 31,	
(in thousands of Canadian dollars)	2025	2024
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income for the year	\$ 100,584	\$ 175,039
Items not affecting cash:		
Equity earnings in IOC	(15,859)	(60,640)
Current income taxes	39,170	49,399
Deferred income taxes	553	(5,280)
Amortization of royalty and commission interests	6,174	6,257
Common share dividends received from IOC	-	83,575
Change in amounts receivable	10,685	1,029
Change in accounts payable	(2,285)	(337)
Income taxes paid	(41,954)	(47,134)
Cash flow from operating activities	97,068	201,908
Financing		
Dividends paid to shareholders	(124,800)	(172,800)
Cash flow used in financing activities	(124,800)	(172,800)
(Decrease) increase in cash, during the year	(27,732)	29,108
Cash, beginning of year	42,300	13,192
Cash, end of year	\$ 14,568	\$ 42,300

LABRADOR IRON ORE ROYALTY CORPORATION
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common	Share	Retained	Accumula other comprehe loss
(in thousands of Canadian dollars except share amounts)	shares	capital	earnings	
Balance as at December 31, 2023	64,000,000	\$ 317,708	\$ 347,927	\$ (6,303)
Net income for the year	-	-	175,039	-
Dividends declared to shareholders	-	-	(192,000)	-
Share of other comprehensive income from investment in IOC (net of taxes)	-	-	-	561
Balance as at December 31, 2024	64,000,000	\$ 317,708	\$ 330,966	\$ (5,742)
Balance as at December 31, 2024	64,000,000	\$ 317,708	\$ 330,966	\$ (5,742)
Net income for the year	-	-	100,584	-
Dividends declared to shareholders	-	-	(99,200)	-
Share of other comprehensive income from investment in IOC (net of taxes)	-	-	-	892
Balance as at December 31, 2025	64,000,000	\$ 317,708	\$ 332,350	\$ (4,850)

The complete consolidated financial statements for the year ended December 31, 2025, including the notes thereto, are posted on <http://www.sedarplus.ca> and labradorironore.com.

SOURCE Labrador Iron Ore Royalty Corporation

Contact

For further information, please contact: John F. Tuer, President & Chief Executive Officer, (416) 362-0066

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