

19 October 2026

Waking the bear

NEED TO KNOW

- **Massive Canadian magnetite iron ore development, leveraged to green steel trend through high-grade products**
- **PFS: post-tax NPV US\$9bn, IRR 15.2%, 23Mtpa, 44yr mine life**
- **100% ownership with strong cash position to fund next stage of development**

Building a giant: IBR is developing one of the largest known magnetite iron ore deposits in the world. The project supports high-grade, low-impurity products geared to the green steel transition. The project also measures favourably against operating peers on both product grade and scale (Bloom Lake, IOC, Iron Bridge).

PFS proves economics: IBR's published PFS details a project of significant scale: 3.3Bt reserve, 23Mtpa production, 44-year life, US\$9bn NPV, US\$4.2bn pre-production capex, first quartile of the value-in-use seaborne cost curve. Iron Bear plans to improve project metrics further with optimised PFS results expected Nov 2026.

Feeding the green steel supply chain: High-grade iron ore feedstocks are becoming increasingly critical as steel producers push to lower carbon emissions. We expect projects that can produce very high-grade concentrate and pellets, like the Iron Bear Project, to attract increasing premiums over traditional hematite production (e.g. BHP/IO/IMG). Iron Bear's project significantly benefits from logistical/infrastructure advantages compared to other aspiring developers, including access to rail, port, and low-cost hydropower. IBR's scale and high-quality products therefore position it as a globally significant source of high value iron ore for the future.

Investment Thesis

A globally significant green steel play: IBR offers exposure to a leading development project in one of the biggest and most resilient global commodity markets (iron & steel). IBR's DR pellet product provides exposure to green steelmaking. The project's life, scale, and quality make it attractive to strategic partners. Following Vale's election not to proceed with Phase 2 of the prior development agreement, IBR holds 100% of the project, with several routes to partnership and funding (offtake, JV, royalties and debt). The project has been advanced by US\$18m of Vale funding and IBR has a strong level of cash (A\$15.3m) for the next stage of development. We expect continued news flow through 2026 and beyond as the project continues to de-risk: Updated PFS, progressing approvals, and an outcome to the Project of National Significance application potentially providing significant backing.

Valuation: \$0.10/sh

Riskd NPV offers upside: Our unrisked NPV for the Iron Bear Project is US\$1,575m, based on the PFS Base Case with a higher discount rate (10% vs PFS 8%) and more conservative product premiums. Applying a 0.1x risk adjustment multiple to reflect the project's early stage and remaining hurdles (BFS, permitting, funding), and assuming some dilution to fund development activity, we value IBR at A\$0.10/sh. IBR also screens as undervalued on an EV/ Resource basis, with our peer median implying an EV of ~A\$312m. We see potential for a re-rate as the project de-risks and view the current valuation as undemanding against the scale of the opportunity.

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Iron Bear Resources (IBR) is developing the Iron Bear Project in Canada's Labrador Trough, one of the largest known magnetite iron ore deposits in the world (13.6Bt at ~30% Fe). The July 2026 PFS outlined a 23Mtpa, 44-year operation producing high-grade BF concentrate and DR pellets, the premium feedstock for low-carbon steelmaking, with a post-tax NPV8 of US\$9.0bn. The project benefits from established regional infrastructure, with existing heavy-haul rail to the deep-water port of Sept-Iles and 100% hydropower from Churchill Falls. IBR retains 100% ownership of an unencumbered asset that has been significantly advanced through Vale's US\$18m Phase 1 funding. Next steps include optimisation work ahead of the BFS, permitting/ Indigenous agreements, and securing power supply and funding.

Valuation	A\$0.100
Current price	A\$0.020
Market cap	A\$22m
Cash on hand	A\$15.3m (11 Sep 26)

Upcoming Catalysts / Next News

Period	
4Q 2026	Updated PFS
4Q 2026	Project of National Significance
4Q 2026	Register Environmental Impact
4Q 2026	Appoint Tier 1 Financial Adviser

Share Price (A\$)

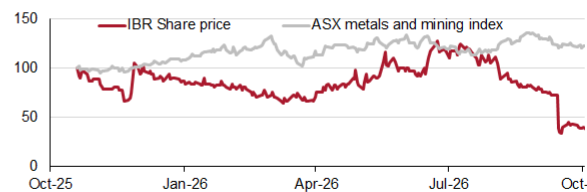
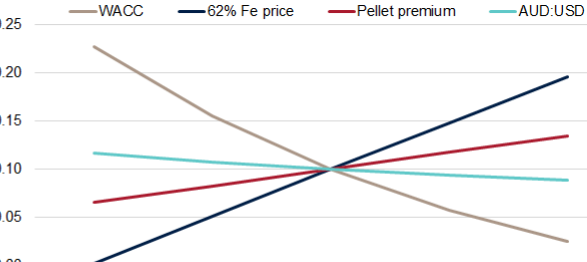


Source: FactSet, MST Access

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Figure 1: Iron Bear Resources Financial Summary

Iron Bear Resources Limited							IBR.AX
Year end 30 June							
Market Data							
Share Price	A\$/sh	0.020					
52 Week Low	A\$/sh	0.020					
52 Week High	A\$/sh	0.082					
Valuation	A\$/sh	0.100					
Market Cap (A\$m)	A\$m	22					
Net Debt / (Cash) (A\$m)	A\$m	(14)					
Enterprise Value (A\$m)	A\$m	8					
Shares on Issue (basic)	m	1,106					
Performance rights and options	m	406					
Potential shares on issue (diluted)	m	1,513					
Investment Fundamentals		FY25A	FY26A	FY27E	FY28E	FY29E	
Reported NPAT	A\$m	(7)	30	(5)	(5)	(5)	
Underlying NPAT	A\$m	(6)	(3)	(5)	(5)	(5)	
Underlying EPS	¢ps	(0.5)	(0.3)	(0.5)	(0.5)	(0.2)	
EPS Reported	¢ps	(0.1)	2.7	(0.5)	(0.5)	(0.2)	
P/E Reported	x	n/m	0.73	n/m	n/m	n/m	
P/E Underlying	x	n/m	n/m	n/m	n/m	n/m	
Price / Operating Cash Flow	x	n/m	n/m	n/m	n/m	n/m	
Dividend per share	¢ps	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow / Share	A\$	(0.00)	0.01	(0.00)	(0.00)	(0.00)	
Price / Free Cash Flow	x	n/m	1.7	n/m	n/m	n/m	
Free Cash Flow Yield	%	(20%)	58%	(23%)	(23%)	(9%)	
Book Value / Share	A\$	0.01	0.02	0.02	0.01	0.03	
Price / Book	x	1.60	0.99	1.29	1.83	0.69	
NTA / Share	A\$	0.01	0.02	0.02	0.01	0.03	
Price / NTA	x	1.60	0.99	1.29	1.83	0.69	
Year End Shares	m	1,094	1,106	1,106	1,106	2,811	
Market Cap (spot)	A\$m	22	22	22	22	56	
Net Cash / (Debt)	A\$m	1	14	9	4	74	
EV / EBITDA	x	n/m	n/m	n/m	n/m	n/m	
Net Debt / Enterprise Value	x	(0.1)	(1.7)	(1.1)	(0.5)	(9.0)	
Statement of Cashflows		FY25A	FY26A	FY27E	FY28E	FY29E	
Net Cash From Operations		(2)	(2)	(5)	(5)	(5)	
Net Cash From Investing		(2)	15	0	0	0	
Net Cash From Financing		6	(0)	0	0	75	
Net Increase / (Decrease) in Cash		1	13	(5)	(5)	70	
Grade	BF Concentrate	DR Concentrate	DR Pellets				
Fe%	69.1	71.0	68.4				
SiO ₂ %	3.5	1.2	<1.6				
Al ₂ O ₃ %	<0.1	<0.1	<0.1				
P%	<0.01	<0.01	<0.01				
S%	0.004	0.003	0.003				
12-Month Relative Performance vs ASX Metals & Mining							
							
Profit & Loss (A\$m)		FY25A	FY26A	FY27E	FY28E	FY29E	
Revenue		-	-	-	-	-	
Expenses		(6)	(3)	(5)	(5)	(5)	
EBITDA		(6)	(3)	(5)	(5)	(5)	
D&A		(0)	(0)	(0)	(0)	(0)	
EBIT		(6)	(3)	(5)	(5)	(5)	
Interest		(0)	(0)	-	-	-	
Net Profit Before Tax		(6)	(3)	(5)	(5)	(5)	
Tax		-	-	-	-	-	
Underlying NPAT		(6)	(3)	(5)	(5)	(5)	
Significant items		(1)	33	-	-	-	
NPAT		(7)	30	(5)	(5)	(5)	
Balance Sheet (A\$m)		FY25A	FY26A	FY27E	FY28E	FY29E	
Cash		1	14	9	4	74	
Other Assets		14	9	9	9	9	
Total Assets		15	23	18	13	83	
Borrowings + leases		0	0	0	0	0	
Other liabilities		1	1	1	1	1	
Total Liabilities		1	1	1	1	1	
Shareholders' equity		14	22	17	12	82	
Net cash/ (debt)		1	14	9	4	74	
Valuation Sensitivity			Change	A\$m	A\$/sh		
Fe 62% price	US\$	+/- 10%	10	155	0.05		
Pellet premium	US\$	+/- 10%	5	56	0.02		
WACC	%	+/- 10%	1.0%	(136)	(0.04)		
AUD:USD	-	+/- 10%	0.07	(20)	(0.01)		
							

Source: MST. IBR

Executive Summary

Unearthing a high-grade iron ore giant

Iron Bear Resources (IBR) is developing the Iron Bear Project in Canada's Labrador Trough, one of the largest known magnetite resources in the world (13.6Bt at ~30% Fe). The July 2026 PFS outlined a 23Mtpa, 44-year operation based on reserves of only ~25% of the total resource. The operation will produce high-grade BF concentrate and DR pellets, the premium feedstock for the growing market in low-carbon steelmaking. PFS economics indicated a post-tax NPV8 of US\$9.0bn. The project benefits from established regional infrastructure, with existing heavy-haul rail to the deep-water port of Sept-Îles and access to low-cost hydropower from Churchill Falls adding to its green steel profile.

Premium product attracts premium prices

As global steelmakers transition to low-carbon production routes, we expect the demand for high-grade iron ore products to increase. Aside from the immense scale, IBR's project has favourable geological and processing characteristics generating two products at the top of the seaborne quality spectrum:

- Blast Furnace (BF) concentrate @69.1% Fe (~3.5%: SiO₂ + Al₂O₃ impurities)
- Direct-reduction (DR) pellets @68.4% Fe (<1.6%: SiO₂, <0.1% Al₂O₃ impurities)

These products currently attract a significant premium over the standard 61% Fe iron ore benchmark that currently dominates the global seaborne iron ore trade.

- **Pellet powerhouse:** the majority of IBR's product mix will be DR pellets (~80% at steady state), with implied FOB spread of ~US\$117/dmt using the PFS price deck (US\$204/dmt FOB). At 18.4Mtpa, Iron Bear would rank among the largest merchant suppliers of DR pellets, joining a short list of current producers (Vale, Samarco, IOC, LKAB, and others). IBR's production will help fill growing demand in DR pellets with forecasts expecting demand to double to ~105Mt by 2034 (IIMA).
- **Leveraged to green steel:** green steelmaking (DRI-EAF), requires high-grade, low-impurity feed that <3% of seaborne supply currently meets. European hydrogen-based DRI is forecast to scale from ~2030, with capacity growing substantially, and significant DR-grade supply deficits expected. This macro dynamic favours IBR's DR pellet production.

100% ownership opens broad funding pathway

Following Vale's decision not to proceed to Phase 2 of the Development Agreement, IBR retains 100% ownership of a de-risked project (progressed through US\$18m of Vale spend) and is well funded for the next stage of development. IBR now has full flexibility over how it funds/ progresses the project (JV, offtake, royalty, debt). The project's high-grade, low-impurity products are relevant to a broad global market, with low deleterious elements increasingly important for DR-grade feed given their impact on steelmaking efficiency. A growing number of steelmakers and trading houses are moving to secure DR-grade supply. Examples include Mitsubishi's long-standing stake in IOC, Nippon Steel and Sojitz's staged entry into neighbouring Kami, JFE and Itochu in the UAE's low-carbon iron hub, and Bahrain Steel and Essar contracting feed in the Gulf. We expect IBR to attract similar downstream interest given their product quality.

Project of national significance

IBR's project could underpin supply of green steel feedstock for multiple decades, creating a valuable low-carbon industry leveraging off favourable infrastructure advantages in Canada (particularly low-cost hydropower). IBR applied to the federal Major Projects Office (MPO) for referral in May 2026 under the Building Canada Act. If successful, referral could bring multiple avenues of government support for the project. Most notably, the transmission connection to Churchill Falls hydropower, which would also extend renewable interconnection into the region (Schefferville via tap station). Government participation in the power build could lead to lower power prices (a key NPV sensitivity) and promote the project as a key multi-generational development for the regional economy. The government has already committed to ~C\$10bn of financing for Churchill Falls, Gull Island and associated transmission.

- **Deeper pockets with federal backing:** MPO referral would confirm the project as a national priority and improve access to capital. This includes access to Canada Infrastructure Bank debt, Canada Strong Fund equity and the Indigenous Loan Guarantee Program. Referred projects that have reached financing drew federal support of ~25% of capex (Matawinie, Red Chris), implying up to ~US\$1bn for Iron Bear, typically alongside a committed private partner. The project's Canadian significance could also expand access to capital through a future Canadian dual listing.

- **Streamlined permitting accelerates first production:** the MPO would coordinate federal approvals across IBR's cross-provincial footprint (mine in Newfoundland & Labrador; pellet plants and port in Quebec), potentially shortening the federal permitting timeline from ~5 years to ~2 years. Bringing forward first production would add significant project value. The Canada-Newfoundland Labrador "one project, one review" agreement (Sep 2026) has already removed some federal/provincial permitting requirements duplication for the project.

Right time and right team to execute

The long-term structural ramp-up in DRI steelmaking will be well timed with the staged development of IBR's project. Bringing this large-scale development to fruition will require significant technical depth, market experience, and will leverage off strategic partnerships with industry players.

- **Board:** IBR's MD and CEO Paul Berend has 25+ years in iron ore and steel (ArcelorMittal, Rio Tinto Iron Ore, Hatch). Recently appointed Non-Executive Chairman, Simon Lill, chaired De Grey Mining from 2013, through the 11.2Moz Hemi discovery to its ~A\$5bn acquisition by Northern Star (NST.AX). NED Caue Araujo brings broad iron ore and technical consulting experience (AME Group, Hatch, SRK). Luke Martino (ex-Deloitte lead partner), Deputy Chairman, and David Sanders, NED (previous Chairman), bring strong corporate finance/ transactions experience to complete the board.
- **Below the board:** VP Technology Paul Vermeulen (ex-Rio Tinto Iron Ore) covers product and process, Project CFO, Alex Zimer, (Tata Steel, Anglo American, Vale) covers project finance, Anna Sloboda (Elixir Energy NED, former Chair of Lykos Metals, now Yugo Metals YUG.AX) heads investor relations, Levi McDonald covers strategy and commercial analysis and Floriane Desmergers (ex-Champion Iron's Bloom Lake subsidiary) leads the ESIA and Indigenous workstreams – part of the project's critical approvals path.

Valuation

We value IBR at A\$0.10/sh on a 0.1x risk-adjusted NPV of the Iron Bear Project. Our model is built on the PFS Base Case (44-year mine life, 23Mtpa, 80:20 DR pellet/ BF concentrate mix) with more conservative assumptions, including 10% WACC vs PFS 8%, and lower product premiums. The model allows for five years for studies, permitting and de-risking before construction begins in FY32 (first ore FY37). We assume a A\$75m placement in 1H FY29 at A\$0.043/sh, funding ~50% of the estimated ~US\$100m required to reach Decision to Mine. We expect the valuation to rise as the BFS, permitting and funding milestones de-risk the project.

When compared to magnetite studies released in the last five years as well as peer group of companies developing large magnetite project, IBR's attributes stand out strongly. It has unmatched scale both in terms of resource and processing throughput as well as impressive product quality (Fe grade and impurity). The company screens as undervalued on a EV/ resource basis, with the peer median (EV/t) implying an enterprise value of ~A\$312m.

Key catalysts

- **Updated PFS:** expected to improve on the Jul 2026 PFS through further technical de-risking, optimisation of the development plan and refinement of key cost and operating assumptions. Results for the updated PFS are expected in Dec Q '26.
- **Funding pathway:** a funding agreement or clearer funding pathway for the project's development and capital costs would de-risk the project. The planned Tier 1 financial adviser appointment (Dec Q '26) will accelerate a funding outcome.
- **Permitting and environmental progression:** completion of baseline studies, regulatory submissions in Newfoundland & Labrador and Quebec, and formal consultation with the five Indigenous groups would advance the environmental assessment (ESIA) process and reduce schedule risk.
- **Project of National Significance referral:** successful referral to the Major Projects Office (MPO) would likely lead to a shortened federal permitting timeline, could provide access to low-cost federal financing (CIB, Canada Strong Fund) and a government-backed funding of the Churchill Falls transmission connection. An outcome is expected Dec Q '26.

Key risks

- **Partnership and funding:** although we expect strong strategic interest in the project, securing funding is not assured.
- **Commodity price, FX and macro factors:** IBR is leveraged to iron ore prices and DR pellet/ BF conc. premiums. Revenues are US dollar denominated, with Canadian dollar costs and Australian dollar reporting currency.
- **Operating and capital cost inflation:** higher construction, labour and equipment costs could increase funding requirements and erode project returns.
- **Permitting and development timelines:** advancing a large-scale operation across Newfoundland & Labrador and Quebec requires extensive environmental, Indigenous, heritage, and regulatory approvals. This could extend development timelines or impose additional conditions.
- **Securing a counterparty for power:** failure to secure a counterparty to build the Churchill Falls transmission, or less favourable commercial terms, could delay development and increase power costs.

Valuation: \$0.10/sh

Our valuation is based on an NPV of the Iron Bear Project, built predominantly on the PFS Base Case (rail transport, wet tailings) with more conservative assumptions, including a higher discount rate and lower pricing assumptions (Figure 3). We apply a 0.1x risk adjustment to reflect the relatively early stage of the project with several hurdles before the project's full NPV is realised (BFS, permitting, funding). On this basis, we estimate a risked valuation of A\$0.10/sh. We see this as a conservative estimate that IBR is likely to exceed as key milestones are achieved and the project is further derisked, increasing the risk adjustment and realised NPV.

Similar to the PFS, we assume a 44-year mine life producing 23Mtpa of saleable product (80% DR pellet/ 20% BF concentrate mix). We have used capital cost and operating cost assumptions ~5% above PFS estimates. We model five years (FY27-31) for the project to progress through the required permitting, studies and de-risking before construction of the three-staged build out begins in FY32. We estimate first ore in FY37.

We assume IBR raises A\$75m through new equity in 1H FY29 at A\$0.043/sh (~1.76bn new shares) to fund project development and corporate overheads. This is ~50% of our US\$100m estimated funding required to reach Decision to Mine. We expect the balance to be sourced from other avenues; a strategic partnership, government funding or offtake-linked prepayment.

Figure 2: Model assumptions vs PFS

		PFS	MST	%diff
Nominal Discount rate	2.5% CPI	8%	10%	
Study costs	US\$m	120	100	-17%
Pre-production capex	US\$bn	4.2	4.4	5%
Cash Cost (FOB), stage 3	US\$/t	77.4	81.3	5%
62% Fe index	US\$/t	100	100	
BF concentrate realised (CFR)	US\$/t	152	145	-5%
DR pellet realised (CFR)	US\$/t	212.3	195	-8%
Pellet premium real escalation	% pa	0.5%	0.5%	
Tax rate	%	36.3%	35%	

Source: MST

Differences in assumptions

Lower study spend without Vale: Study costs under the Vale development arrangement were estimated at ~US\$120m. With IBR now funding 100% of the project from its own capital, we expect tighter control over development spend than under a Vale-funded agreement. We estimate the work required to reach Decision to Mine (DTM) at ~US\$100m.

Robust economics with conservative key assumptions: although we have a strong outlook for iron ore, especially on the premium end of the market, our price assumptions are more conservative than the PFS. We apply a lower value-in-use premium on BF concentrate and a lower DR pellet premium than the PFS (Figure 2). We also use a 10% WACC (vs PFS' 8%). Despite the WACC and Fe pricing being the key sensitivities to our model, our risked valuation still implies strong upside.

Figure 3: IBR valuation

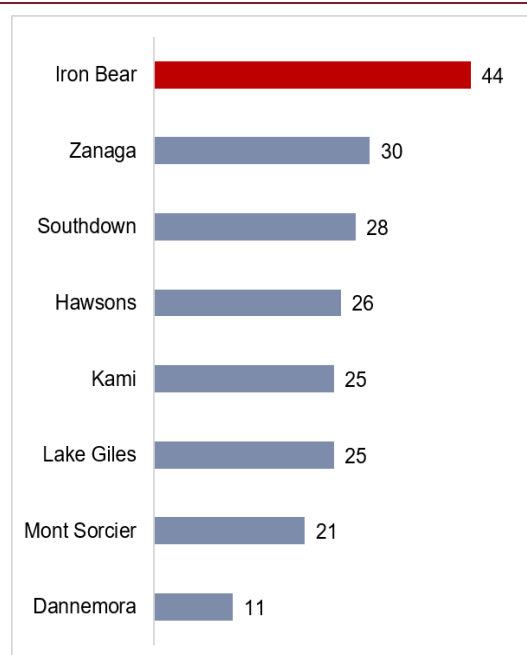
Valuation	m	US\$m	A\$m	A\$/sh
Project NPV		1,583	2,261	0.69
Risk adjustment		0.10x	0.10x	
Iron Bear risked valuation		158	226	0.07
Cash on hand			15	0.00
Assumed equity raise (1H FY29)			75	0.02
Cash from realised share options			12	0.00
IBR equity valuation - diluted			328	0.10
Current shares outstanding	1,106			
Outstanding options / perf rights / raise	2,163			
Fully diluted shares on issue (f'cast)	3,269			

Source: MST

Benchmarking the PFS against recent magnetite development studies

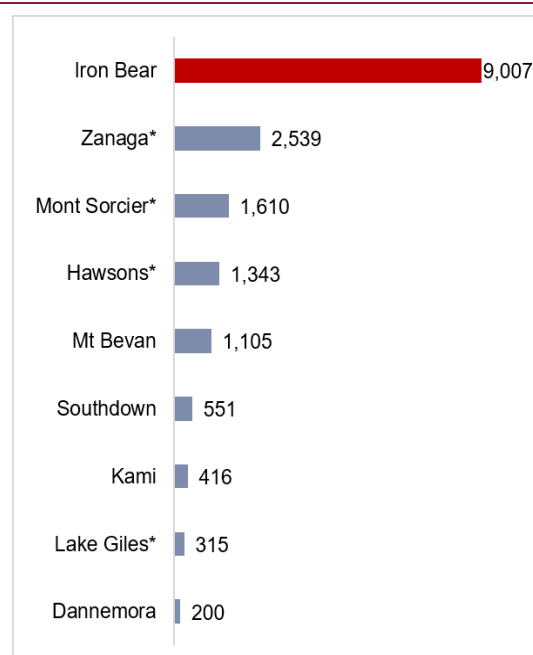
To benchmark the Iron Bear PFS, we compared it against the eight most relevant magnetite development studies released over the last five years. The set contains scoping to feasibility stage studies of magnetite-dominant orebodies that use grinding and magnetic separation to produce a higher-grade Fe product. Iron Bear project's scale stands out from the peer group. Its steady-state production of 23Mtpa is ~2x that of the next-largest study, it also has the longest mine life in the peer set (Figure 4) and by far the largest post-tax NPV (Figure 5).

Figure 4: Mine life (yrs)



Source: MST [Mt Bevan did not disclose a mine life].

Figure 5: NPV (US\$m)

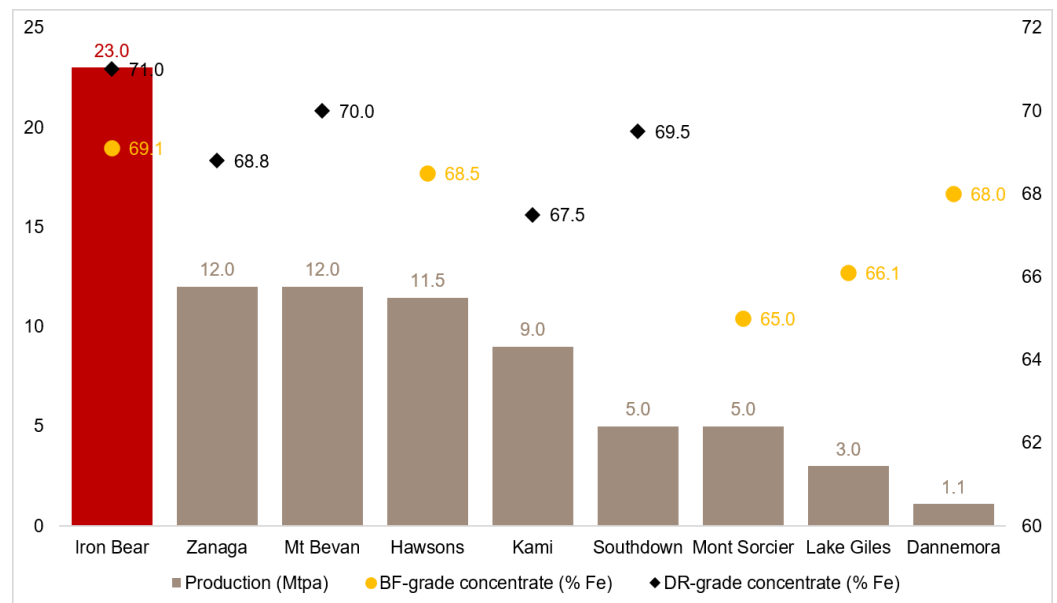


Source: MST. [*Post-tax NPV at 8% discount rate, except Zanaga and Southdown (10%), Lake Giles (6%) and Hawsons (pre-tax). A\$ figures converted at study-date FX. Price assumptions differ between studies].

- Despite the similar grinding/ magnetic separation flowsheets across the group, half the peer set falls short of DR thresholds, highlighting how scarce top-end supply is (Figure 6).
- Iron Bear's 71.0% Fe DR concentrate has the highest grade and lowest impurities in the peer set. This places it at the premium end of the market, where steelmakers pay up for higher grade and lower gangue to lift blast furnace productivity, cut coke rates and enable DRI-EAF green steelmaking.

- Iron Bear is also the only study planning to produce DR pellets, one of the highest value iron ore products in the market.

Figure 6: Large scale production and high quality (production Mtpa, LHS; % Fe grade, RHS)

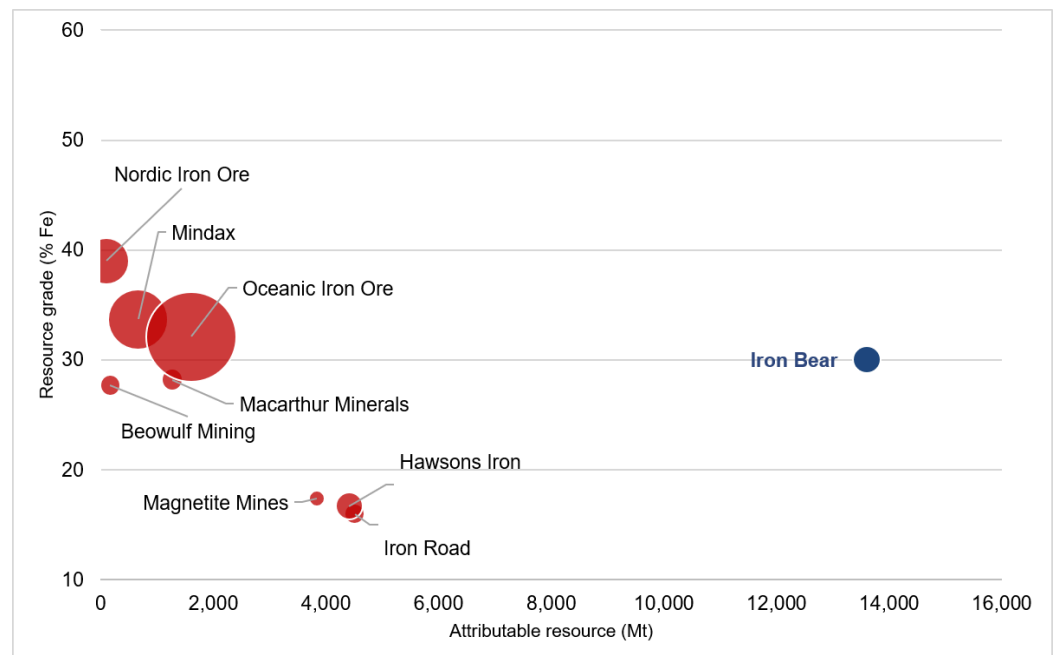


Source: MST

Peer comparison: scale not reflected in value

IBR also screens as undervalued on a resource comparison against listed magnetite developers at similar stages (Scoping Study to Feasibility stage). Iron Bear's ~13.6Bt attributable resource is roughly three times the size of the next-largest peer, at a ~30% Fe grade in the upper half of the peer group and well above the large Australian magnetite projects (~16-17% Fe) (Figure 7). IBR's resource is not reflected in the company's enterprise value (bubble size). The project is also backed by a 3.3Bt Reserve at 29.1% Fe. Applying the peer median EV/t of resource (~A\$0.023/t) to IBR's 13.6Bt implies an enterprise value of ~A\$312m.

Figure 7: Attributable resource, resource grade, enterprise value



Source: MST

Company & Project Overview

Figure 8: Company history

Date	Event
Mar 2001	Listed on the ASX, initially gold exploration
Aug 2005	Strategic pivot to iron ore exploration
Oct 2020	Renamed Cyclone Metals Ltd (ASX: CLE)
Apr 2023	Acquired Labrador Iron Pty Ltd for ~A\$5.4m (100% scrip), gaining ownership of the Iron Bear project.
Apr 2024	Major Mineral Resource upgrade (+130%): 16.66 Bt @ 29.3% Fe
Feb 2025	JV agreement with Vale S.A.; Vale to fund up to US\$138m to earn 75%
Aug 2025	Scoping Study completed (post-tax NPV8 US\$9.79bn, IRR 18.6%, payback 6.8yrs)
Oct- Dec 25	Board renewal: Mr Sanders appointed Non-Exec Chair, ex-Vale Mr Araujo joins board, and Mr Sage departs
Feb 2026	Renamed Iron Bear Resources Ltd (ASX: IBR)
May 2026	Resource Confidence Upgrade: Indicated to 4.5Bt @29.5% Fe (+114%)
Jun 2026	Application for Project of National Significance
Jul 2026	Simon Lill appointed Non-Exec Chairman (former De Grey Chair through its A\$5bn acquisition by NST)
Jul 2026	PFS completed (post-tax NPV8 US\$9bn, IRR 15%, undiscounted payback 10yrs)
Aug 2026	Vale Phase 1 Development Agreement complete with payments totalling US\$18m received
Sep 2026	Vale elects not to proceed with Phase 2. IBR retains 100% of the project

Source: MST, IBR

The Iron Bear Project is among the largest known magnetite resources globally. Located in Canada, near the Newfoundland and Labrador/Quebec border (Figure 9), ~35 km northwest of Schefferville, the district-scale development is held across 11 licences totalling 11,025 ha. The project's location and nearby infrastructure provide several development advantages:

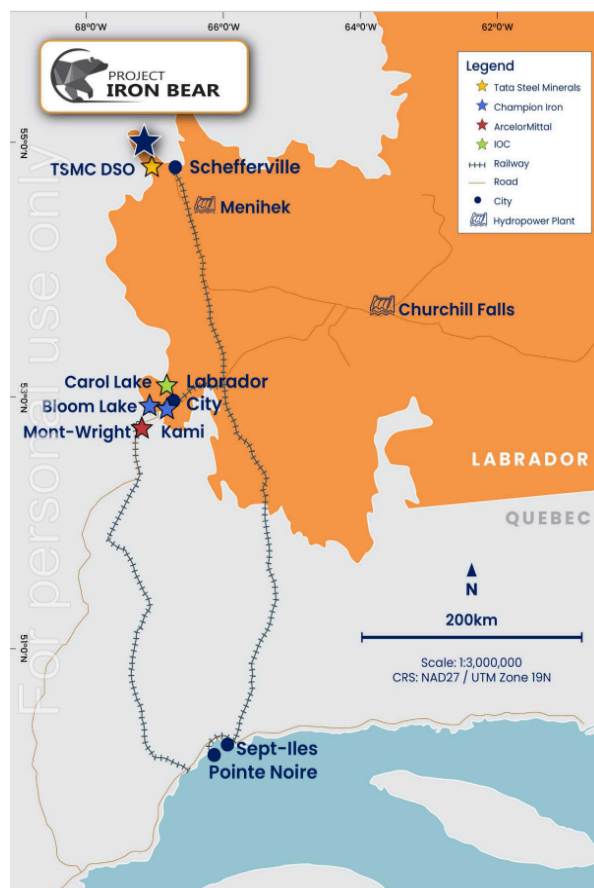
- **An established iron ore district:** Iron Bear sits in the Labrador Trough, a 1,600km Proterozoic basin that has produced iron ore for over 70yrs. The project sits 250 km north of Labrador City (IOC), 550km north of Sept-Îles port and 1,200km northeast of Montreal, with road access via existing forestry and mining roads from Schefferville. The climate is sub-Arctic continental, with winter temperatures typically ranging -15°C to -35°C. The region's incumbents (IOC since 1954, Bloom Lake since 2018) demonstrate year-round operations in comparable conditions.
- **Established heavy-haul rail network:** Iron Bear benefits from the existing ~620km rail corridor between Schefferville and Pointe-Noire, reducing the required infrastructure build. IBR only needs to build loading loops on either end of the rail line (~44km aggregate), network upgrades and trains. Had this rail not existed, replicating this corridor could plausibly cost >US\$5bn, based on previous greenfield construction (Mary River, Simandou).
- **Deepwater port at Sept-Îles:** the largest mineral port in North America. The port handles ~100Mtpa, including iron concentrate and pellets. The precinct, Pointe-Noire, can accommodate Capesize vessels.
- **Regional renewable hydropower:** Churchill Falls, ~350km from site, is one of the largest hydro stations in North America (~5,428MW), with further expansion planned (~14,000MW across Churchill Falls, Gull Island and Labrador wind). Building connection to the project provides a renewable and reliable power source (PFS: 14.79US\$/kWh, rate includes the transmission build).
- **Skilled labour pool:** the wider district (Labrador City, Wabush, Fermont, Sept-Îles) hosts a deep mining workforce built from a history of iron ore operations in the region. Champion alone employs ~1,400 workers.
- **Tier-1 jurisdiction:** the project spans Newfoundland and Labrador and Quebec, both stable, rule-of-law Canadian mining jurisdictions. Mineral tenure, royalty and tax regimes are long-established, and the region carries 70+ years of continuous iron ore permitting history.

Figure 9: Map of project location



Source: IBR

Figure 10: ... and surrounding infrastructure



Source: IBR

Geology & resources

The deposit sits within the Palaeoproterozoic Labrador Trough, a major iron-ore province extending along the eastern margin of the Superior Craton through Quebec and Labrador. Mineralisation is hosted in the Sokoman Formation, where thrust faulting has repeated and stacked the iron formation into horizons, locally increasing apparent thickness beyond 800m. The Greenbush corridor extends ~10km along strike and up to 5km wide, with its broad, near-surface geometry contributing to the mine plan's low strip ratio.

Magnetite is the predominant iron-bearing mineral, with some hematite present. The mineralised horizons demonstrate good continuity along strike and down dip, while weathering is largely restricted to the near surface, leaving predominantly fresh magnetite-bearing ore amenable to conventional magnetic separation.

Figure 11: Iron Bear Resource & Reserve

Resource	Bt	Total Fe%	Mag Fe%
Indicated	4.5	29.5%	20.6%
Inferred	9.1	30.3%	20.7%
Total	13.6	30.0%	20.7%
Reserve	Bt	Total Fe%	Mag Fe%
Probable	3.3	29.1%	19.8%
Total	3.3	29.1%	19.8%

Source: IBR

Figure 12 compares Iron Bear's 3.3Bt Ore Reserve with the total iron ore reserves of some of the world's largest publicly listed iron ore producers. Despite IBR's corporate size, its reserve compares strongly with these majors. Given IBR hosts a magnetite reserve, its in-situ grade is lower than the peers, most of which include direct-shipping grade hematite ore in their reserve. IBR is able to upgrade its ore and produce premium products through its magnetite reserve through beneficiation.

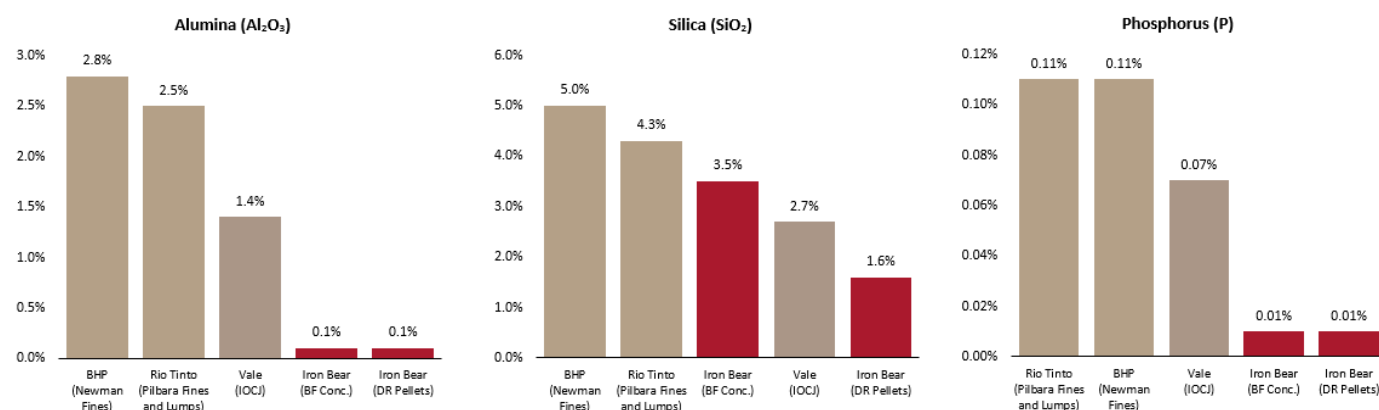
Figure 12: Comparing IBR's iron ore reserves with global iron ore producers

Ticker	Company	Reserves (Bt)	Grade (Fe%)	Product Type
BOVESPA: VALE3	Vale S.A.	16.1	55.2	Fines, Lump, Pellets, Briquettes
LSE: RIO	Rio Tinto Group	3.8	58.5	Fines, Lump
ENXTAM: MT	ArcelorMittal S.A.	3.2	33.8	Lump, Pellets, Concentrate
LSE: AAL	Anglo American plc	2.1	66.2	Fines, Lump, Concentrate
ASX: FMG	Fortescue	1.9	58.3	Fines, Lump
ASX: BHP	BHP Group	1.8	57.6	Fines, Lump
ASX: CIA	Champion Iron	1.6	29.8	Concentrate
ASX: IBR	Iron Bear Resources	3.3	29.1	Pellets, Concentrate

Source: Capital IQ, Company

Products with premium pricing: both Iron Bear products (BF conc., DR pellets) compare favourably against the majors (flagship seaborne products of Rio Tinto, BHP, Vale) on low levels of impurities, as shown by Figure 13. Low alumina and phosphorus reduce slag volumes, energy use and the need for further refining in steelmaking. Silica is also low. This chemistry supports premium pricing, particularly DR pellets, where impurity penalties are highest.

Figure 13: Very low impurity product against the global majors



Source: MST

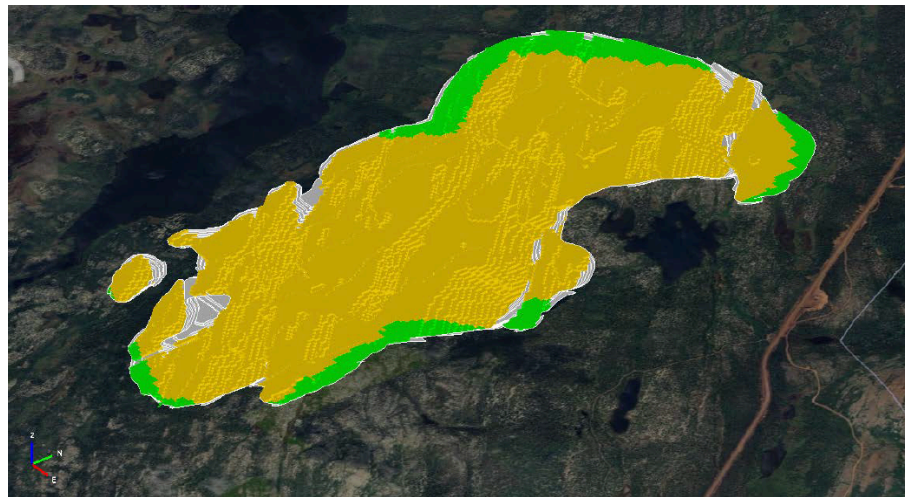
Simplicity gives ease of conversion to higher confidence: the orebody is homogenous and continuous with minimal variation in run-of-mine grades over the mine life. As a strongly magnetic deposit, the mineralisation is directly mappable by magnetic survey, and the inversion model shows excellent correlation with drilling, with 2025 surface mapping confirming the block model. As continuity is already demonstrated by geophysics/ mapping, upgrading Inferred to Indicated is largely a matter of infill drilling to tighten spacing rather than proving up geological continuity. We therefore see resource-to-reserve conversion risk as lower than for most peers.

Upgrading the grade: as a magnetite deposit, Iron Bear's in-situ grade (~30% total Fe) is naturally lower than direct-shipping hematite ores, because magnetite is concentrated by grinding and magnetic separation rather than shipped direct. The numbers that matter commercially are product and impurity grade. Here, Iron Bear sits at the very top of the peer set: a 69.1% Fe blast furnace concentrate and a 68.4% Fe DR pellet, both with very low silica and alumina. IBR places among the highest-grade magnetite concentrates globally (71%), well above the 61-62% Fe DSO benchmarks

Future drilling is a value lever: We view resource conversion as a value lever for the project given the current inferred resource has a higher grade than the reserve (Figure 14). While the deposit is relatively homogenous, a marginal improvement in grade and output in the early years carries a disproportionate NPV impact. We see upgrading confidence creating value in two possible ways:

1. **Mine schedule:** the current schedule is constrained, deferring inferred resource to later years in the mine plan for study confidence purposes. Improving the resource confidence means any higher-grade, inferred material can be brought forward, increasing yield in earlier years. Given the distribution of the inferred resource (shallow pit and more laterally distributed, Figure 14), we expect sequencing this ore at the front of the mine plan should also be practical.
2. **Pit optimisation:** the PFS pit was designed on indicated resources only, with inferred excluded from the optimisation. Conversion allows the optimiser to work with the full addressable resource to get the most accretive design.

Figure 14: Probable ore Reserve (gold) and inferred Resource (green)



Source: IBR

PFS - Detailed Technical Work Outlines Key Project Drivers

The Pre-Feasibility Study (PFS), released in July 2026, highlights the strong economics of the project. It was prepared by tier-one consultants (Hatch, Snowden Optiro, Fortin Pipelines and IDOM) with engineering completed to AACE Class 4 standard ($\pm 30\%$ accuracy). It defines a 3.3Bt Probable Ore Reserve supporting 23Mtpa of production (4.5Mtpa BF concentrate and 18.4Mtpa DR pellets) over a 44-year mine life. The project's scale and low strip ratio drive a low-cost operation compared to peers with mining costs of US\$11.7/t and concentrator costs of US\$28.8/t of saleable product. The PFS evaluates three development scenarios. Our analysis focuses on the Base Case (rail transport, wet tailings), which IBR presents as the primary scenario after screening 192 operating permutations at scoping study stage, as it offers the strongest capital efficiency and lowest capital at risk. The two alternatives preserve flexibility as test work and permitting progress:

- 1. Base case:** concentrate moves to Pointe-Noire by heavy-haul rail on the existing corridor, and tailings are stored in a conventional wet (centreline-raised) facility at the mine site. and power charged as an LCOE tariff (third party owns the transmission).
- 2. Slurry pipeline:** replaces rail with a 600km buried slurry pipeline to the port, with a return-water pipeline to the mine. It is a lower-opex option and could lift throughput via a fourth train.
- 3. Dry tailings:** replaces the wet tailings facility with a filtered dry-stack facility, which is easier to manage over the long term. Tailings are dewatered by filtration and stacked rather than stored behind a raised embankment.

Figure 15: PFS scenarios

		Base Case (BC)	BC + Slurry Lines	BC + Dry Tailings
BF concentrate production	Mtpa	4.5	4.5	4.5
DR pellet production	Mtpa	18.4	18.4	18.4
NPV8 (post-tax, unleveraged)	US\$bn	9.0	9.6	8.0
Preproduction Capex	US\$bn	4.2	6.7	5.6
IRR (post-tax)	%	15.2	13.8	14.0
BF concentrate production cost	FOB US\$/dmt	64	50	71
DR pellet production cost	FOB US\$/dmt	87	73	95
BF concentrate sales price	FOB US\$/dmt	144	144	144
DR pellet sales price	FOB US\$/dmt	204	204	204
Total LOM FCF	US\$bn	108.2	122.7	97.3
LOM production Capex	US\$bn	11.5	13.0	12.5
Life of mine	Yrs	44	44	44

Source: IBR

Updated PFS to further improve project metrics - Dec Q '26

IBR has guided to an updated PFS by Dec Q '26, following completion of value optimisation studies. The study should see improved financial outcomes and de-risk the project further from the July PFS, with the optimisation work reassessing higher production rates, new operational scenarios and regional infrastructure. The improvements are likely to come from:

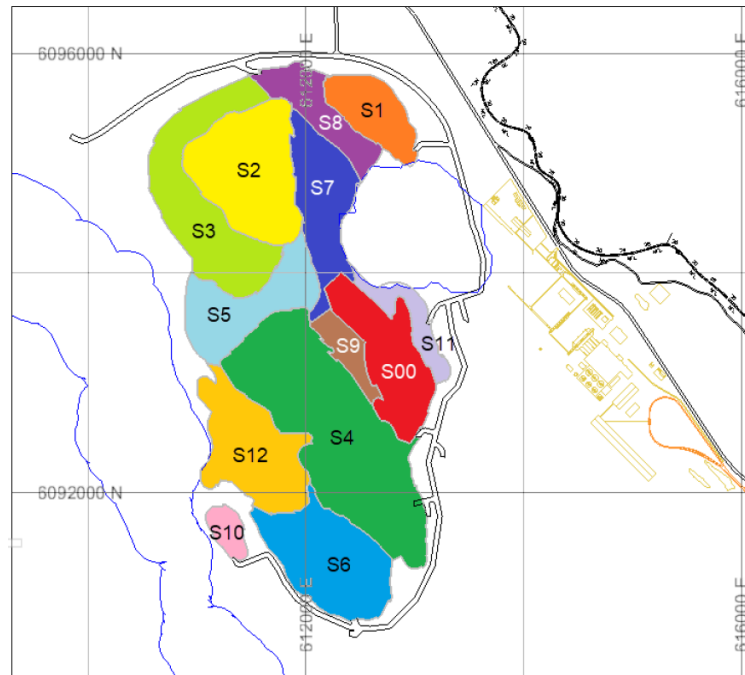
- De-risking the project through additional metallurgical and engineering test work
- Improving the accuracy of the study through more detailed engineering and cost estimation, lifting confidence in the capex and opex figures
- Optimising the development case through additional testing and trade-off studies, including a refined processing flowsheet and opportunities to reduce operating costs

Iron Bear Project - mining

Mining is proposed as an owner-operated, conventional large-scale open-pit truck-and-shovel operation. High-capacity electric rope shovels and hydraulic excavators will load a fleet of 360t-class haul trucks operating on 15m benches through a standard drill, blast, load and haul cycle. The method suits the scale and broad geometry of the deposit and allows for staged pit development. Over the 44-year mine life, the schedule moves 4.95Bt of material, comprising 3.44Bt of mill feed and 1.51Bt of waste, giving a low LOM strip ratio of 0.44:1. Pit optimisation applies a 12.5% MagFe cut-off for a targeted mill-feed grade of ~20% MagFe.

Mine Design: the ultimate pit extends ~5km along strike, averages 1.5km in width and reaches a maximum depth of 465m. The pit is divided into successive stages and cutbacks, aligning with the phased commissioning of the three processing trains. Ore and waste movements increase as each train is brought online, with total material movement peaking at ~150Mtpa during the middle of the mine life.

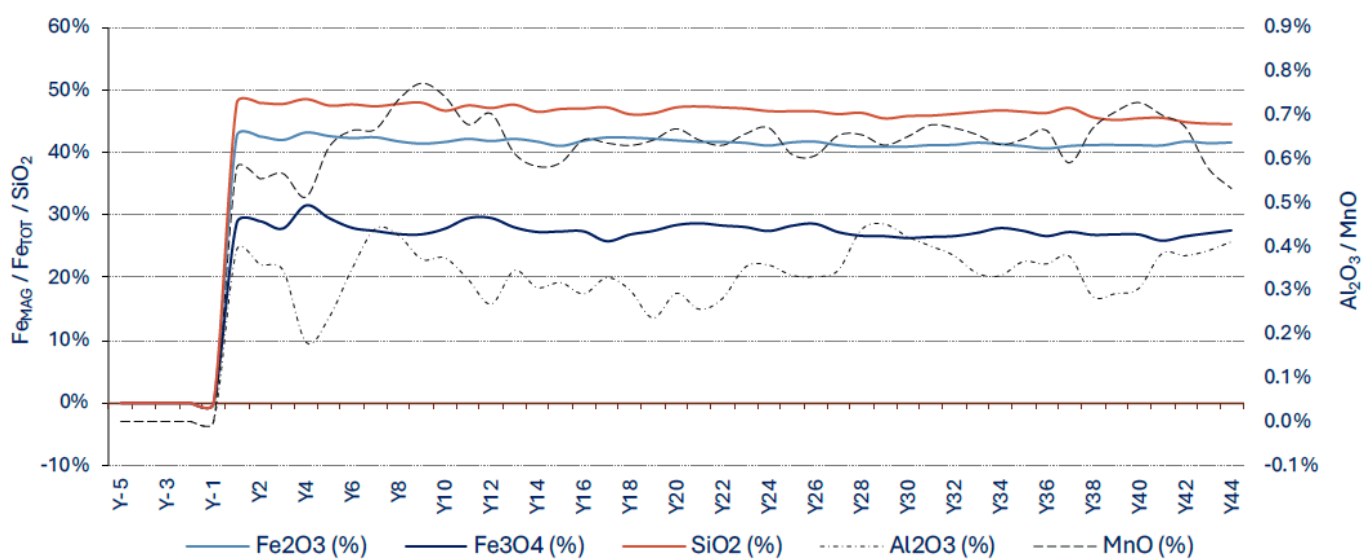
Figure 16: Pit sequencing



Source: IBR

Stockpiles: ore will be hauled directly from the pit to the crushers with no routine stockpile blending required. Multiple mining areas will be worked in parallel, providing flexibility in maintaining ore supply. Some stockpiles will be kept for a buffer (max storage ~5.4Mt: ~20 days of feed). This approach minimises rehandling costs, whilst maintaining a relatively consistent feed grade (Figure 17), averaging 29.1% total Fe and 19.9% MagFe (scheduled feed).

Figure 17: ROM Grades



Source: IBR

Mine Schedule and Waste Management: pre-strip begins two years before production to establish the site and initial pit access. Waste rock is used for site infrastructure construction (roads and tailings facility), with surplus material placed in three external waste dumps. As pit areas are completed, coarse waste rock is backfilled into mined-out sections, reducing the external waste footprint and shortening haul distances. Wet tailings are stored in the tailings storage facility. Snowden Optiro, an established mining consultancy, prepared the schedule.

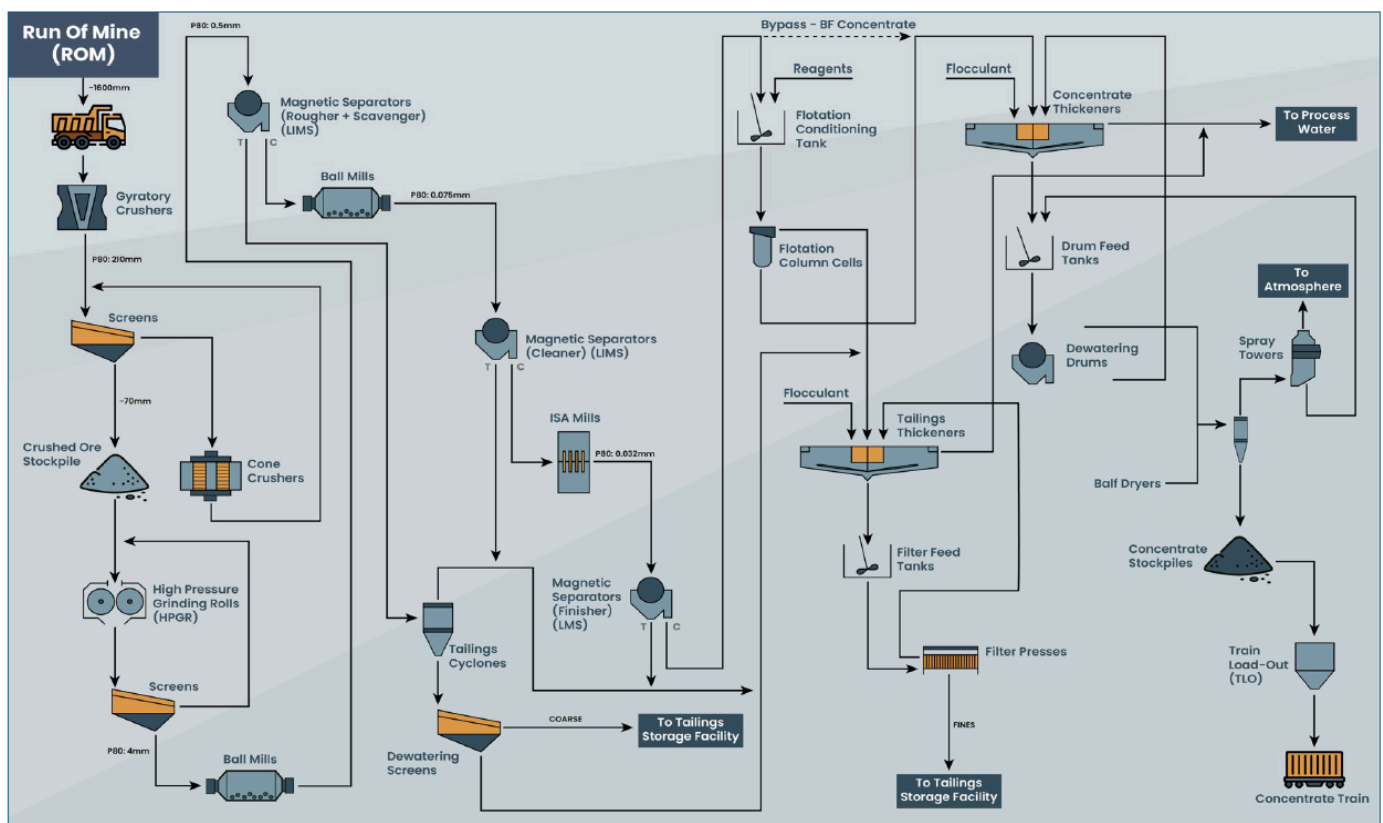
Iron Bear Project - processing

Iron Bear uses a two-site processing configuration: 1) beneficiation and concentrate drying at the Schefferville mine site; 2) followed by DR pellet production at Pointe-Noire after rail transit. The flowsheet consists of:

- Primary crushing adjacent to the pit;
- Multi-stage grinding to magnetite liberation size;
- Wet low-intensity magnetic separation (LIMS) producing a BF concentrate;
- Reverse flotation to remove silica, upgrading to a DR concentrate;
- Thickening and drying to 2.5% moisture, then rail loadout to Pointe-Noire; and
- Two straight-grate pellet plants at Pointe-Noire producing DR pellets.

Figure 18 illustrates the proposed mine-site flowsheet (also includes the dry-tailings alternative). BF and DR-grade concentrates will be produced at the mine site and railed to port, where the DR concentrate will be pelletised by IBR before shipment.

Figure 18: Flowsheet at mine site (includes dry tailings option)



Source: IBR

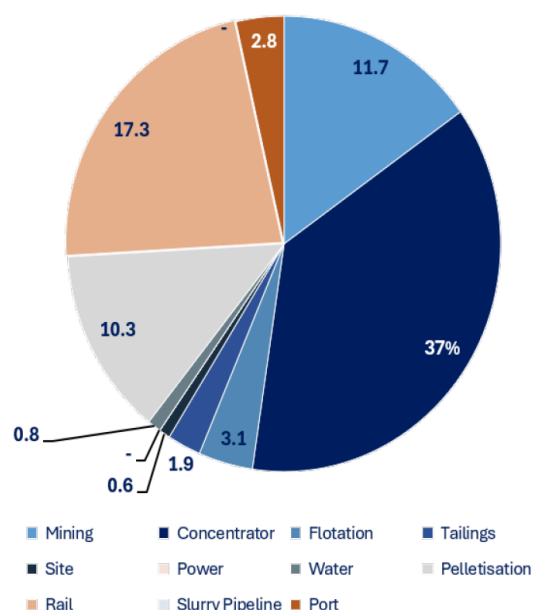
Staged build out fits with project cash flow: the front end comprises 3 separate concentrator trains, brought into production sequentially over the first 9 years (yrs 1, 5 and 9) of production (25Mtpa aggregate). This staged build ties the processing capacity to the ramp-up in mine feed as the supporting infrastructure builds out (power, pelletiser). It also defers capex to when the project is generating cash flow.

Simple, conventional processing: magnetic separation initially produces BF concentrate, a portion of which is sold directly, with the majority upgraded through reverse flotation and converted to DR-grade pellets. DR pellets form ~80% of the product mix when steady state is reached in year 12 of production (4.5Mtpa BF concentrate and 18.4Mtpa DR pellets).

Pelletising sits at the port: two pellet plants (~18.6 Mtpa aggregate) located at Pointe-Noire, are commissioned in years 5 - 9 of production. The port is an established industrial site adjacent to rail unloading, stockyards and deep-water export facilities. Producing pellets immediately before export also reduces subsequent handling of the finished product, limiting pellet breakage and fines generation during rail transit.

Pellet fuel flexibility: natural gas is not available at Pointe-Noire, so induration is fired on low-sulphur heavy fuel oil with dual-fuel burners allowing future gas conversion. The PFS thermal basis of 200 MJ/t of fired pellets is conservative against project-specific modelling of 175-180 MJ/t.

Figure 19: Steady state operating cost split



Source: IBR

Figure 20: Operating costs of each stage

Operating Cost Item (US\$/t)	Mtpa		
	Stage 1	Stage 2	Stage 3
Mining	15.6	11.6	11.7
Concentrator	27.8	28.5	28.8
Flotation	-	2.2	3.1
Tailsings	1.7	1.9	1.9
Site Infrastructure and Services	0.6	0.6	0.6
Water Management	0.7	0.8	0.8
Pelletising	-	6.7	10.3
Rail	17.6	17.4	17.3
Port Handling and Loadout	3.5	2.3	2.8
Cash Cost (FOB Pointe-Noire)	67.5	72.0	77.3

Source: IBR

Two High-Quality Products

Iron Bear plans to produce two saleable products that sit at the premium end of the iron ore market:

1. Blast Furnace (BF) concentrate @69.1% Fe (~3.5%: SiO₂+ Al₂O₃ impurities)
2. Direct-reduction (DR) pellets @68.4% Fe (<1.6%: SiO₂, <0.1% Al₂O₃ impurities)

The value of Iron Bear's products builds up through several layered premiums over the 61% Fe benchmark: a grade premium for high Fe and low impurities; as well as a pellet premium and direct-reduction specification premium for the DR product (Figure 21, Figure 22).

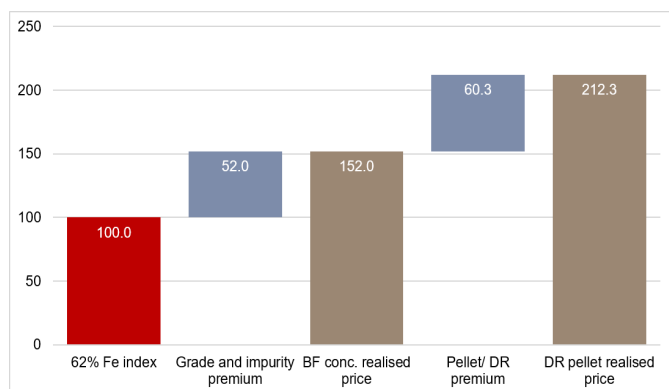
Structural tailwinds behind IBR's products: steel's decarbonisation is driving demand for the high-grade, low-impurity concentrates and direct-reduction (DR) feed needed for lower-emission steelmaking, a segment where supply is scarce and forecast to fall into structural deficit. Iron Bear's products (69% Fe BF concentrate and 68.4% Fe DR pellets) sit at the premium end of this segment, and first production coincides with expected high-grade deficits emerging.

Steelmakers are moving to higher grade: two forces are lifting demand for high-grade ore:

- Higher-grade ore raises blast furnace productivity and lowers coke rates as well as CO₂ per tonne of steel. These benefits become more prevalent as carbon is priced (China's ETS, the EU's CBAM), with steelmakers now financially driven to reduce emissions.
- The Lower-emission, Direct Reduction method of steelmaking is growing rapidly. DR requires high-grade, low-impurity feed that most seaborne ore cannot meet. This high-grade material required (>67% Fe) is only a small proportion of global supply (<3%).

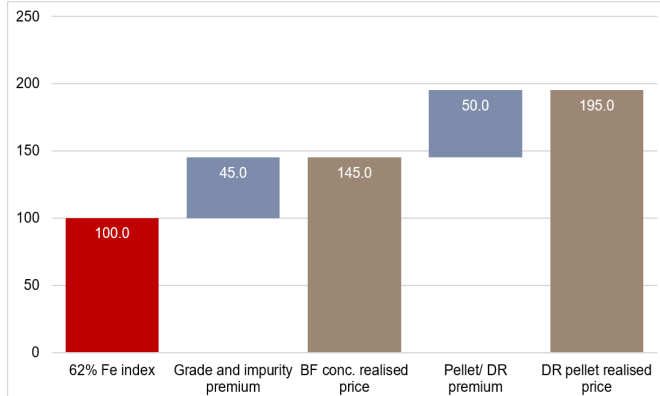
The growing scarcity in premium ores provides strong pricing power for IBR's high-grade products.

Figure 21: PFS price assumption of products (US\$/dmt)



Source: IBR, MST

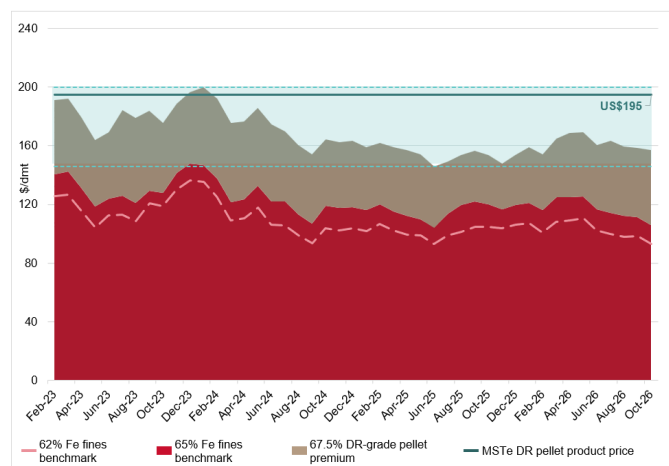
Figure 22: MSTe price assumption of products (US\$/dmt)



Source: MST

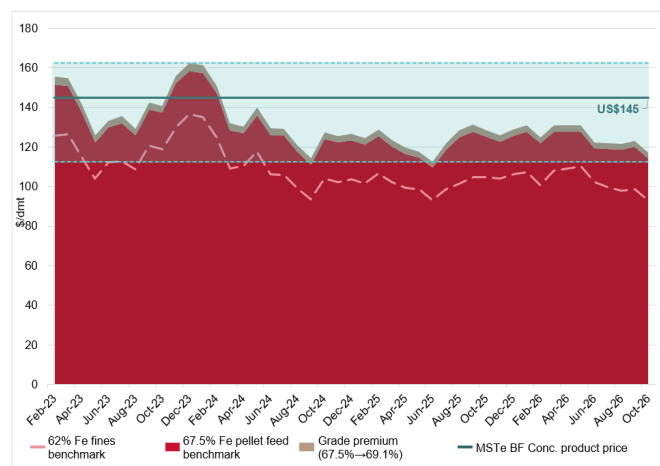
Robust returns at more conservative prices: while our outlook for iron ore is positive, particularly at the higher-quality end of the market, we assume more conservative realised prices (Figure 22) than the PFS deck (Figure 21): BF Concentrate of US\$145/dmt (vs US\$152/dmt) and DR pellets of US\$195/dmt (vs US\$212.3/dmt). The valuation remains compelling at these prices, underlining the project's resilience even at lower iron ore prices/ premia.

Figure 23: MSTe DR pellet product price vs inferred 67.5% DR pellet price



Source: Fastmarkets, MSTe

Figure 24: MSTe BF conc. product price vs inferred 69.1% Fe conc. price



Source: Fastmarkets, MSTe

Our Iron Bear product price assumptions are charted against current market Fe benchmarks and premiums in Figure 23 and Figure 24. Both comparisons are made on Fe grade alone and make no allowance for Iron Bear's better impurities profile, which should attract further premia.

DR pellets (Figure 23): the current inferred market price for a 67.5% Fe DR-grade pellet is ~US\$157/dmt (65% Fe fines index + DR-grade pellet premium). Iron Bear's DR pellet is higher grade (68.4% Fe vs 67.5% Fe) and lower in impurities (Al_2O_3 <0.1% vs 0.5%) which should attract further premia. We assume US\$195/dmt.

BF concentrate (Figure 24): We infer the market price of a ~69% Fe concentrate by taking the 67.5% Fe pellet feed index (cfr Qingdao) and adding a grade premium (67.5% → 69.1% Fe), priced at the Fastmarkets 65% Fe fines value-in-use. On this basis, a 69.1% Fe conc. currently trades at ~US\$117/dmt (3yr average: ~US\$131/dmt). Given the value of Fe grade isn't linear, with higher grades attracting disproportionality higher prices, this estimate likely understates the 69.1% Fe market price. Similar to DR pellets, no value has been accredited to Iron Bear's much lower impurities (Al_2O_3 <0.1% vs 0.5%; P <0.01% vs 0.02%). We assume US\$145/dmt.

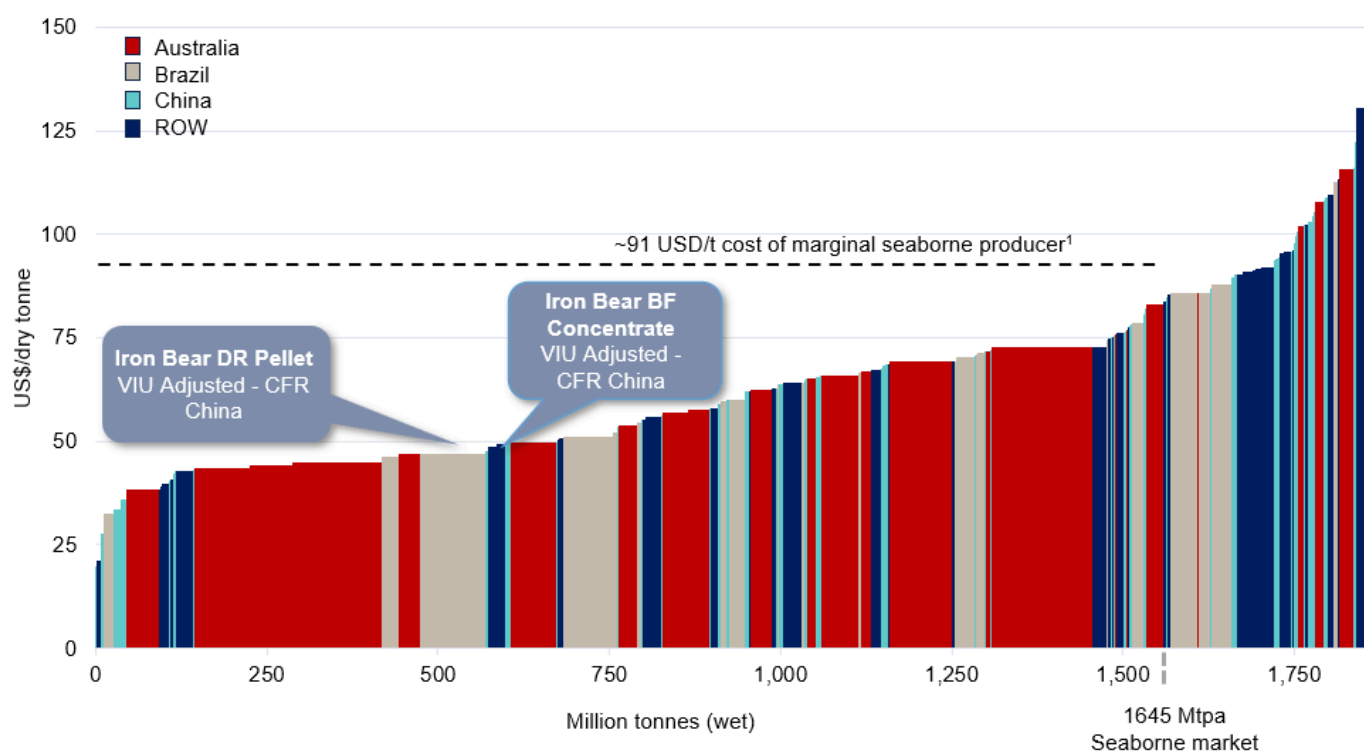
Price outlook: We assume a 62% Fe benchmark of US\$100/dmt at first production in FY37 (vs ~US\$93/dmt today, near 3yr lows), and expect DR pellet and high-grade premiums to widen as DR-grade supply falls short of new DRI demand (BNEF forecasts a deficit of 15Mtpa by 2030, widening to 133Mtpa by 2040).

Iron Bear products: competitive VIU-adjusted cost positioning

The cost curve (Figure 25) compares seaborne iron ore supply on a VIU-adjusted CFR China basis. It normalises products to the 61% Fe benchmark by applying premiums or discounts for grade, product form and impurities, providing a like-for-like measure of economic competitiveness.

- **Low-cost position:** Iron Bear's products are ~US\$50/t, ~US\$40/t below marginal seaborne supply. The DR pellet's first-quartile position supports resilience through the commodity cycle.
- **Two competitive products:** strong cost competitiveness on both BF concentrate and DR pellets provide flexibility in product mix.
- **Quality offsets processing:** pellet and grade premiums offset the additional cost of producing DR pellets, leaving both products similarly positioned.

Figure 25: Iron Bear Products on VIU Cost Curve



Source: IBR, Wood Mackenzie

Peer Group Comparison Shows Iron Bear's Qualities

Iron Bear is one of the largest known magnetite endowments globally, with a resource base capable of supporting a multi-decade operation at a production scale few iron ore assets reach. Deposits with this combination of size, grade and mine life are uncommon. To illustrate this, we have benchmarked the project against three producing operations that share similar traits to Iron Bear (Figure 26), highlighting the PFS parameters resemble assets that operate successfully today.

Figure 26: Iron Bear vs Operators

		Iron Bear	Bloom Lake	IOC	Iron Bridge
Owner		IBR	CIA	RIO/LIF/Mitsubishi	FMG/Formosa/Baowu
Project stage		PFS	Operating	Operating	Operating
Ore type		Magnetite/ hematite-taconite	Specular hematite-magnetite	Specular hematite-magnetite	Magnetite
Product					
		-BF concentrate	-BF concentrate	-BF concentrate	
Products		-DR pellets	-DR pellet feed	-BF & DR pellets	-BF Concentrate
BF Concentrate	%Fe	69.1	66.2	65.7	67.3
DR conc./ pellet feed	%Fe	71.0	69.0	-	-
DR pellets	%Fe	68.4	-	67.7	-
Proportion of DR-grade %		80	~50 (capacity)	minority	-
Scale, resources & mine life					
Nameplate capacity	Mt	23.0	15	23 (mine-constrained)	22
Reserve grade	%Fe	29.1	28.3	39	29.8 DTR
Resource	Mt	13,600	1,500	2,414	6,008
Reserve	Mt	3,300	601	923	938
Mine life	Yrs	44	15	20	14
Power source		Hydropower	Hydropower	Hydropower	Gas + solar

Source: MST

Bloom Lake: operating proof of concept

Champion Iron acquired Bloom Lake in 2016 and restarted operations in 2018, following a C\$326.8m restart program. Since then, the project has gone through multiple successful expansions, doubling nameplate capacity in 2022 and a quality upgrade of up to 50% of its product (BF concentrate to DR pellet feed specification) in June 2026. Bloom Lake is a profitable operation with FY26 production of 14.2M wmt and sales of ~15.0M dmt generated revenue of C\$1,769.7m for C\$168.7m net income.

Bloom Lake is the strongest analogue for Iron Bear; a high-grade Labrador Trough concentrate producer ~250km south on the same geological belt. It shares Iron Bear's operating footprint: the same heavy-haul rail corridor, the same Pointe-Noire berth infrastructure, renewable hydropower (Hydro-Quebec at Bloom Lake; Churchill Falls at Iron Bear) and the same Fermont/Labrador City/Sept-Îles labour pool.

- **Production and Grade:** Iron Bear has a higher reserve grade than Bloom Lake (29.1% vs 28.3% Fe) as well as a larger reserve (5.5x larger) and resource. This supports 44 years at 23 Mtpa steady state against Bloom Lake's ~15 years remaining life at 15 Mtpa.
- **Geology and processing:** same belt, same endowment style. Both deposits are Lake Superior-type iron formations within the Labrador Trough. Both are conventional truck-and-shovel open pits feeding bulk concentrators. The flowsheets differ in that Bloom Lake's coarse-grained specular hematite liberates at a coarse grind into a 66.2% Fe concentrate, while Iron Bear's magnetite requires a finer grind but upgrades to a higher-grade product (69.1% Fe BF concentrate and 71.0% Fe DR concentrate).
- **Higher-value product and margins:** Bloom Lake earned operating spreads of ~US\$28.4/dmt FOB selling concentrate at ~US\$85.2/dmt (using FOB selling price - C1 cash cost in FY26). Based on Iron Bear's PFS, the project has notably better margins:
 - **BF concentrate:** ~2.8x Bloom Lake's operating spread at ~US\$80/dmt FOB, driven by high-grade/ low impurity premiums.

- o **DR pellets:** ~US\$117/dmt FOB operating spreads driven by grade and pellet premiums. We compare both IBR products to Bloom Lake's BF concentrate product as Champion is yet to disclose on its new DR specification product they have recently added (first commercial cargo due Q3 CY26). We expect Bloom Lake's margins to improve as sales become visible. At ~4.1x Bloom Lake's current concentrate margin, the comparison highlights the premium Iron Bear is positioned to capture on its key DR pellet product.
- **Similar operating cost structure:** when comparing similar cost lines of Iron Bear's Stage 1 BF concentrate (Stage 3 includes pelletising cost, producing a higher value product) against Bloom Lake's FY26 weighted average, Iron Bear sits at a similar cost (IBR at ~US\$67/dmt FOB vs ~US\$57/dmt). Iron Bear's Stage 3 C1 cost is marginally higher mainly driven by slightly higher rail costs (Iron Bear ~620km from Schefferville against Bloom Lake's ~400km haul) and higher cost of power. We could see Iron Bear's power cost assumptions fall providing they secure a more favourable contract (MPO/ government build out).

IOC (Rio/LIF/Mitsubishi)

The Iron Ore Company of Canada (IOC) has operated at Labrador City, Newfoundland Labrador since 1950s, majority-owned and operated by Rio Tinto with Mitsubishi and Labrador Iron Ore Royalty Corp (LIF) as minority holders. IOC produces concentrate, BF pellets and DR pellets, with 2025 saleable production of 15.9 Mt and an average realised price of ~US\$109/dmt FOB across products (pellets ~US\$126/t). It is the longest-running demonstration that Labrador Trough ore supports premium iron products including the DR market Iron Bear is focused on.

- **Production and grade:** IOC mines the richest ore in the region, with reserves of 923 Mt @ 39% Fe against Iron Bear's 3,300 Mt @ 29.1% Fe. Iron Bear's reserve is 3.6x larger, supporting higher throughput and mine life.
- **Geology and processing:** both mine Labrador Trough iron formation via conventional open pits. IOC's specular hematite-magnetite is concentrated by gravity and magnetic separation to 65.7% Fe, then pelletised at the mine site, railing finished pellets 418km to port, compared to Iron Bear pelletising at port. We view pelletisation at port as the superior option, removing a degradation and re-handling step.
- **Products and premiums:** IOC has successfully sold DR pellets from Trough ore for seven decades of price cycles. Iron Bear's DR pellets sit above IOC's 67.7% Fe DR specification, positioning Iron Bear at the top end of the product spectrum with a higher expected product premium. IOC reports insufficient price/ cost breakdown for a spread comparison to be possible.

Iron Bridge (FMG/ Formosa/ Baosteel)

A Fortescue Magnetite (Baosteel minority owner) JV with Formosa Steel in the Pilbara.

- **Physically similar:** both projects carry the same grind-and-magnetic-separation processing flow. Nameplate 22 Mtpa of magnetite concentrate against Iron Bear's 23 Mtpa; a reserve of 938 Mt @ 29.8% DTR, yielding a 67.3% Fe product, against Iron Bear's 3,300 Mt @ 29.1% Fe, 69.1% Fe product.
- **Iron Bear's location advantages:** Iron Bridge's overrun and slow ramp trace to a water-intensive wet flowsheet in the water-scarce Pilbara, gas-fired energy, and a self-built remote logistics chain. In contrast, Iron Bear has an abundance of water to support this flowsheet design, hydropower in the region and an established heavy-haul railway.
- **Product comparison:** Iron Bridge sells a single concentrate priced off a high-grade index, with no pellet/ DR premiums.

Advancing Towards Bankable Study and Decision to Mine

Project of National Significance

In May 2026, IBR applied to the Canadian Major Projects Office (MPO) for recognition as a Project of National Significance under the Building Canada Act. The MPO, launched by Prime Minister Carney in August 2025, is the delivery vehicle for Canada's renewed push to develop strategic resource and infrastructure projects by coordinating and streamlining federal regulatory approvals and financing.

Iron Bear fits the regime's target profile. High-purity iron is on Canada's Critical Minerals list (since June 2024) and the project is fuelled by hydropower.

Benefits if successful:

- **Expedited federal approvals:** could cut federal permitting decision from the ~5 yrs to ~2 yrs. If this shortens the project's overall critical path, it will bring production forward as well as cash flows. Figure 27 illustrates the valuation uplift from each one-year reduction in our current five-year permitting assumption. Reducing the timeline down to 2yrs would lead to a valuation of A\$0.125/sh.

Figure 27: Accelerating timing to construction

	2yr	3yr	4yr	5yr	6yr
Discount factor	1.24x	1.16x	1.08x	1.00x	0.93x
Project NPV10 (100% basis, US\$mn)	1,966	1,829	1,701	1,583	1,472
Δ NPV vs base (US\$mn)	383	246	119	-	(110)
Riskd target price (A\$/sh)	0.125	0.116	0.108	0.100	0.093
Δ target price vs base (A\$/sh)	0.024	0.016	0.008	-	(0.007)

Source: MST

Financing access: based on the referred projects that have reached financing (Matawinie, Red Chris), Iron Bear could attract government-backed financing of ~25% of pre-production capex. Federal loans at below-market rates would provide further funding optionality to the project.

Streamlining process: avoids duplication across the Newfoundland & Labrador (NL)/ Quebec/ federal processes, directly relevant given IBR's unusual cross-provincial footprint (mine in NL, pellet plants and port in Quebec). Canada and NL recent "one project, one review" Co-operation Agreement (Sep 2026) has removed some of this permitting duplication aside from the pellet plant and port that will be outside its scope (planned for Quebec).

Federal endorsement: signals federal priority, reducing permitting friction and attracting more investment attention with a higher probability of Decision to Mine.

Cheaper power: The PFS power cost of 14.79USc/kWh includes a premium (8% annual return) for the 3rd party assumed to build the transmission connecting Churchill Falls to the mine site. Should IBR build the transmission lines the electricity cost decreases to 3.15USc/kWh, at the expense of an increase of US\$3.1bn in pre-production capex. A successful MPO referral opens the door to Canada Infrastructure Bank (CIB) or NL Hydro assistance, which could come in the form of funding or a payback of costs at a public cost of capital (~4- 5.5%). This pulls the LCOE (levelised cost of energy) toward the bottom of Hatch's 10.5-16.2c range with each 1c/kWh saved being worth ~USD 40M/yr off the cost base. Figure 28 illustrates how access to cheaper power through government assistance would have a significant impact on the project NPV/ share price.

Figure 28: Project sensitivity to power price

LCOE	ΔLCOE	Stage 1 power bill	Stage 2 power bill	Stage 3 power bill	ΔNPV	Target Price	Δ Target Price	ΔNPV
USc/kWh	USc/kWh	US\$m/yr	US\$m/yr	US\$m/yr	US\$m	A\$/sh	A\$/sh	US\$m
10.53	-4.26	164	291	414	518	0.123	+0.023	2,101
11.79	-3.00	184	326	463	365	0.116	+0.016	1,947
12.79	-2.00	200	354	502	243	0.111	+0.011	1,826
13.79	-1.00	215	382	542	122	0.106	+0.005	1,704
14.79	0.00	231	409	581	0	0.100	0.000	1,583
15.79	1.00	246	437	620	-122	0.095	-0.005	1,461
16.21	1.42	253	449	637	-173	0.093	-0.008	1,410

Source: MST

The transmission line could attract public and institutional capital for several reasons:

- The line runs into the Schefferville mining district, providing additional hydropower access to the region. IBR's plan includes a Hope Lake tap station to supply Schefferville and neighbouring communities. Tata Steel could also benefit from connection.
- The government has committed C\$1bn towards the separate Labrador West transmission line to support new mining and industrial projects. This funding shows the willingness to fund transmission in the Labrador Trough. Additionally, the recent Churchill River agreement (Aug 2026) makes Iron Bear project funding more achievable with Canada, NL and Quebec agreeing in principle to ~C\$70bn of development backed by up to C\$10bn of federal financing. This includes new transmission into Labrador West.
- The build fits with the Churchill Falls and Gull Island expansion plans. NL will be able to retain up to 2,350MW from these developments and receive another 400MW from a proposed 2,000MW wind project. IBR would be a substantial customer, requiring ~490MW from stage 3 onwards, equivalent to ~3.9TWh of annual demand.
- The first Canada Investment Summit (Sep 2026) secured nearly C\$500bn of commitments, led by bank financing (~C\$324bn, including TD and BMO mandates covering mining and critical minerals) and pension/institutional capital (~C\$90bn, including the C\$50bn CPP-Brookfield Maple Fund for critical infrastructure). The Summit widens the pool of potential owners for the Churchill Falls transmission line.

What is the likelihood of approval?: there is a set of five consideration hurdles IBR is measured against for approval. We view Iron Bear's case as strong against these criteria, as outlined in Figure 29, giving the company a likely chance of approval.

Figure 29: Five considerations for MPO Referral

No.	Statutory criterion	IBR evidence
1	Strengthen autonomy, resilience and security	High-purity iron on Canada's Critical Minerals list (June 2024); export diversification to EU/US/MENA; domestic value-add via pelletising
2	Economic or other benefits to Canada	CAD ~15.5B LOM capital program, 44-year operating life, thousands of jobs and billions in taxes claimed. Production could exceed AMMC, Canada's largest iron ore producer
3	High likelihood of successful execution	AACE Class 4 PFS by tier-one consultants; existing rail corridor and open-access port
4	Advance interests of Indigenous Peoples	Co-design engagement with five Indigenous communities since October 2024; Indigenous Loan Guarantee Program equity pathway
5	Contribute to clean growth / climate objectives	100% hydropower, Scope 1 of 29 kg/t (among lowest in industry); DR pellets enable steelmaking at roughly half the BF-route carbon footprint

Source: Government of Canada, IBR, MST

Figure 30 compares the list of mining projects that have been successful in receiving referrals since the initiative launched (Aug 2025) against project Iron Bear.

Figure 30: Comparing Iron Bear to successful MPO-referred mining projects

		Iron Bear	McIlvenna Bay	Red Chris Block Cave	Crawford	Matawinie + Becancour	Sisson
Company		Iron Bear Resources	Eldorado Gold	Newmont / Imperial Metals	Canada Nickel	Nouveau Monde Graphite	Northcliff Resources
Ticker		ASX: IBR	TSX: ELD	NYSE: NEM / TSX: III	TSXV: CNC	TSX: NOU	TSX: NCF
Market cap	US\$m	20	9,900	120,000 / 1,100	300	450	150
Commodity		Fe / DR pellets	Cu-Zn-Au-Ag	Cu-Au	Ni-Co	Graphite / anode	W-Mo
Province		Newfoundland Labrador/ Quebec	Saskatchewan	British Columbia	Ontario	Quebec	New Brunswick
Referral received		TBD	Sep 2025	Sep 2025	Nov 2025	Nov 2025	Nov 2025
Study economics (as announced, USD)							
Study		PFS	FS	DFS	BFS	FS	FS
Date		Jul-26	Feb-22	Underway	Oct-23	Mar-25	Jan-13
NPV8 post-tax	US\$m	9,007	368* (NPV7)	1,800 (NPV4.5)	2,500	1,053	418*
Initial capex	US\$m	4,250	784	n.d.	1,900	1,300	600*
Mine life	Yrs	44	18	31	41	25	27
Strategic value for Canada		- Critical mineral - Green steel - Hydropower	- Critical mineral - Carbon-neutral mine design	- Critical mineral	- Defence - Net-negative carbon	- Anode battery supply - Hydro-powered	- Defence - Near tidewater

* Converted from CAD at study-date FX: Foran (Mar 2022, 0.79 USD/CAD); Red Chris (2026, 0.72); Sisson (Jan 2013, 1.00). n.d. = not disclosed.

NPVs are announced base-case post-tax (Foran at 7% discount; Red Chris 4.5%; others 8%). Figures are based on the information available at referral decision.

Source: Government of Canada, Company, Cap IQ, MST

- **Giant asset in the queue:** project Iron Bear has an NPV 3.6x the largest successfully referred projects and the longest mine life at 44 years. This translates into a multi-decade contribution of jobs, taxes and economic footprint across two provinces. Based on Iron Bear's PFS metrics, we estimate a construction workforce in the low thousands. Comparisons are indicative as the underlying studies reflect different completion dates, cost bases and price assumptions.
- **Green Screen:** there's a strong theme of green credentials in the list of successful referred mining projects. Iron Bear's planned operation runs on 100% hydropower at 29kgCO₂e/t, among the lowest in the industry, and its DR pellet product decarbonises its end market, with DR steelmaking at roughly half the carbon footprint of the BF route.
- **Newfoundland Labrador's first nation-building mine:** the Labrador Trough Corridor, referred in Aug 2026, is NL's first referral and covers the power/ infrastructure relevant to Iron Bear. Iron Bear would be the first mine referred in NL. Given the effort to spread nation-building projects across the federation, and NL's importance to the government's energy agenda, we see the location as a tailwind.

Vale exits; value remains

In Feb 2025, IBR signed a Development Agreement with Vale, the Brazilian mining major and one of the world's largest iron ore and pellet producers. Vale recently completed Phase 1 of the development agreement (Sep 2026) and elected not to proceed to Phase 2. IBR emerges in a strong position following the Vale exit. IBR preserves 100% ownership of the project along with a materially de-risked asset. Under Phase 1, Vale contributed US\$18m along with technical expertise (DR pellets), without earning any project interest. Phase 1 funded the following milestones:

- **PFS:** reserve-backed development project, defining a maiden 3.3Bt Probable Ore Reserve supporting 23Mtpa of production over 44 years.
- **Scoping Study:** initial technical and economic viability outlining a (25Mtpa, post-tax NPV8 US\$9.8bn, IRR 18.6%).
- **Resource upgrade:** increased confidence of the Resource (Indicated +114% to 4.5Bt).
- **Environmental studies and Indigenous engagement:** completed initial environmental and human/social baseline studies and advanced engagement with five identified Indigenous groups.
- **Metallurgical pilot testing and pellet production:** de-risked the flowsheet and product specifications by confirming the ability to produce premium BF concentrate and DR pellets.

Phase 2 would have formed a JV with Vale earning 30% on commencement and 75% after funding a further US\$120m (or electing a Decision to Mine). The commitment was modest against Vale's ~US\$60bn market capitalisation and the optionality to a project of this magnitude. We see Vale's decision to likely stem from changes in corporate strategy following board changes (Jul 2026) with more focus on Brazilian assets and less on overseas (Canadian VBM IPO also dropped). The Brazilian government has set a target of doubling mining's share of GDP in Brazil within a decade (3% to 6%). Vale's largest shareholder, Previ (7%), is a state-linked pension fund and pushed the reshuffle in Vale's board.

Opening the door to new partners

We expect inbound interest to increase following the new opportunity presented for partnerships following Vale's departure. IBR plans to develop a project financing package with the appointment of a Tier 1 financial adviser in Dec Q'26. Funding could come from one or a combination of JVs or staged-earn ins, debt, offtake-linked funding, royalty/streaming agreements, and Canadian government funding.

There is an abundance of strategic interest in high-grade iron ore with steelmakers and trading houses investing in the projects through equity and offtake agreements. Steelmakers seek upstream supply, while trading houses seek scarce products to market as demand for lower-emissions steelmaking grows. Some notable partnerships are listed below. With steelmakers/ trading houses (Nippon Steel, Sojitz, Mitsubishi) being long standing owners of high-grade Labrador Trough mines (IOC, Kami), a likely funding source could take the form of a staged earn-in with pro-rata offtake. This structure, similar to the agreement at Kami, provides the counterparty with a valuable source of future high-grade feed and funds the project through to production. Funding could also come from debt or a JV with iron ore producers (ArcelorMittal, Champion Iron, Fortescue). Government capital would likely follow a strategic partnership and project of national significance, utilising the ~US\$3.1bn transmission scope and Indigenous equity available.

Market examples:

Bloom Lake: In 2017, Sojitz (Japanese trading group) agreed to purchase up to 3Mtpa from Bloom Lake and provided C\$20m of bridge funding to support its restart, shortly after the feasibility study. Nippon Steel (Japan's largest steelmaker) subsequently became a customer following the restart in 2018. Bloom Lake illustrates the potential of offtake and bridge financing opportunities in the market.

Kami: The Bloom Lake commercial relationships later developed into direct project ownership at Kami. In Dec 2024, Nippon Steel and Sojitz agreed to invest a staged C\$245m for 30% and 19% interests in Champion Iron's Kami, including a proportional share of production. Nippon Steel described securing DR-quality ore as "a critical strategic advantage". The Kami deal provides the clearest recent comparison for Iron Bear. Both projects are multi-billion-dollar Labrador Trough developments targeting high-purity DR products and drawing on similar regional infrastructure. Nippon Steel and Sojitz also invested shortly after Kami's PFS (9Mtpa, >67.5% Fe DR Conc., 25-year, C\$3.9bn capex), the stage Iron Bear has now reached.

Iron Bridge: In 2013, Formosa Steel acquired a 31% interest in Iron Bridge for US\$123m as the project prepared to construct its initial stage, while the larger commercial development remained subject to approvals. The equity investment formed part of a broader US\$1.15bn package, under which Formosa agreed to fund the first US\$527m of development expenditure, prepaid US\$500m for access to Fortescue's port infrastructure and secured offtake of up to 3Mtpa. The deal brought in funding and a cornerstone customer ahead of first ore.

IOC: has a long history of strategic ownership by both steelmakers and trading groups. US steelmakers Bethlehem Steel and National Steel previously held controlling interests. Mitsubishi acquired 20% in 1992, increasing to their current holding of 26.2%. Although these investments were made after production began, the ownership history shows that steel-industry investing directly in Labrador Trough mines to secure high-grade supply.

LIORC and Franco-Nevada: Labrador Iron Ore Royalty Corporation holds a 7% gross overriding royalty on IOC's Carol Lake operation, and in 2021 Franco-Nevada paid US\$538m for a 1.8% net sales royalty over Vale's Northern System and built a 9.9% stake in LIORC. We see this form of financing to be more likely at a later stage for Iron Bear with royalty partnerships most frequent once in production. Both are royalties on BFS stage/ producing assets.

The road to Decision to Mine (DTM)

With the PFS delivered, Iron Bear's next focus is optimising the project and de-risking it towards a bankable feasibility and a Decision to Mine:

- **Now – mid-2027:** project optimisation and de-risking, including an updated PFS (Dec Q '26), progression of Project of National Significance status, permitting and Indigenous agreements, defining a project financing package with the appointment of a financial adviser.
- **Mid-2027 - 2029:** IBR focuses on moving the project from studies to approved and executable through the required approvals, completion of the Feasibility Study, along with a capital deployment execution plan (how the build capex is contracted and spent).
- **Final stage before DTM:** executed Impact Benefit Agreements with Indigenous partners, rail/port access and power supply agreements, and operations approvals.

Board & Management

Iron Bear has assembled a well-credentialed Board and executive team for the project's development, with expertise spanning iron ore and steelmaking, major-project studies, capital markets, governance, environmental approvals and Indigenous engagement. The current structure reflects a broader governance reset and strengthening of expertise as Iron Bear advances.

- **Board Structure:** single-tier board (5) made up of a non-executive chair (Mr Lill), a deputy chair (Mr Martino), a single executive (Mr Berend as MD/CEO) and two NEDs (Mr Sanders, Mr Araujo), with the project operating team (VP Technology, project CFO, GM Strategy, GM Sustainability)
- **Independence:** four of five directors are non-executive, including the newly appointed Chair, providing a largely independent governance structure. The register is also widely held, with no substantial shareholder (>5%) with outsized influence.
- **Strong shareholder alignment:** board and management retain meaningful shareholdings, and remuneration is weighted towards variable, equity-based pay over fixed salary, with incentives linked to company performance and share price growth.

Board of Directors

- **Simon Lill, Non-Executive Chairman:** +35 years' experience in strategic leadership, corporate development and capital markets. Former Executive and Non-Executive Chair of De Grey Mining, serving through its transformation from a micro-cap explorer to the completion of the Hemi DFS and the subsequent ~A\$5.0bn Northern Star acquisition. Mr Lill is current Chairman of Pilbara Gold (PGL.AX), Ballard Mining (BM1.AX), Evergold Minerals (EG1.AX), Artemis Resources (ARV.AX), Sierra Nevada Gold (SNX.AX).
- **Paul Berend, MD & CEO:** 25+ years' experience across iron ore and steel, including senior executive roles at ArcelorMittal, Rio Tinto Iron Ore and Hatch and earlier work at McKinsey. Strong Iron Bear expertise as the longest-serving current director. Holds an MBA from HEC Paris.
- **Luke Martino, Deputy Chairman:** 30+ years' experience in accounting, corporate advisory and governance. Former Lead Partner of Deloitte Growth Solutions and member of Deloitte Australia's national board. Mr Martino is a Chartered Accountant and serves on the boards of Indian Ocean Consulting Group, Antimony Resources (ANT.AX) and First Growth Funds (FGFL.CN).
- **David Sanders, Non-Executive Director:** corporate lawyer with 20+ years' experience advising ASX-listed companies on capital raisings, M&A, governance and regulatory compliance. He chairs Murlpirrmarra Connection (Indigenous charity) and was the former Chair of IBR.
- **Caue "Paul" Araujo, Non-Executive Director:** MBA-qualified geologist with iron-ore experience (exploration, geological modelling, mine plan) at Vale. Later served as Global Iron Ore Industry Director at AME Group and held senior/advisory roles at Palaris, Hatch, SRK and Oceana Lithium (ex-CEO). Holds corporate/ board roles with St George Mining (SGQ.AX) and Beltz Mining Ltd.

Executive leadership

- **Anna Sloboda, GM Corporate Development & Investor Relations:** accomplished senior executive with 20+ years' of global experience across mining, energy, and finance. NED of Elixir Energy and former Non-Exec Chair of Lykos Metals. Ms Sloboda brings extensive experience in offtake negotiations with steel mills in China. Holds an MBA from Melbourne Business School.
- **Paul Vermeulen, VP Technology & Engineering:** metallurgical engineer with 25+ years' experience across iron ore and steel, including as Blast Furnace Manager at Iscor South Africa. Founder of Vulcan Technologies and Competent Person for metallurgy and processing. Mr Vermeulen brings strong flowsheet-development and DR-product expertise.
- **Alex Zimer, CFO, Iron Bear Project:** 20+ years' experience in senior finance roles across global mining and steel companies, including Vale, Tata Steel and Anglo American. Mr Zimer brings strong project-level financial expertise. Holds an MBA from Fundação Getulio Vargas.
- **Levi McDonald, GM Strategy:** background in financial markets, M&A and technical project analysis. Mr McDonald leads the project's long-term business strategy and commercial analysis, adding a commercial and capital-markets perspective to the project's development.
- **Floriane Desmergers, Acting GM Sustainability & Public Affairs:** 10+ years' experience across mining and engineering, including Minerai de fer Québec (Champion Iron's Bloom Lake operator) and WSP Canada. Ms Desmergers' regional experience supports Iron Bear's environmental program and engagement with five identified Indigenous groups.

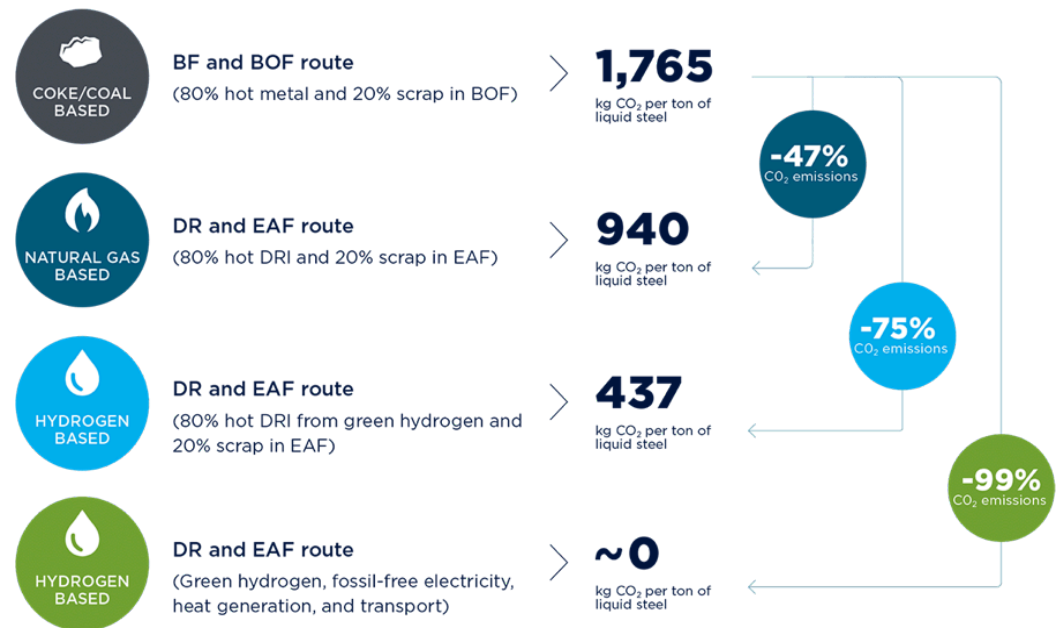
“Green” Steel to Drive Demand Explosion for High-grade Iron Ore

What is green steel and what is high-grade iron ore?

Steel remains the most commonly used metal in the world and features in many aspects of our daily lives. The global steel sector is undergoing a technological shift to lower its significant carbon footprint, with new and existing steelmaking capacity transitioning to use low-carbon, “green” production routes.

- **Green steel:** is steel manufactured using methods that reduce or eliminate the heavy carbon dioxide emissions tied to traditional steel production. Traditional steelmaking methods use coal-derived coke in blast furnaces to strip oxygen from iron ore, releasing massive amounts of CO₂, accounting for roughly 7–8% of global emissions. Green steel can significantly cut this footprint by up to 95%. The physical, chemical, and mechanical properties of green steel are identical to conventional steel. The “green” distinction applies strictly to the method and energy sources used during manufacturing.

Figure 31: Comparing CO₂ emissions reduction of different process routes for steel



Source: MHI Spectra

How Green Steel is Made

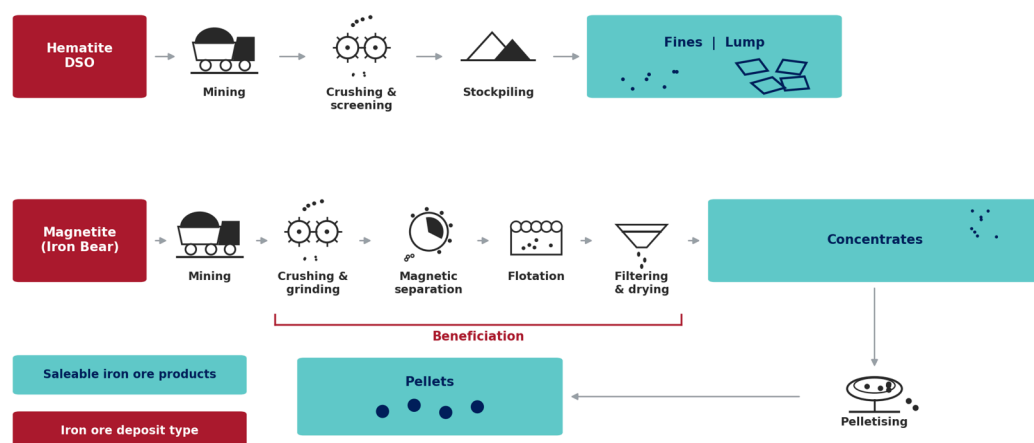
A traditional steelmaking blast furnace (BF) relies on burning coking coal to strip oxygen from iron ore, producing massive CO₂ emissions. The “green steel” route replaces the blast furnace entirely with Hydrogen-based Direct Reduction Iron (DRI) paired with an Electric Arc Furnace (EAF), using green hydrogen and renewable electricity to emit water vapour instead of CO₂.

- **Hydrogen reduction:** uses hydrogen (ideally, green hydrogen produced via water electrolysis powered by renewable electricity) to remove oxygen from iron ore, leaving water vapour as a byproduct instead of CO₂. This produces **direct reduced iron (DRI)**.
- **Electric Arc Furnace (EAF) melting:** electric arc furnaces melt scrap steel and direct reduced iron. EAFs already account for ~30% of global steel production. By using zero-carbon or renewable electricity, rather than fossil fuels, EAF steel production can have significantly reduced CO₂ emissions compared to traditional blast furnaces.

What is high-grade iron ore (HGIO) and why is it important?

- **High-grade iron ore enables green steel:** although DRI technology is already mature and widely adopted in some regions, it requires high-grade iron ore with very low impurities. DR grade material represents only a small share of global iron ore supply, which is largely dominated by BF-grade ores. While less than 10% of global iron production currently uses direct reduction, the landscape is shifting rapidly. As more producers transition to this pathway, demand for high-grade iron ore is accelerating and becoming increasingly competitive.
- **Magnetite favoured for DRI feed:** not all iron ore deposits are suitable for producing DR-grade pellets, as many contain high levels of impurities that remain even after processing. In such cases, an additional smelting step may be required to reduce impurities to acceptable levels before steelmaking.

Figure 32: Hematite vs magnetite processing routes



Source: MST

Magnetite ores typically contain a lower in-situ iron (Fe) content compared with the more commonly mined ore types (hematite, itabirite, goethite), but their magnetic properties allow for efficient physical separation from non-magnetic materials through a process known as beneficiation. This separation method makes magnetite an attractive source of high-purity iron when processed effectively.

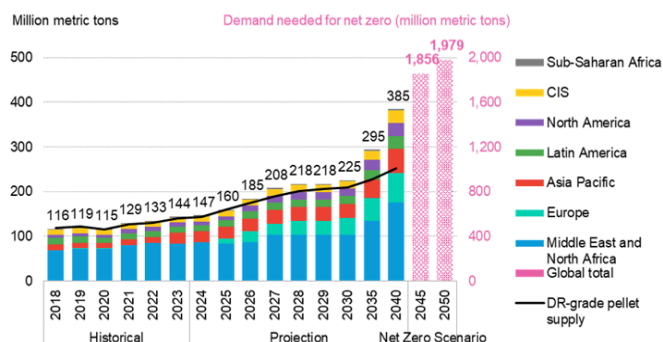
For a magnetite concentrate to be suitable for DRI production, each element must fall within a specific range. Products meeting these stricter criteria are classified as DR-grade, while those with higher impurity levels require melting in blast furnaces, so are designated as BF-grade.

What makes iron ore DR-grade

- **Iron (Fe) grade:** Standard benchmark specifications for DR-grade pellet feed quality, such as the Fastmarkets MB-IRO-0188 index, specify a minimum Fe grade of 66% up to a maximum of 70%; this compares to the standard “Pilbara Blend Fines” grade of 61% for conventional BF ore.
- **Silica & alumina impurities:** silica (SiO_2) often accounts for 40–50% of the mined material in a magnetite deposit and must be significantly reduced during processing. Alumina (Al_2O_3) is also a significant impurity. The typical threshold content of $\text{SiO}_2 + \text{Al}_2\text{O}_3$ below 3.5% significantly narrows the number of iron ore projects globally that can meet DR-grade standards.
- **Other minor impurities (inc. sulphur, phosphorous):** in addition to silica and alumina, iron ores often contain other impurities such as sulphur (S), and phosphorus (P), all of which must be minimised or removed to meet the specifications required for DR processes.

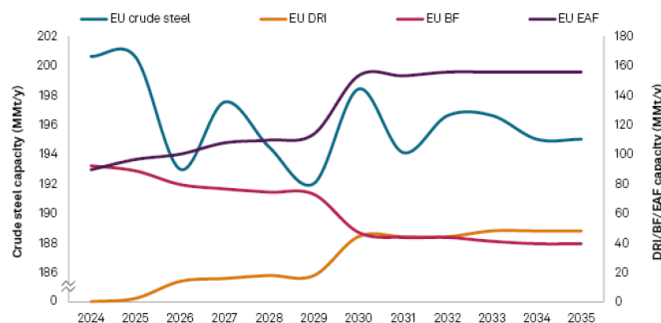
Supply/demand fundamentals supportive of a structural growth opportunity

Figure 33: DR-grade pellet deficit ahead



Source: Bloomberg NEF

Figure 34: EU EAF & DRI capacity set to rise significantly



Source: S&P Cap IQ

Mine depletion creates replacement demand: seaborne iron ore demand is expected to remain broadly flat-to-up, supported by growth in India and developing Asia. BHP sees Indian steel demand quadrupling over the coming quarter-century, while developing Asia's steel stock of ~2t per capita remains well below China (~9–10t) and the US (~11–12t), providing significant scope for catch-up demand. Global steel demand does not need to grow strongly for significant new iron ore supply to be required. Rio Tinto estimates ~800Mt of new global capacity must be added over the next decade to maintain supply, against only ~300Mt currently committed. The ~500Mt balance represents capacity still to be sanctioned as ageing mines deplete, supporting the need for new projects even in a broadly flat iron ore market. The six largest producers depleted 11.1Bt of saleable reserves in FY2016-FY2025 but only three were able to replace their tonnes mined (Wood Mackenzie).

Quality is declining at the same time: Platts reset the IODEX benchmark from 62% to 61% Fe in Jan 2026 following declining quality in mainstream Australian fines, alongside higher benchmark silica, alumina and phosphorus. This increases the value of new projects capable of supplying high-grade, low-impurity products such as Iron Bear.

Demand for HGIO will be driven by pace of green steel transition, rather than overall steel market growth: Wood Mackenzie's base case has DRI's share of metalics rising from 6% to 13% by 2050 (~320Mt, nearly half hydrogen-based), with traded DRI rising from 7% to ~25% of supply as Middle East hubs expand. EAF momentum is real: EAF is now 34% of operating capacity, 50% of capacity under development and 71% of broken-ground projects (Global Energy Monitor, 2026). The global DR pellet demand required to meet net zero is forecasted at ~1,980Mtpa by 2050 (Bloomberg NEF, Figure 33). The pipeline of announced hydrogen and gas-based DRI projects - including SSAB's HYBRIT, and Thyssenkrupp's tkH2Steel plant - collectively represents more than 20Mtpa of new DRI capacity targeted for commissioning between 2026 and 2033.

Near-term speed bumps, but structural thesis remains: there has been some recent examples of green steel projects taking longer to deliver as the market grapples with the challenges of decarbonisation. ArcelorMittal cancelled European DRI modules despite subsidies, Thyssenkrupp paused its hydrogen tender, Stegira's first-steel target has slipped beyond 2026, and US policy reversal has pushed producers back toward coal-based assets. Compressed steel margins have seen mills globally favour cheaper, lower-grade ore, which is what took the DR pellet premium to its four-year low. EU CBAM enforcement from 2026 is the main regulatory catalyst for low-carbon feedstock demand.

Supply constrained by tight quality requirements and need for investment: DR-grade specification (typically >67% Fe, combined $\text{SiO}_2 + \text{Al}_2\text{O}_3$ below ~2-3%) excludes most seaborne supply, including nearly all Pilbara hematite. Mainstream Australian and Brazilian products have suffered repeated quality downgrades, prompting the Jan-26 migration of the Platts benchmark to a 61% Fe basis.

Simandou risk?: located in Guinea, Simandou began shipping in December 2025 and is now ramping up, introducing a new major iron ore source (up to 120Mtpa of ~65% Fe). Simandou is high grade but predominantly BF-grade fines; it pressures the benchmark and mid-grade spreads more than the DR-grade segment, where magnetite concentrate producers are viewed as structurally insulated (S&P Platts, Feb-26). Against announced DRI buildout, Midrex's updated balance shows merchant DR pellet supply adequate through the mid-2020s but in significant shortfall by the early 2030s as existing pellet plants reach full utilisation; Wood Mackenzie has estimated ~350Mt of new high-grade ore projects are needed to feed green steel.

Steelmaker and government backing for DR-grade supply: Mesabi Metallics, wholly owned by Indian conglomerate Essar Group, is starting up the first new US iron ore mine in 50 years in Minnesota (~7Mtpa DR-grade pellets), funded by a US\$770m US government loan, with up to US\$10bn of further support flagged for expansion. In Sep 2026 it announced a ~US\$15bn, ~10Mtpa DRI-EAF steel mill in Iowa (from 2030), and Iowa passed up to ~US\$1.36bn of tax credits. Essar, which is pursuing the same mine-to-mill model in Saudi Arabia, is securing its own DR-grade feed. We see this as further evidence that steelmakers and governments will fund secure DR-grade supply, supporting Iron Bear's strategic partner and MPO pathway.

Positive Direction of carbon policy over the next decade: steel is one of the largest industrial sources of CO₂, and a growing share of global output now carries an explicit carbon cost, through emissions trading on producers and, increasingly, border carbon tariffs on trade. Once carbon is priced, steelmakers have a financial incentive to cut emissions per tonne of steel. This drives steelmakers towards: 1) higher-grade, lower impurity feed, reducing coke use and CO₂. 2) the low-emission direct-reduction route (DR-EAF), cutting CO₂ by 50-70%, but requiring DR-grade feed. Geopolitical tension and deglobalisation have pushed governments to prioritise energy security and the guarantee of near-term energy supply over longer-dated climate policy. We expect carbon policy to become more focal in political agendas over the medium-term. Tighter carbon constraints (Figure 35) should, in turn, support stronger premiums for high-grade Fe.

Figure 35: Carbon policy favourable for high-grade ore demand

Policy	Region	Status / timing	Relevance to high-grade demand
CBAM (border carbon tariff)	EU	Jan 2026; scope extension proposed	Prices embedded carbon in imported steel; rewards low-carbon (high-grade / DR) feed
Emissions Trading Scheme	EU	2026-2034; Steel free allocation phased out	Direct carbon cost on producers; incentive to raise grade / shift to DR
National ETS	China	Steel included from 2024	Carbon signal on the world's largest steel sector
CBAM	UK	Jan 2027	Extends border carbon pricing to UK imports
GX-ETS / CCTS / others	Japan, India, others	Phasing in from 2026	Broadens global carbon coverage over time

Source: Respective government sources

Prices & premiums

We expect the benchmark and the DR-grade segment to continue decoupling. Benchmark fines face structural oversupply (Simandou plus resilient Australian/Brazilian shipments against stagnant Chinese demand), while DR premiums are showing signs of a strong recovery from a cyclical depression (the 2026 Hormuz disruption showed pellet premiums respond quickly to supply shocks), and the early-2030s merchant balance tightening. The main downside risk to the premium thesis is timing: if hydrogen economics and policy support continue to slip, DR-grade demand growth defers, and premiums stay margin-bound for longer.

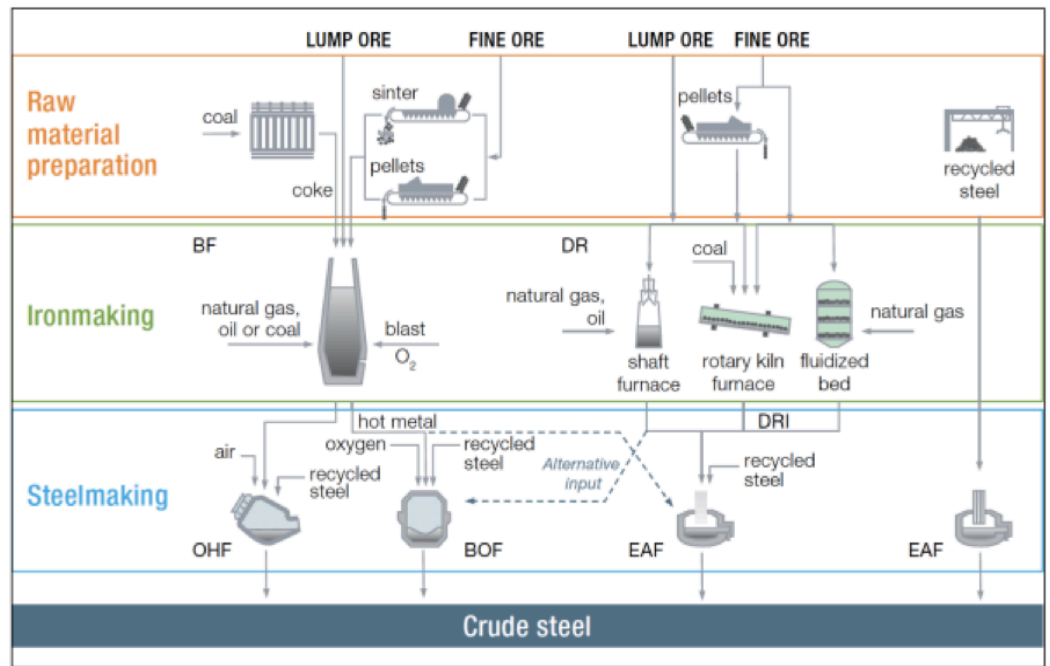
Iron ore to Steel process 101

Figure 36: Electric Arc Furnace Steel vs Blast Furnace Steel

	Electric Arc Furnace	Blast Furnace
Feed		
Ore quality needed	- High-grade: Fe >67% - Low impurities: SiO ₂ + Al ₂ O ₃ <2.5%	Low - medium Fe
Viable share of global supply	~8%	~100%
Feed forms	Pellet, lump, concentrate	Fines, sinter, pellet, lump, concentrate, briquettes, DRI, mill reverts
Process		
Ironmaking step	Pellet plant	Sinter plant
Steelmaking step	Electric arc furnace	Basic oxygen furnace
Main energy inputs	Electricity, natural gas, H ₂	Coking coal, fuel oil, natural gas
Emissions (kg CO ₂ /t)	- 845 (natural gas) - 106 (H ₂)	- 2,010 - 1,568 (H ₂ + CCUS)
Cost (US\$/t)		
Capex (US\$/t)	>400	~300
Opex (US\$/t)	~620	~760

Source: Wood Mackenzie, MST

Figure 37: Blast furnace and direct reduction steelmaking routes



Source: World Steel Association

Personal disclosures

William Cairns received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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