Chairman's Letter

Dear Fellow Shareholders,

I write to you to share my thoughts following my first period as Non-Executive Chairman of **Iron Bear Resources Limited** with my role commencing on 1 July. It generally takes some time to get your feet under the desk and to properly understand the Company.

Since my commencement the Company has had the highs of achieving the milestone of releasing a substantial high quality Pre-Feasibility Study (PFS). Executed alongside top-tier contractors like Hatch and Snowden Optiro, the study proved the technical and financial viability of a 44-plus-year mine plan.

I note the key economic metrics reported from that Study.

- **Post-Tax NPV**: US$9.0 billion (unleveraged with an 8% nominal WACC)
- **Internal Rate of Return (IRR):** 15.2% post-tax
- **Pre-Production CAPEX:** US$4.2 billion

These result from the current probable ore reserve of 3.3 Billion tonnes @ 29.1% total iron, with importantly low deleterious elements – including silica, alumina and phosphorous

Another key metric which differentiates this project from others under development is the benefit of an attractive and sustainable power supply, with the Company planning to source 100% renewable hydropower from Churchill Falls at roughly US$0.0315/kWh (3.15 cents/kWh). Churchill Falls has an existing 5,400 MW capacity, currently being expanded by an additional 2,500 MW.

For a project planning to produce Direct Reduced Iron Ore Pellets ("DRP") and magnetite concentrates the plentiful supply of well priced power is substantive and drives a structurally low OPEX. It also provides for Iron Bear to claim superior green steel credentials in a market place which continues to move in that direction.

Moving from the highs to the lows. The Company was disappointed with the withdrawal of Vale from its joint venture arrangements on 15 September. Certainly, we were preparing to move forward with Vale, having worked closely with them through the PFS activities, and have now had to rethink our development plans.

Vale have not provided us with their reasons for withdrawal. We do not believe it is concerns as to the quality of the Project or the PFS as no red flags were identified. We note that there have been both Brazilian and internal corporate political headwinds that may have impacted the decision. Vale have behaved helpfully, and we now retain 100% of the unfettered Iron Bear Project.

It is clear that the Company and its management have had a difficult period with a number of shareholder meetings seeking Board changes. I attended some of those meetings as a shareholder. These issues never help a company's development or investment attraction – nor consequently the share price.

However, it is worth noting what Iron Bear's Management have achieved through that period.

- Execution in February 2025 of a development agreement with Vale committed up to US$138 million across two phases to earn a 75% interest in the project.
- Phase One required an investment of US$18million for pre-feasibility studies, resource drilling and environmental baseline work. Vale have provided that capital in full which has resulted in the company's production of a high-quality PFS and a world class mineral reserve of over 3.3Bt @ 29.1% Fe.

  Vale declined to progress to Phase 2 of the development agreement

- On 30 June 2025 the Company reported A$1.3M in cash. It closes September 2026 with A$13.6M as a result of placement, options exercise, rights issue, debt conversion, and asset sales.
- The presentation of a high-quality PFS. The management clearly deserves every commendation for achieving that outcome whilst working through a number of public corporate difficulties.

The combination of an improved cash position, completed technical studies, and continued full ownership provides Iron Bear with a strong platform to pursue its next development and funding arrangements.

The Company is currently completing PFS Value Improvements and expects to report significantly improved economics from those previously reported.

Whilst I have noted a possible changing political and investment environment in Brazil, it is worth noting that there is an equal – and perhaps opposite – change in investment environment in Canada. The Major Projects Office (MPO) was established in August 2025 to simplify permitting process and facilitate state sponsored funding. The MPO, is most specifically focussed on the Labrador Trough and associated Infrastructure Corridor to support critical minerals development – which includes high grade iron ore. This positively impacts Iron Bear as it benefits from the development of additional clean power generation, expansion of mining and transportation infrastructure and improved access to export markets.

The opportunities ahead for Iron Bear are exciting. We are in a strong position to continue to advance what is one of the world's best undeveloped magnetite projects in a Tier One jurisdiction. We are prioritising cash preservation to navigate volatile capital markets and which translates into a reduced cash burn rate moving forward. I am confident that we will be able to source additional capital to assist the development of this exciting Project.



Sincerely,

Simon Lill
Non-Executive Chairman
Iron Bear Resources Ltd