ASX: IBR

Iron Bear Resources

Significant Iron Ore Resource Upgrade and Vale-Backed Partnership Continue to De-Risk Development

Metals & Mining

We are revising our target price for Iron Bear Resources (ASX: IBR), formerly Cyclone Metals, upward to $0.24, implying a compelling 317% total upside from the current $0.06 share price and representing an 8% uplift from our November 2025 Initiation Report. Iron Bear is advancing the large-scale Iron Bear magnetite project in Canada's Labrador Trough, with the investment case underpinned by resource scale, attractive scoping-study economics, premium BF concentrate and DR pellet potential, and a Vale-backed pathway toward Decision to Mine. The August 2025 Scoping Study outlined a 25 Mtpa operation producing 16 Mtpa of BF concentrate and 9 Mtpa of DR pellets, with a post-tax NPV_8 of US$9.79bn, an IRR of 18.6%, and pre-production capex of US$4.64bn. The Hatch-led PFS is the key near-term catalyst, with delivery expected to define the preferred development configuration and test opportunities for scale, cost and product-mix optimisation. Since our last update, IBR has strengthened both the technical and development case: the May 2026 MRE improved resource confidence, Phase 1 drilling approvals and baseline studies advanced the development pathway, and corporate capability has strengthened around Iron Bear execution. We believe the current share price undervalues Iron Bear's scale, improved resource confidence and Vale-backed development pathway.

MRE Update Strengthens the Development Inventory

The May 2026 Mineral Resource update improved Iron Bear's confidence profile, despite a lower total resource. IBR reported a large-scale resource of 13.6 Bt at 30.0% Fe and 20.7% magnetic Fe, including 4.5 Bt of Indicated Resources, representing an 114% increase from the prior estimate. This is important because Indicated Resources are supported by stronger drilling density, geological continuity and technical evidence than Inferred Resources, making them more useful for mine planning, scheduling, pit design and future Reserve conversion. The update therefore improves the reliability of Iron Bear's development inventory and provides a stronger technical base for the Hatch-led PFS. In our view, the MRE update enhances Iron Bear's technical credibility and strengthens the foundation for Vale-backed studies and future project de-risking.

Drilling, Baseline Studies and Product Quality Support Further De-Risking

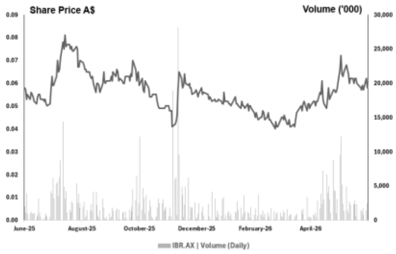
IBR has received approvals for a Phase 1 drilling program of up to approximately 24,000m, comprising 72 diamond drill NQ cores. The drilling is intended to improve resource confidence, test continuity within known mineralised zones, and provide better inputs for pit design, mine scheduling, and tailings planning. This matters because drilling helps convert a broad resource model into a more reliable development plan. IBR has also completed initial environmental and human/social baseline studies, which support future assessment, mitigation planning and stakeholder engagement. In parallel, metallurgical test work has produced DR concentrate grading 71.0% Fe and 1.2% SiO_2, and BF concentrate grading 69.1% Fe and 3.5% SiO_2. These product specifications support Iron Bear's premium-market positioning and strengthen the case for future customer validation, offtake discussions and product pricing support.

Vale-Backed Development Pathway Supports Continued Re-Rating

Following recent milestones, we value IBR at A$0.21 in our base case (259% upside) and A$0.27 in our bull case (374% upside), relative to the current share price of A$0.06. Using the midpoint of these scenarios, our A$0.24 target implies 317% upside. Our valuation reflects a risked approach to Iron Bear's resource base, economics and Vale-backed pathway. The share price implies a material discount to attributable NAV. PFS delivery, product validation, drilling success and further project de-risking could lift market confidence, support a higher probability weighting and drive a re-rate over time.

Date	17 June 2026
Current Price (A$)	0.06
Target Price (A$)	0.24
Market Cap (A$m)	63.05
52-week L/H (A$)	0.04/0.08
Free Float (%)	65.94%
Bloomberg	IBR AU
Reuters	IBR.AX

Price Performance (in A$)



Source Capital IQ

Business description

Iron Bear Resources Ltd (ASX: IBR) is advancing the large-scale Iron Bear magnetite project in Canada's Labrador Trough. The project is supported by a major resource base, high-quality BF and DR product potential, and a Vale-backed development pathway. Recent MRE upgrade, PFS, drilling and baseline study progress strengthen its transition from scoping-stage asset to de-risked development opportunity.

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

Investment Rationale

Investment Thesis: Iron Bear Resources (ASX: IBR)

Iron Bear Resources, formerly Cyclone Metals, is an Australian-listed iron ore development company focused on advancing the Iron Bear magnetite project in Canada's Labrador Trough, a proven iron ore district that has supported mining operations since 1954. The thesis is that Iron Bear combines large-scale magnetite exposure, strong scoping-study economics, premium BF concentrate and DR product potential, and a credible Vale-backed development pathway. The current market discount reflects the project's pre-PFS, pre-Reserve, funding and execution risks, but PFS delivery, Vale progression and product validation could drive a material re-rate.

1. Large-Scale Resource with Strong Scoping-Study Economics

Iron Bear is underpinned by a globally significant magnetite resource base and a Scoping Study that provides a clear early-stage valuation anchor. The August 2025 Scoping Study outlined a 25 Mtpa base case producing 16 Mtpa BF concentrate and 9 Mtpa DR pellets, with a reported post-tax NPV8 of US$9.79bn, an IRR of 18.6%, and pre-production capex of US$4.64bn. The May 2026 MRE further improved the confidence profile of the resource, increasing Indicated Resources by 114% to 4.5Bt, despite total resources reducing to 13.6Bt. It is a large resource with an economic development case that suggests material embedded value if the project can progress through PFS, feasibility, approvals and funding milestones.

2. Vale Partnership Provides the Development Pathway

The major challenge for IBR is not resource scale, but the ability to fund and execute a capital-intensive magnetite development. This is where the Vale Development Agreement is central to the investment case. Vale can provide up to US$138m across two phases and earn up to 75% of the project, funding key workstreams including the PFS, drilling, environmental studies, BFS, environmental impact assessment and First Nations agreements. If Vale proceeds to the Decision to Mine, it can either acquire IBR's remaining 25% at fair value or carry IBR to production with no dilution. For a junior company, this materially improves the credibility of development and provides a pathway to advance Iron Bear without relying solely on IBR's balance sheet.

3. Existing Infrastructure Supports Development Viability

Iron Bear's development case is strengthened by its location in Canada's Labrador Trough, a proven iron ore district with existing infrastructure. The project is less than 35km from open-access heavy haul rail connected to the Pointe-Noire iron ore export terminal, which can accommodate Capesize vessels. It also has potential access to low-cost hydropower from Menihek and Churchill Falls. This matters because magnetite projects are power, processing and logistics-intensive. Access to existing rail, port, power and mining infrastructure reduces the need to build the entire development chain from scratch and supports project viability.

4. High-Grade Products Support Higher-Value Markets

Iron Bear is focused on producing premium magnetite products, including BF concentrate and DR pellets, rather than standard iron ore fines. Test work has produced DR concentrate grading 71.0% Fe and 1.2% SiO_2, and BF concentrate grading 69.1% Fe and 3.5% SiO_2. The company has also produced 300kg of DR pellets with strong physical and metallisation properties. This positions Iron Bear toward the higher-value Direct Reduction pellet market, where demand is expected to grow from 180Mtpa in 2024 to 266Mtpa by 2035.

5. Comparable Transactions Support Strategic Value

Recent transactions reinforce the strategic appeal of high-grade magnetite assets. Sojitz and Nippon Steel's entry into Champion Iron's Kami project highlights strong strategic demand for DR-quality supply, with the transaction implying an estimated project valuation of approximately C$500m. Killi Resources' Lodestone acquisition also supports the theme, with a reported 110Mt inferred resource and concentrate grading around 69% Fe. Against these benchmarks, Iron Bear screens as a materially larger and more advanced opportunity, supported by its 13.6Bt resource, BF/DR product potential, infrastructure access and Vale-backed development pathway.

6. Low-Cost Renewable Power Supports Cost Advantage

Iron Bear's potential access to low-cost renewable power is a meaningful structural advantage for a large-scale magnetite project. Magnetite processing is highly power-intensive, making electricity costs a key driver of operating costs, margins and long-term competitiveness. Hatch's power study identified a Phase 1 unit power cost of approximately C$0.023/kWh using Menihek hydro and wind, with Churchill Falls potentially supporting later-stage expansion. While comparisons with Australian industrial power prices should be viewed directionally, the relative advantage is clear. Low-cost renewable power therefore strengthens Iron Bear's cost position and represents an underappreciated driver of long-term project value.

These factors support a target price of $0.24

We value IBR using a probability-weighted attributable NPV approach. We model Iron Bear on a 100% project basis, using conservative Scoping Study assumptions and sensitivity analysis for iron ore prices and costs. The USD project NPV is converted to AUD using an AUD/USD assumption of 0.72, then adjusted for IBR's expected 25% attributable interest under Vale's potential earn-in. We apply a 50% probability weighting for pre-PFS, pre-Reserve, funding, permitting and execution risks. This produces a base-to-upside valuation range of A$0.21 to A$0.27/share, excluding terminal value and upside from PFS optimisation or scale-up scenarios.

Catalysts: PFS delivery, Vale progression, Phase 1 drilling, indicated inventory and ore reserve conversion, and approvals progress.
Risks: Capex escalation, Vale dependency, permitting delays, iron ore volatility and infrastructure access constraints.

Key Developments Since Last Report

Since our last report, IBR has made five material advances that strengthen the Iron Bear investment case and move the project from scoping-stage validation toward PFS-stage de-risking.

- **Mineral Resource confidence increased:** IBR released an updated MRE for Iron Bear, reporting 13.6Bt at 30.0% Fe and 20.7% magnetic Fe, including 4.5Bt of Indicated Resources at 29.5% Fe, up 114% from the prior estimate. Although total tonnes declined by 18%, the larger Indicated Resource improves confidence in the inventory available for mine planning, PFS optimisation and future Reserve work.
- **PFS optimisation work progressed:** The Hatch-led PFS has identified opportunities to improve the project relative to the August 2025 Scoping Study, including potential larger production scenarios, improved capital efficiency and alternatives across processing, power, infrastructure, logistics, OPEX and CAPEX. PFS delivery is expected by the end of Q2 2026.
- **Development pathway advanced through drilling and baseline studies:** IBR received approvals for its Phase 1 drilling program, comprising 72 diamond drill NQ cores for up to ~24,000m. The program is designed to improve resource confidence and support mine planning, pit design and tailings optimisation. Initial environmental and human/social baseline studies have also been completed.
- **Project of National Significance application submitted:** IBR has applied for Iron Bear to be recognised as a Project of National Significance in Canada. If awarded, the status could support faster federal approvals, improved federal/provincial coordination and potential government-backed financing support. This remains an application, not an approval.
- **Corporate leadership strengthened:** The appointment of Caue Araujo as Non-Executive Director strengthens IBR's board capability as Iron Bear moves through PFS-stage de-risking. Araujo brings relevant experience across iron ore, geology, mining finance, project evaluation and technical modelling, adding technical and commercial depth to the company's development oversight.

Project development

Mineral Resource Update Strengthened the Iron Bear Development Inventory

The May 2026 Mineral Resource Estimate improved Iron Bear's confidence profile despite a reduction in total reported tonnes. IBR reported an updated Mineral Resource of 13.6Bt at 30.03% Fe and 20.68% Magnetic Fe, including an Indicated Resource of 4.5Bt at 29.46% Fe and 20.60% Magnetic Fe at a 12.5% Magnetic Fe cut-off. The Indicated Resource increased 114% from the prior estimate of 2.1Bt, while total resources decreased 18% from the 2024 estimate. The reduction reflects revised geological interpretation, updated drill-spacing classification criteria, pit optimisation, stricter RPEEE (Reasonable Prospects for eventual Economic Extraction) constraints and revised economic assumptions. The revised estimate therefore prioritises mine-planning confidence over headline scale, increasing the proportion of higher-confidence Indicated material that is most relevant to PFS work, scheduling, mine planning, and potential future Reserve work.

The larger Indicated Resource provides a stronger technical foundation for PFS optimisation, mine planning and potential future Reserve work. The update is supported by Snowden Optiro's revised geological interpretation, metallurgical test work and mining studies, while also reinforcing Iron Bear's product-quality credentials, including DR concentrate grading 71.0% Fe and 1.2% SiO_2 and BF concentrate grading 69.1% Fe and 3.5% SiO_2. Further work is required to convert Mineral Resources into Ore Reserves and confirm economic viability.

- **Indicated Resource increased materially:** Indicated tonnes increased 114% to 4.5Bt, improving confidence in the resource base available for PFS-stage mine planning.
- **Resource quality improved through higher-confidence tonnes:** The revised model increased the proportion of Indicated material, improving confidence in the inventory most relevant to PFS mine planning, scheduling and future Reserve work.
- **PFS foundation strengthened:** The larger indicated inventory improves the technical base for mine design, scheduling, optimisation and potential future Reserve work.
- **Product quality remains a differentiator:** Metallurgical test work supports high-grade magnetite products, including 71.0% Fe DR concentrate and 69.1% Fe BF concentrate.

Figure 1: Iron Bear 2026 Mineral Resource estimate reported at a 12.5% MagFe cut-off

Resource Category	May 2026 Tonnage (Bt)	May 2026 Fe Grade (%)	May 2026 Magnetic Fe Grade (%)	Prior 2024 Tonnage (Bt)	Prior 2024 Fe Grade (%)	Prior 2024 Magnetic Fe Grade (%)	Change in Tonnage (%)
Indicated	4.50	29.46	20.60	2.10	28.68	18.97	**114%**
Inferred	9.10	30.31	20.73	14.50	29.44	18.13	**-37%**
Total	**13.60**	**30.03**	**20.68**	**16.60**	**29.34**	**18.23**	**-18%**

Source: Company, East Coast Research

PFS Optimisation Work Advanced Within Vale-Backed Development Pathway

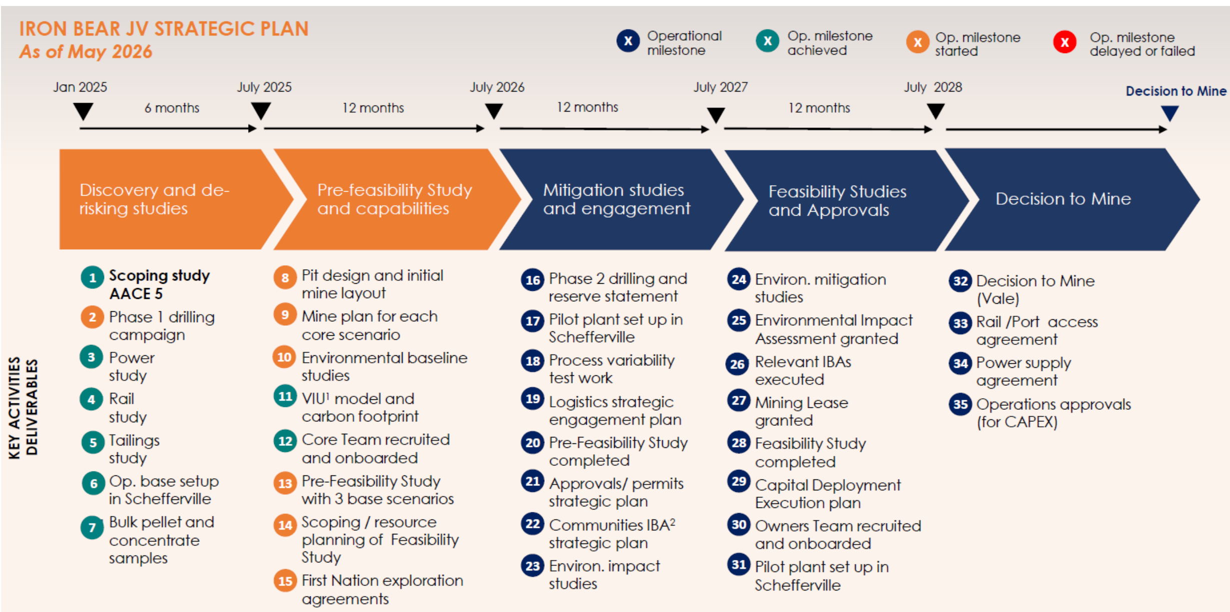
The Iron Bear PFS has advanced as a key milestone within the broader Vale-backed development pathway, with the current phase focused on optimisation opportunities to improve project scale, capital efficiency, and operating outcomes relative to the August 2025 Scoping Study. IBR's Strategic Development Plan is designed to progressively de-risk Iron Bear toward a potential Decision to Mine, with the PFS forming a central step before later-stage feasibility studies, environmental impact work, First Nations agreements, infrastructure access and project approvals. Hatch is leading the PFS and remains focused on refining the preferred development configuration across processing, power, infrastructure, logistics, OPEX and CAPEX.

This is a material development because Iron Bear is a large-scale, capital-intensive magnetite project, where relatively small changes in throughput, infrastructure configuration, product mix, operating costs and capital intensity can materially influence project economics. Importantly, IBR noted that opportunities have been identified to improve economics by scaling up production scenarios, supported by the granular nature of major infrastructure investments, particularly power, rail and slurry lines. In effect, this suggests that a larger development footprint may offer better capital efficiency if fixed or semi-fixed infrastructure can be spread across a broader production base. The company also identified opportunities to improve both capex and opex across individual areas of the mine, while evaluating alternatives for processing, power, infrastructure and logistics.

PFS Class 4 draft deliverables have been received across key workstreams, including the main processing plant, pellet plant, power supply, rail, slurry pipeline, mine plan, mineral resource update, construction road transport and logistics, geotechnical studies and port area. Snowden Optiro has completed an independent review of the geological model and mine planning optimisation. The PFS economic model will incorporate updated inputs from Hatch, IDOM, Fortin, Snowden Optiro and other consultants. IBR now expects PFS delivery at the end of Q2 2026, which remains consistent with Project Committee expectations.

- **PFS is a central de-risking milestone:** The PFS sits within Iron Bear's broader strategic plan toward feasibility studies, approvals, infrastructure agreements and potential Vale Decision to Mine.
- **Scale-up potential could improve economics:** IBR is assessing larger production scenarios, which may improve capital efficiency by spreading major infrastructure costs across a larger production base.
- **Capex and OPEX optimisation remain a key value driver:** The company is evaluating alternatives across processing, power, infrastructure and logistics to refine the cost base and preferred development pathway.
- **Technical workstreams have advanced:** Draft deliverables have been received across processing, pellet plant, power, rail, slurry pipeline, mine planning, geotechnical and port workstreams.
- **Next milestone is PFS delivery:** The key near-term catalyst is whether the PFS confirms a preferred development configuration with improved economics and a stronger pathway toward later-stage studies and Vale's Decision to Mine process.

Figure 2: Iron Bear Strategic Development Plan



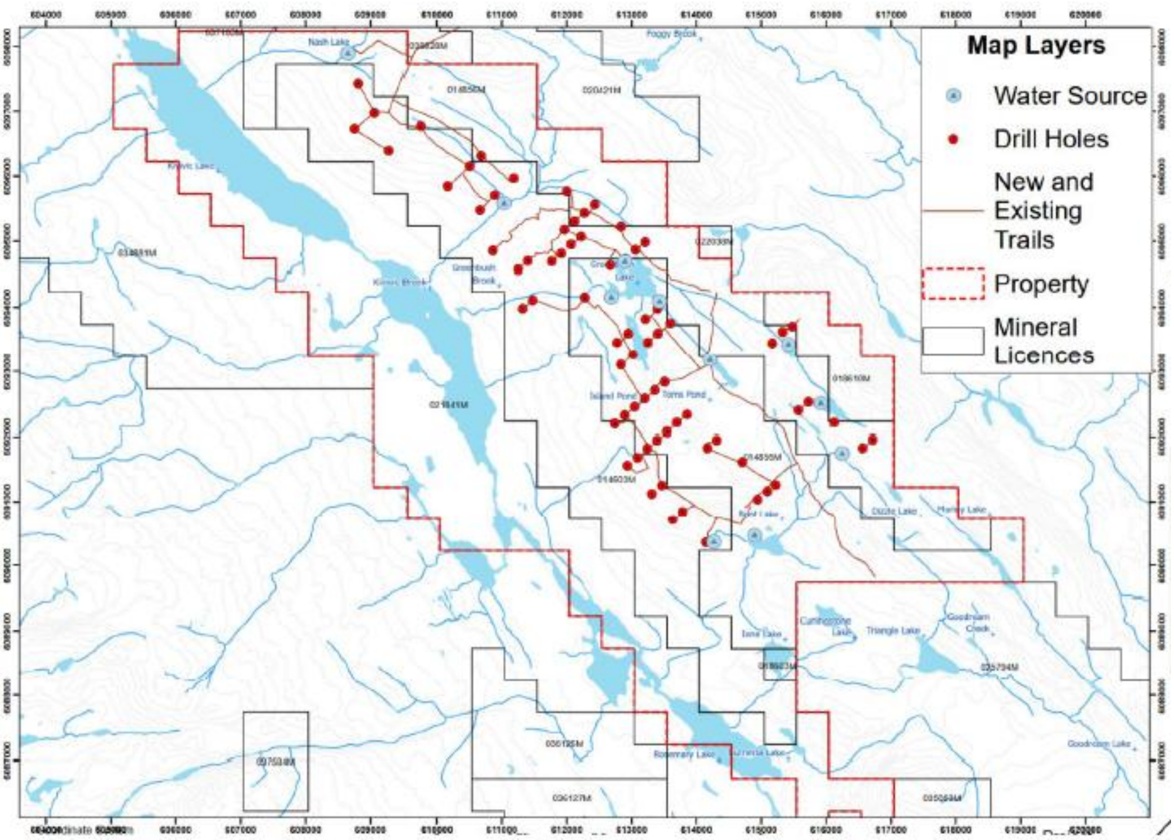
Source: Company

Drilling Approvals and Baseline Studies Advanced the Development Pathway

IBR has received formal exploration approvals from the Mineral Lands Division of the Government of Newfoundland and Labrador for the proposed Phase 1 drilling program at Iron Bear. The planned program comprises 72 diamond drill NQ cores totalling approximately 24,000m and is designed to further delineate and expand the current Mineral Resource, improve continuity within known mineralised zones, and increase confidence in the resource base. The program is also expected to provide key inputs for mine plan optimisation, pit design and tailings management planning. The commencement of the drilling program remains subject to final approval from the Iron Bear Board and the Project Committee, which has not yet been confirmed.

This is strategically important because Phase 1 drilling is a key deliverable under the Vale Development Agreement. In parallel, IBR completed initial environmental and human/social baseline studies covering terrestrial ecology, terrain, water resources, aquatic ecology, atmospheric conditions, First Nations and non-First Nations communities, land use, socio-economic conditions, archaeology, heritage and protected areas. These studies establish the pre-development baseline required for future environmental impact assessment, mitigation planning and monitoring, while also supporting the PFS pathway.

Figure 3: Iron Bear Phase 1 Drilling Program Map



Source: Company

- **Phase 1 drilling approvals granted:** Newfoundland and Labrador granted exploration approvals for the planned Phase 1 drilling program, subject to final internal and Project Committee approvals.
- **Large drill program planned:** The program comprises 72 diamond drill NQ cores for up to ~24,000m.
- **Resource confidence is the key objective:** Drilling is designed to improve geological continuity, increase confidence in known mineralised zones and support future resource updates.

- **Mine planning inputs strengthened:** Drill data is expected to feed into mine plan optimisation, pit design and tailings management planning.
- **Environmental and social baseline established:** Initial baseline studies provide the foundation for future environmental impact assessment, mitigation, monitoring and social licence work.
- **Further work remains:** These milestones advance the development pathway, but do not represent final mining or environmental approvals.

Project of National Significance Application Adds Potential Permitting and Funding Catalyst

IBR has applied for Iron Bear to be recognised as a Project of National Significance in Canada. If awarded, the designation could support a more coordinated federal approvals pathway, improved federal/provincial alignment, access to government resources and potential financing support through initiatives such as the Canada Infrastructure Bank, Canada Growth Fund and Indigenous Loan Guarantee Program. The company notes that the Major Projects Office has a stated objective of reducing federal permitting timelines from typically five years to two years.

This is material because permitting, infrastructure coordination, and access to funding are key risks for a large-scale magnetite project. The application is not an approval and should not be treated as completed de-risking. However, recognition would represent a meaningful catalyst for the development pathway and could help narrow Iron Bear's project-stage risk discount.

- **Potential permitting benefit:** Recognition could support faster and more coordinated federal approvals, reducing a key development risk for Iron Bear.
- **Potential funding and strategic benefit:** Access to government support and financing initiatives could strengthen the project's credibility with infrastructure partners, institutions and strategic investors.

Corporate Platform Strengthened Around Iron Bear Execution

IBR has strengthened its corporate platform around Iron Bear through enhanced board capability, improved liquidity and a clearer strategic focus on the flagship project. In December 2025, the company appointed Caue Araujo as Non-Executive Director, adding relevant experience across iron ore, geology, mining finance, project evaluation and technical modelling. This is important as Iron Bear moves from scoping and technical validation into PFS-stage development execution.

The company has also confirmed that its strategic review identified Iron Bear as the optimal pathway to shareholder value, with a review of non-core assets underway. This reinforces IBR's shift toward Iron Bear as its primary focus for development and valuation. The balance sheet has also improved, with Vale funding and proceeds from the sale of European Lithium shares supporting near-term PFS, drilling and environmental workstreams. Longer-term construction funding remains a future milestone, with the Vale Development Agreement continuing to provide the key partner-backed pathway toward further studies and a potential Decision to Mine.

- **Board capability strengthened:** Caue Araujo adds relevant iron ore, geology, mining finance, project evaluation and technical modelling experience as Iron Bear advances through PFS-stage de-risking.
- **Strategic focus sharpened:** IBR has identified Iron Bear as the core value-creation pathway, with non-core assets under review.
- **Near-term funding position improved:** Vale funding and proceeds from the European Lithium share sale support near-term development workstreams, while longer-term construction funding remains tied to the Vale-backed development pathway.

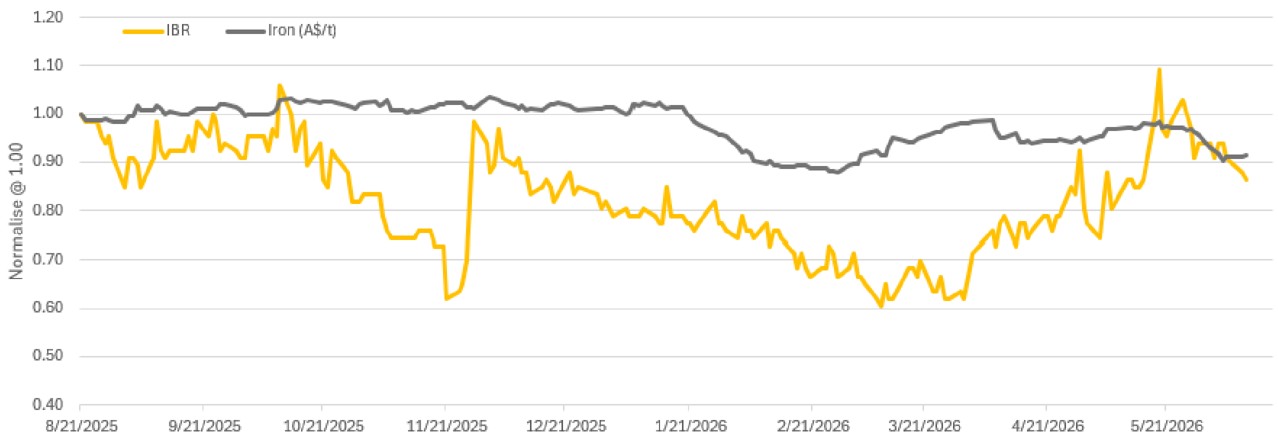
Valuation

Updated Valuation of $0.21 - $0.27 Per Share

Since our last update, IBR has delivered milestones that strengthen Iron Bear's technical base and development pathway. We do not believe the share price fully reflects the scale of the resource, the stronger confidence from the May 2026 MRE, the potential uplift from PFS optimisation, Vale's pathway toward Decision to Mine, or the supportive iron ore price backdrop.

1. **Large resource with strong scoping-study economics:** Iron Bear is underpinned by a large magnetite resource and an August 2025 Scoping Study outlining a 25Mtpa base case, post-tax NPV8 of US$9.79bn and IRR of 18.6%. The May 2026 MRE increased Indicated Resources by 114% to 4.5Bt, improving confidence in the inventory available for mine planning.
2. **PFS optimisation and Vale partnership support the development pathway:** IBR is assessing larger-scale production scenarios, capital efficiency improvements and alternatives across processing, power, infrastructure and logistics. Vale's Development Agreement, which can provide up to US$138m of staged funding and allow Vale to earn up to 75%, gives IBR a credible pathway to advance a capital-intensive project.
3. **Drilling, baseline studies and product quality advance de-risking:** Phase 1 drilling approvals cover up to ~24,000m, with the program designed to improve resource confidence and support mine planning. Initial environmental and social baseline studies have also been completed, and metallurgical test work supports the production of high-quality DR and BF products for premium iron ore markets.
4. **Iron ore price backdrop remains supportive:** Iron ore is trading at approximately US$101/t, above our long-term model assumption of US$90/t. This provides a supportive market backdrop for Iron Bear's valuation, particularly given the project's exposure to premium BF concentrate and DR pellet products. While commodity prices remain volatile, sustained pricing above our benchmark assumption would provide upside risk to project NPV.

Figure 4: IBR Share Price Performance vs Iron Ore Price, Normalised to 1.00



Source: Capital IQ, East Coast Research

IBR has materially underperformed the iron ore price since August 2025, although the share price has recently recovered. The gap suggests the market continues to price in project-stage risk, with potential re-rating dependent on PFS delivery, Vale progression and further development de-risking.

Methodology

Our valuation for Iron Bear Resources uses a probability-weighted attributable NPV framework that reflects the scale of the Iron Bear Project and its current development stage. We first model Iron Bear on a 100% project basis using assumptions anchored to the August 2025 Scoping Study, with sensitivity analysis applied to iron ore prices and cost outcomes. The production schedule remains based on the Scoping Study because the updated PFS mine plan has not yet been released. Project NPV is calculated in USD and converted to AUD using a 0.72 AUD/USD assumption. We then apply IBR's expected 25% attributable interest under Vale's potential 75% earn-in. A 50% probability weighting is applied to IBR's attributable NPV to reflect pre-PFS, pre-Reserve, funding, permitting, infrastructure and execution risks. This probability weighting is separate from ownership dilution, which is already captured through the 25% attributable interest. We run a base case and upside case, with the upside case reflecting improved pricing and cost outcomes. No terminal value is included, making the valuation conservative given the explicit mine schedule captures only a small portion of the broader MRE. Price/NAV is shown as an output of the valuation rather than the primary valuation method.

DCF Assumptions

Resource and Mine Schedule

The model is based on the August 2025 Scoping Study mine schedule and uses an 18-year operating profile. Over this period, the cumulative ore mined is approximately 1,453 Mt, representing only 8.7% of the Scoping Study MRE. This is conservative because the valuation does not assume full monetisation of the broader resource base. Instead, it only values the production schedule currently defined in the Scoping Study. This leaves potential upside from future mine-life extensions, larger-scale development scenarios or further resource conversion if supported by the PFS, drilling and feasibility work.

Production Ramp-Up and Capacity Assumption

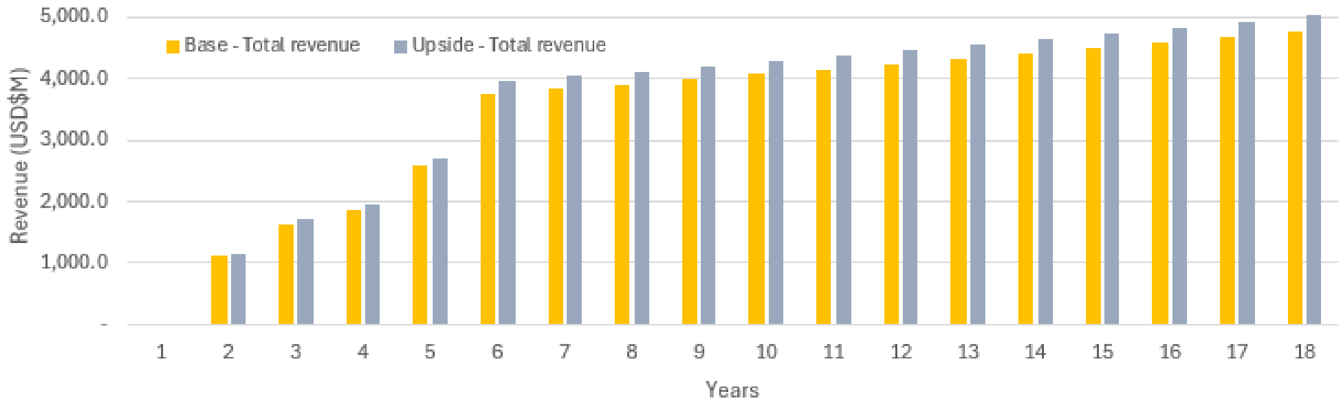
Our DCF assumes a staged ramp-up to the Scoping Study production profile rather than immediate full output. Payable product tonnes increase from 8.6Mt in Year 2 to 12.5Mt in Year 3, 14.0Mt in Year 4, 17.5Mt in Year 5, and 25.0Mtpa from Year 6 onward. At steady state, production is split between 16Mtpa of BF concentrate and 9Mtpa of DR pellets. The 25Mtpa capacity assumption refers to saleable product output, not total ore mined or processed. This is important because magnetite projects mine and process a larger volume of mineralised material to produce a smaller volume of high-grade saleable product.

Revenue and Pricing

Revenue is modelled as the product of saleable product tonnes and realised product prices. We use a starting 62% Fe benchmark iron ore price of US$95/t, with 2.0% annual escalation applied through the forecast period. This benchmark is below recent spot pricing of approximately US$101/t, recent highs of around US$104/t, and the recent six-month low of approximately US$97.5/t. The model therefore does not assume that current spot prices or recent highs will be sustained. Iron Bear's BF concentrate and DR pellets are priced at a premium to benchmark iron ore because they are expected to be higher-grade, lower-impurity products. Higher-quality iron ore products typically attract stronger pricing because they can improve steelmaking efficiency and support lower-emission steelmaking pathways.

We apply pricing factors of 1.5x for BF concentrate and 1.9x for DR pellets, implying starting prices of US$142.50/t and US$180.50/t, respectively. These assumptions are conservative because they are materially below the product price forecasts used in the Scoping Study, while still recognising Iron Bear's premium product quality. The premium-product rationale is supported by Iron Bear's high-grade concentrate specifications and the expected growth in DR pellet demand. Final realised pricing remains subject to product validation, customer qualification, commercial terms and market conditions. Sustained benchmark pricing above US$95/t, or validation of stronger product premiums, would represent upside to our valuation.

Figure 5: IBR Revenue Estimates



Source: Capital IQ, East Coast Research

Operating Costs

Operating costs are modelled using the Scoping Study cost structure and linked primarily to production volumes. This means costs increase as Iron Bear ramps up toward steady-state production, rather than being treated as a single fixed estimate. We also apply a 2.5% annual cost escalation factor to reflect inflationary pressure and the uncertainty inherent in pre-PFS cost estimates. At a steady-state production of 25 Mtpa, the model estimates operating costs of approximately US$2.04bn per annum, compared with approximately US$1.99bn before escalation. Operating costs are a key valuation driver because they directly affect EBITDA, free cash flow and project NPV.

Capital Costs

Capital costs are modelled in line with the Scoping Study and allocated across pre-production, growth and sustaining phases. The model also applies a 2.5% annual escalation factor to capital costs, which provides a more conservative treatment of construction and development cost risk. This is appropriate given Iron Bear remains pre-PFS and final capital estimates are still subject to technical refinement. Capex is one of the most important valuation assumptions because it affects funding requirements, payback timing and NPV. Any PFS-led improvement in capital efficiency would be positive, while capex escalation would reduce valuation support.

Tax, Discount Rate and Terminal Value

- **Tax:** The model applies a 30% corporate tax rate, with tax only applied once taxable project cash flows become positive following the construction and ramp-up period. This avoids overstating early tax payments while the project is still absorbing upfront development costs.
- **Discount rate:** We apply an 11% WACC, above the 8% discount rate used in the Scoping Study, to reflect Iron Bear's earlier stage of development. This captures pre-PFS, pre-Reserve, funding, permitting, infrastructure and execution risk, and is therefore more conservative than the company's published Scoping Study discount rate.
- **Terminal value:** No terminal value is included. This is conservative because the model only values the explicit Scoping Study mine schedule and does not credit potential mine-life extensions, further resource conversion or larger-scale development scenarios. Any future expansion of the mine plan would represent additional upside to our valuation.

Project NPV Sensitivities

We model Iron Bear's project NPV across a range of iron ore price and cost assumptions to reflect the sensitivity of a large-scale magnetite project. Figure 6 shows iron ore prices ranging from US$85/t to US$115/t and costs varying by +10% to -10%. This supports our base and upside cases by showing how project value changes under different pricing and cost outcomes.

Project NPV is calculated in USD and converted to AUD using an AUD/USD assumption of 0.72. We view this sensitivity-based approach as appropriate given Iron Bear's current scoping/PFS stage, where final CAPEX, OPEX, product pricing and infrastructure assumptions remain subject to refinement. The analysis highlights that PFS confirmation of costs, product mix and development configuration is a key valuation catalyst.

Figure 6: IBR Iron Bear Project Sensitivity table in AUD

		Iron Ore (USD/T)						
		$92.5	$95.0	$97.5	$100.0	$102.5	$105.0	$107.5
Costs	10.0%	1,626.5	2,398.2	3,169.9	3,493.9	4,243.9	4,993.8	5,743.8
	5.0%	2,850.4	3,198.8	3,948.7	4,698.7	5,448.6	6,198.6	6,378.2
	-	3,653.6	4,403.5	5,153.4	5,903.4	6,109.0	6,835.3	7,561.5
	(5.0%)	4,858.3	5,608.2	5,839.9	6,566.1	7,292.4	8,018.7	8,744.9
	(10.0%)	5,570.7	6,297.0	7,023.3	7,749.5	8,475.8	9,202.0	9,928.3

Source: Capital IQ, East Coast Research

Probability-Weighted Attributable NAV Supports Material Upside

Our valuation uses a probability-weighted attributable NAV approach to reflect both Iron Bear's scale and the remaining project-stage risks. We first model Iron Bear on a 100% project basis, then apply IBR's expected 25% attributable interest under the Vale Development Agreement. We then apply a probability weighting to reflect the fact that Iron Bear remains pre-PFS, pre-Reserve and pre-development, while still recognising the significant de-risking value of Vale's involvement, the large resource base and the strong Scoping Study economics.

We apply a 50% probability weighting in both cases. This is justified by the project's improved technical and development position, including the 114% increase in Indicated Resources, ongoing PFS optimisation, Phase 1 drilling approvals, completed baseline studies and Vale's ability to fund staged development work. At the same time, the 50% weighting remains appropriately conservative given the project is not yet at PFS completion or Decision to Mine.

Figure 7: IBR Probability-Weighted Attributable NAV Sensitivity in AUD

		25% IBR Attributable NPV		Implied Target Price (A$)		
		Base	Upside	Base	Upside	Midpoint
Prob-Weighted	100.00%	599.5	799.7	0.41	0.54	0.47
	75.00%	449.7	599.8	0.31	0.41	0.36
	50.00%	299.8	399.8	0.21	0.27	0.24
	25.00%	149.9	199.9	0.11	0.14	0.13

Source: Capital IQ, East Coast Research

Valuation

Our valuation for Iron Bear Resources uses a probability-weighted attributable NPV methodology, anchored to our DCF of the Iron Bear Project and adjusted for IBR's expected 25% project interest under the Vale Development Agreement. On this basis:

We have revised our target price to $0.24, representing a 317% potential upside from the current share price, based on a Price/NAV multiple of 0.24x

Our analysis highlights material upside, derived from a midpoint between our base-case valuation of A$0.21/share and our upside-case valuation of A$0.27/share. The valuation gap reflects the market's discount to Iron Bear's pre-PFS, pre-Reserve, and capital-intensive development status, as well as uncertainty regarding permitting, infrastructure access, product pricing, and execution. However, we believe this discount does not fully reflect the scale of the resource, the 114% increase in Indicated Resources to 4.5Bt, the strong Scoping Study economics, or the strategic value of Vale's involvement.

The August 2025 Scoping Study outlined a 25Mtpa base case with material project NPV, while Vale's Development Agreement provides a credible pathway to fund staged technical work and potentially advance Iron Bear toward Decision to Mine. We expect the valuation gap to narrow as the PFS confirms the preferred development configuration, Phase 1 drilling improves resource confidence, product validation supports premium-pricing assumptions, and Vale continues to advance the project through later-stage studies. Importantly, our valuation does not fully capture potential upside from PFS optimisation, larger-scale development scenarios, future resource conversion, offtake progress or a potential Vale carry-to-production outcome.

Figure 8: IBR Valuation

IBR Equity Valuation (A$M)	**Base Case**	**Upside Case**	**Remarks**
IRON BEAR PROJECT			
Modelled NPV @11%	2,398.17	3,198.78	Upside Case: Increased Iron Price
IBR Attributable NPV	599.54	799.69	25% IBR ownership after Vale earn-in
IBR Attributable Probability-Weighted NAV	299.77	399.85	50% Probability-Weighted
Iron Bear Project Value (A$m)	**299.77**	**399.85**	
Implied EV (A$m)	**299.77**	**399.85**	
Cash & cash equivalent[1] (A$m)	14.68	14.68	Latest quarterly cash
Debt[2] (A$m)	0.00	0.00	
Total Market Value of Equity (A$m)	**314.45**	**414.53**	
Number of shares (m)[3]	1,508.10	1,508.10	Includes dilution
Implied price (A$)	**0.21**	**0.27**	
Current price (A$)[4]	0.06	0.06	
Upside (%)	*259%*	*374%*	
Mid-point Target Price (A$)	**0.24**		
Mid-point Target Price Upside (%)	*317%*		
Price / NAV (X)	**0.24x**		

Note:
[1] From the latest quarterly, as at 31st of March 2026
[2] From the latest quarterly, as at 31st of March 2026
[3] Includes dilution of options and performance rights.
[4] as of 16 June 2026
Source: ASX, Company & East Coast Research

Risks & Re-Rating

Key Catalysts

- **PFS delivery and preferred development case:** Completion of the PFS is the key near-term catalyst. A preferred development case that confirms stronger scale, improved capex efficiency, better OPEX outcomes or a more attractive product mix would increase confidence in Iron Bear's economics and support a higher probability weighting to IBR's attributable NAV.
- **Vale progression beyond PFS:** Continued Vale participation after the PFS would be a major de-risking event. Progression into BFS work, environmental impact studies, First Nations agreements, and later-stage development activities would strengthen confidence in Iron Bear's partner-backed pathway toward Decision to Mine.
- **Phase 1 drilling and mine-plan confidence:** The approved 72-hole, ~24,000m Phase 1 drilling program is designed to expand and improve confidence in the Iron Bear resource. Positive results could support future resource updates, mine plan optimisation, pit design, tailings planning and potential future Reserve work. By improving confidence in the mineable inventory, successful drilling could support a higher probability weighting to IBR's attributable NAV and help narrow the market's project-stage discount.
- **Indicated inventory conversion:** The May 2026 MRE increased Indicated Resources by 114% to 4.5Bt. Incorporating this higher-confidence inventory into the PFS mine plan and future Reserve work would strengthen the technical basis of the development case and improve confidence in the project's long-term NAV.
- **Product validation and offtake progress:** Further metallurgical validation, customer sample testing or offtake discussions would support the premium-product thesis. This is important because Iron Bear's valuation depends on converting resource scale into saleable BF concentrate and DR-grade products that can attract premium pricing.

Key Risks to Price Target

- **PFS and CAPEX risk:** Iron Bear remains a large-scale, capital-intensive magnetite project. If the PFS confirms higher capex, weaker capital efficiency, infrastructure constraints or higher operating costs, IBR's attributable NAV and valuation support could be reduced.
- **Vale pathway risk:** Vale's involvement materially improves the development pathway, but IBR remains exposed to partner decision risk. Any delay, funding change, or failure to progress beyond the current study stages could undermine market confidence in the project pathway.
- **Resource and Reserve conversion risk:** The May 2026 MRE improved the confidence mix, but the resource is not yet an Ore Reserve. Further drilling, mine planning, metallurgical work and economic studies are required to support a development decision.
- **Permitting, social licence and infrastructure risk:** Baseline studies are positive, but final approvals, environmental assessment, Indigenous/community agreements, rail access, port access and power supply remain key milestones. Delays could increase costs or defer project development.
- **Commodity and product pricing risk:** Iron Bear's valuation is sensitive to iron ore prices, BF concentrate and DR pellet premiums, FX and energy costs. Premium product quality must translate into realised margins sufficient to justify the project's large capital intensity.

Appendix I: Analyst's Qualifications

Michael Jarvis

Michael is an Equity Research Analyst at Shares in Value (East Coast Research) and the analyst on this report. He holds a Bachelor of Business from the University of Technology Sydney, has passed the Level I CFA exam, and holds the Advanced Financial Modeller (AFM) accreditation.

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