CHAMPION IRON

APPENDIX 4E

For the financial year ended March 31, 2023

This Appendix should be read in conjunction with the Company's Annual Report for the year ended March 31, 2023.

1. Name of Entity

Champion Iron Limited

ACN 119 770 142

2. Reporting Period

Reporting period: For the year ended March 31, 2023
Previous corresponding period: For the year ended March 31, 2022

3. Results for Announcement to the Market

	Year Ended March 31,		Up/(Down)	% Movement
	2023	2022		
	(in thousands of C$)	(in thousands of C$)	(in thousands of C$)	
Revenue from ordinary activities	**1,395,088**	1,460,806	(65,718)	(4)%
Profit from ordinary activities after tax attributable to members	**200,707**	522,585	(321,878)	(62)%
Net profit attributable to members	**200,707**	522,585	(321,878)	(62)%

Dividend Information

	Amount per Ordinary Share	Ex-Dividend Date	Record Date	Payment Date
Unfranked Interim Dividend	C$0.10	November 7, 2022	November 8, 2022	November 29, 2022
Unfranked Final Dividend[1]	C$0.10	June 13, 2023	June 14, 2023	July 5, 2023

[1] A dividend was declared on May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), in connection with the financial results for the financial year ended March 31, 2023.

Dividends paid by subsidiaries are not included in the above table.

4. Net Tangible Assets per Security

	As at March 31,	
	2023	2022
	(C$ per share)	(C$ per share)
Net tangible assets per security	**2.43**	2.25

5. Associates and Joint Venture Entities

Associates are not considered to be material to the Company. The Company does not have joint venture entities.

6. Commentary on the Results for the Period

A commentary on the results for the period is contained within the Annual Report, including the Directors' Report and the Financial Statements that accompany this Appendix.

7. Status of Audit

This report is based on the Financial Statements for the year ended March 31, 2023, which have been audited by Ernst & Young.

CHAMPION IRON

ANNUAL REPORT 2023

FOR THE FINANCIAL YEAR ENDED
MARCH 31, 2023

CONTENTS

This Annual Report contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section and to the "Cautionary Note Regarding Forward-Looking Statements" section of the Annual Report. Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars.

01 OVERVIEW

ABOUT CHAMPION

Champion, through its wholly-owned subsidiary Quebec Iron Ore Inc., owns and operates the Bloom Lake Mining Complex, located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The two concentrators have a combined nameplate capacity of 15 Mtpa and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality concentrate. In January 2023, the Company announced the positive findings of a feasibility study evaluating upgrading half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore and approved an initial budget to advance the project. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has sold its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset Project, located a few kilometres south-east of Bloom Lake, and the Consolidated Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake.

PROVEN MANAGEMENT AND SKILLED WORKFORCE

CRITICAL RAW MATERIALS FOR THE GREEN STEEL SUPPLY CHAIN

TOP TIER JURISDICTION WITH ACCESS TO RENEWABLE POWER

MAJOR INVESTMENTS IN STATE-OF-THE-ART INFRASTRUCTURE AND EQUIPMENT

SUSTAINABLE APPROACH FOR THE BENEFIT OF ALL STAKEHOLDERS

CHAMPION'S VALUES

PRIDE
Develop a collective sense of belonging in all spheres of iron ore mining.

INGENUITY
Leverage employee creativity and expertise to achieve and maintain efficient practices aimed at operational excellence.

RESPECT
Respect for people, resources, the environment, safety standards, partnerships and equipment.

TRANSPARENCY
Promote transparent communications through active listening and open dialogue.

FY2023 HIGHLIGHTS

41% Increase Year-on-Year

11,186,600 wmt

Record Concentrate Produced

38% Increase Year-on-Year

10,594,400 dmt

Record Concentrate Sold

$1,395.1M

Revenues

$73.9 / dmt sold

C1 Cash Cost[1]

$0.39

Earnings Per Share

$673.7M

Available Liquidity[1]

$493.2M

EBITDA[1]

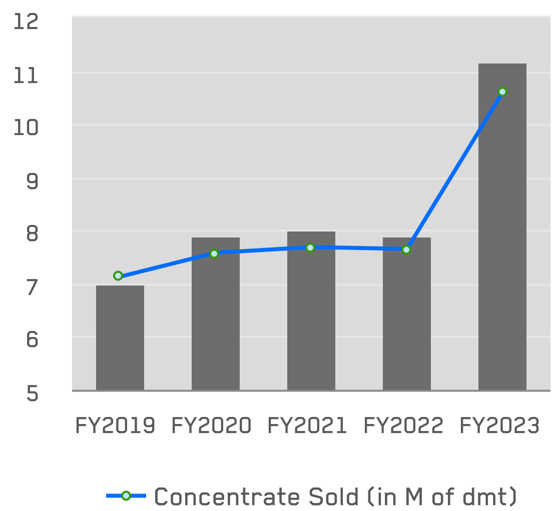
1.53

Recordable Injury Frequency Rate

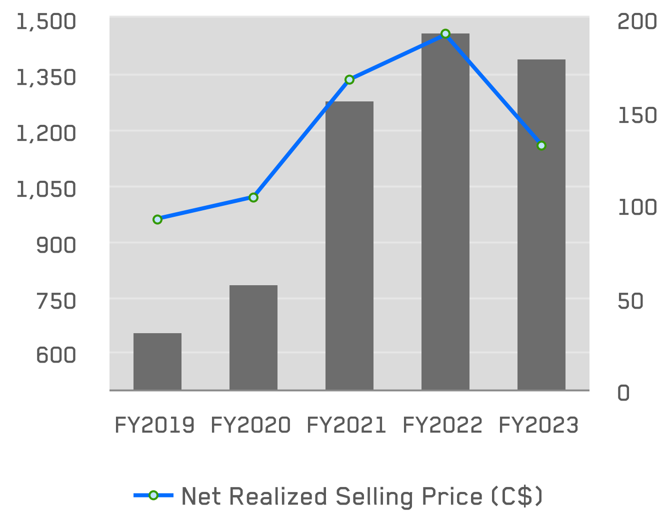
[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 - Non-IFRS and Other Financial Measures of the Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

HISTORICAL FIVE-YEAR PERFORMANCE MEASURES

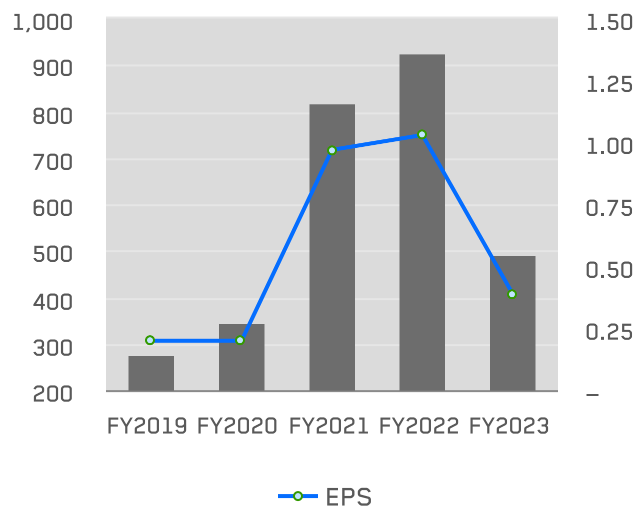
Concentrate Produced (in M of wmt)



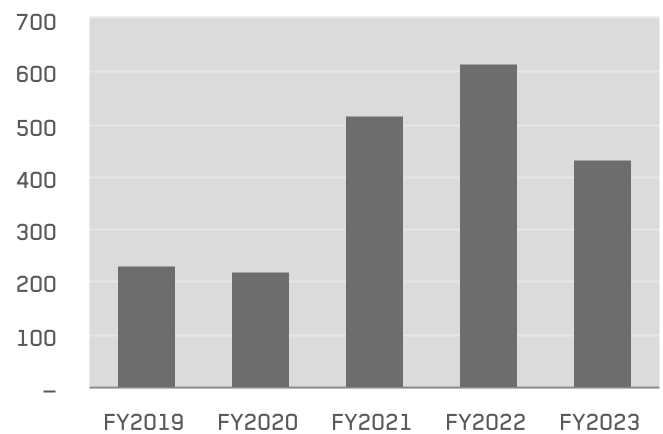
Revenue (C$M)



EBITDA (C$M)



Operating Cash Flow before Working Capital (C$M)



OTHER HIGHLIGHTS

FINANCIAL

Declared

two dividend payments as per the Company's capital returns strategy, representing $0.20 per ordinary share for the financial year.

Signed

a revolving facility for US$400M on May 24, 2022, replacing the Company's previous Phase II term loan.

Maintained

a high level of liquidity to support further growth opportunities.

PHASE II

Commissioned

the Phase II expansion project ahead of schedule in April 2022 and completed the first rail shipments from the project on May 3, 2022.

Achieved

Phase II commercial production in December 2022.

Reached

designed nameplate capacity on several operating days.

GROWTH & DEVELOPMENTS

Entered

into an agreement, subject to certain conditions, to acquire the Pointe-Noire iron ore pelletizing facility on May 17, 2022, and advanced a feasibility study in partnership with an international steelmaker to evaluate the production of DR pellets, expected to be completed in the second half of calendar year 2023.

Completed

the DRPF Project feasibility study evaluating flowsheet modifications to the Phase II plant and infrastructure which are required to upgrade the current production to a DRPF grade iron ore with up to 69% Fe and below 1.2% of silica and alumina, and obtained approval by the Board of Directors for a cumulative initial budget of $62.0M to advance the Project.

Advanced

the Kami Project's feasibility study, evaluating the project's capability to produce DR grade pellet feed product, which is expected to be completed in the second half of calendar year 2023.

Committed

to reducing greenhouse gas emissions of 40% by 2030 and to becoming carbon neutral by 2050.

A WORD FROM THE EXECUTIVE CHAIRMAN

Our Company concluded its 2023 financial year with both strong results and several feasibility-stage projects underway, which provide viable opportunities for additional organic growth.

Champion's high-purity iron ore provides the steel industry with an emission-reducing solution to facilitate its transition towards green steelmaking. Controlling one of the largest hubs of high-purity iron resources and reserves globally, our Company is well positioned to capitalize on this structural shift in the steel industry. The completion of the Bloom Lake Mine Phase II project, doubling our production capacity, will see Champion capitalize on the rising demand for high-purity iron ore globally, while also strengthening its position as a leader in the green steel supply chain.

Leveraging our team's expertise, strong partnerships and community support, Champion is diligently and actively pursuing growth opportunities, including the recently announced Direct Reduction Pellet Feed Project ("DRPF Project"). The DRPF Project proposes to convert half of Bloom Lake's production to a market-leading high-purity iron ore product essential in the green steel supply chain. The DRPF Project would provide Champion with the opportunity to engage with different customers using alternative steelmaking methods designed to further reduce emissions, compared to the traditional steelmaking process.

With our focus on prudently pursuing organic growth, our robust balance sheet enabled Champion to continue deploying its capital return strategy with the payment of two semi-annual dividends in financial 2023.

I would like to thank our employees and partners for their contributions and for sharing our vision, enabling us to strengthen our positive impact, both locally and globally.

MICHAEL O'KEEFFE
EXECUTIVE CHAIRMAN

A WORD FROM THE CHIEF EXECUTIVE OFFICER

Our financial year ended March 31, 2023, witnessed the achievement of a significant milestone for our Company and the Québec Côte-Nord region with the completion of the Phase II project.

I am proud of our workforce and partners who contributed to the Phase II expansion project, which will positively impact our Company and the region for decades. Thanks to our dedicated people and partners, Phase II was completed ahead of schedule despite the challenges imposed by the COVID-19 pandemic and global supply chain issues.

While our growth is reflected in our 2023 operational results, our Company also advanced on many other fronts, including continuously increasing our workforce's knowledge of the culture of our First Nations partners. In support of this, we completed cultural workshops as part of our inaugural annual commitment to commemorate the National Day for Truth and Reconciliation. Additionally, we declared National Indigenous Peoples Day as an occasion for employees to honour First Nations culture.

As prioritized in our corporate values, we continued to implement health and safety measures to provide our Bloom Lake workforce with a safe work environment, together with systems to safeguard and protect the environment. Additionally, our Phase II expansion project enabled us to nearly double our workforce during the financial year, positively impacting the Québec Côte-Nord region.

Benefiting from local support, access to renewable power and our world-class high-purity iron ore resources, our Company is well positioned to contribute to the global fight against climate change. Every tonne of high-purity iron ore that Champion produces plays a significant role in reducing global steelmaking-related emissions. Steel is foundational to society and is required in our everyday lives, including the cars we drive, the infrastructure that surrounds us and the homes we live in. We are proud of our participation in the greening of the steel industry, responsibly reducing the world's emissions footprint, while enhancing shareholder value through prudent organic growth.

DAVID CATAFORD
CHIEF EXECUTIVE OFFICER

MANAGEMENT TEAM

STRONG EXPERTS REPRESENTING THE COMPANY'S VALUES AND PRINCIPLES

MICHAEL O'KEEFFE, B AppSc (Metallurgy)

Executive Chairman of the Board

DAVID CATAFORD, ENG

Chief Executive Officer and Director

ALEXANDRE BELLEAU, ENG

Chief Operating Officer

DONALD TREMBLAY

Chief Financial Officer

STEVE BOUCRATIE

Senior Vice-President, General Counsel and Corporate Secretary

MICHAEL MARCOTTE, CFA

Senior Vice-President, Corporate Development and Capital Markets

ANGELA KOUROUKLIS, CRIA, MBA

Senior Vice-President, Human Resources

MANAGEMENT TEAM

Michael O’Keeffe, B AppSc *(Metallurgy)*

Executive Chairman and Former Chief Executive Officer

Mr. O’Keeffe was appointed Executive Chair of the Company on August 13, 2013, and CEO on October 3, 2014. On April 1, 2019, Mr. O’Keeffe stepped down as CEO and remains Executive Chair of the Board. Mr. O’Keeffe commenced his career with MIM Holdings in 1975. He held a series of senior operating positions, rising to Executive Management level in commercial activities. In 1995, he became Managing Director of Glencore Australia (Pty) Limited and held the position until July 2004. Mr. O’Keeffe was the founder and Executive Chairman of Riversdale Mining Limited. Mr. O’Keeffe is presently a member of the Board of Directors of Burgundy Diamond Mines Ltd. and Mont Royal Resources.

David Cataford, Eng

Chief Executive Officer and Director

Mining engineer by training, Mr. Cataford joined Champion Iron in 2014 and was appointed to the position of Chief Executive Officer on April 1, 2019. Prior to his appointment as Chief Executive Officer, he held the role of Chief Operating Officer at Champion Iron where he played a key role in the management team. Mr. Cataford completed the acquisition and delivery of the successful restart of the Bloom Lake Mine by managing its construction, its commissioning, and building a team composed of more than 900 top mining talents. In addition to his successful performance history in executing acquisitions, Mr. Cataford held several management positions in the Labrador Trough, including his tenure with Cliffs Natural Resources Inc. and ArcelorMittal. Mr. Cataford cofounded and held the role of President for the North Shore and Labrador Mineral Processing Society. His career has been recognized by several accolades including the Young Mining Professionals award and the Brendan Woods International Top Gun CEO award.

Alexandre Belleau, Eng

Chief Operating Officer

Mr. Belleau joined the team in 2016, following the Company's decision to acquire and recommission the sidelined Bloom Lake Mine. His entrepreneurial and versatile background allowed him to successfully head the Bloom Lake mine restart in 2018. As Chief Operating Officer, Mr. Belleau is closely involved in many aspects of the Company where logistics, operations, human resources and financing, all benefit from his expertise in business development and project management. Leading the charge where innovation and growth intersect, Mr. Belleau’s most recent accomplishment is the completion of the Phase II expansion project. Prior to joining Champion Iron, Mr. Belleau participated in the creation of two startups specializing in building and medical control technology and bioenergy. He also worked in process and building energy efficiency and recreational products. Mr. Belleau holds a bachelor's degree in mechanical engineering from the University of Sherbrooke and is an executive member of the Québec Mining Association since 2018.

Donald Tremblay, CPA

Chief Financial Officer

With 25 years of extensive experience and an impressive track record in finance and the mining industry, Mr. Tremblay joined Champion Iron in 2022 as Chief Financial Officer. He previously worked in similar roles with private and publicly traded companies including Iron Ore Company of Canada, TransAlta Corporation and Brookfield Renewable Power. Throughout his career, Donald developed strategic skills in capital markets, investor relations and corporate development that complement his work experience in accounting, tax, controls, and compliance. As a Chartered Professional Accountant with a Bachelor’s degree in Business Administration from the Université du Québec en Outaouais, Mr. Tremblay eloquently embodies the discipline and credibility our Company applies to its financial governance.

Management Team (continued)

Steve Boucratie

Senior Vice-President, General Counsel and Corporate Secretary

Steve Boucratie joined Champion Iron in May 2019 as Vice-President, General Counsel and Corporate Secretary. Steve brings more than 17 years of legal and transaction experience. Prior to joining Champion, Steve was serving as Director, Legal Affairs and Assistant Corporate Secretary for Osisko Gold Royalties Ltd. Before Osisko, Steve was a partner of the law firm Fasken Martineau Dumoulin LLP where he practiced corporate law.

Michael Marcotte, CFA

Senior Vice-President, Corporate Development and Capital Markets

Michael initially joined Champion Iron in 2018 as Vice-President Investor Relations. Prior to joining Champion Iron Limited, Michael worked as Vice-President and Partner at Orion Financial Inc. from 2004 to 2007, which was then acquired by Macquarie Capital Markets Canada Ltd., where he worked as Associate Director, engaging institutional investors across North America and Europe from 2007 to 2018. His previous experience included equity research focused on resource equities at various institutional asset managers. Michael was recognized as a leading institutional sales professional in 2017 and 2018, when he was awarded the 'TopGun' award by Brendan Wood International. Michael also sits on the Board of Directors of Ruelle de l'Avenir, a nonprofit organization contributing to the learning and academic success of young people in greater Montréal.

Angela Kourouklis, CRIA, MBA

Senior Vice-President, Human Resources

Ms. Kourouklis joined Champion Iron in August 2021. Her contributions to Champion Iron's corporate culture have since been valuable as she implemented a company-wide leadership development program and demonstrated high involvement in First Nations relations. Ms. Kourouklis has over twenty years of experience in human resources management. Prior to joining Champion Iron, she worked in various sectors such as aerospace, hospitality, transportation, food industries and media. Her human touch has enabled her to foster engagement, innovation and creativity as she positions people at the heart of the company in a context of significant growth. Ms. Kourouklis holds a Bachelor's degree in Industrial Relations from the Université de Montréal, an MBA from UQAM and an EMBA from the Université Paris Dauphine – PSL.

Bill Hundy

Company Secretary – Australia

Bill joined Champion Iron in January 2023 as Company Secretary – Australia. Since 2020, he has been acting as Senior Company Secretary and Solicitor for Company Matters, a company providing corporate services to various publicly traded companies. Bill is a highly experienced company secretary and lawyer and held roles with major listed public companies for over three decades in the mining, energy and manufacturing industries, including Origin Energy Limited, Email Limited, Placer Pacific Limited, Kidston Gold Mines Limited and Oil Company of Australia Limited. Bill has an extensive background in company secretarial practice, corporate governance, communications, compliance, risk management and insurance.

Member Transition

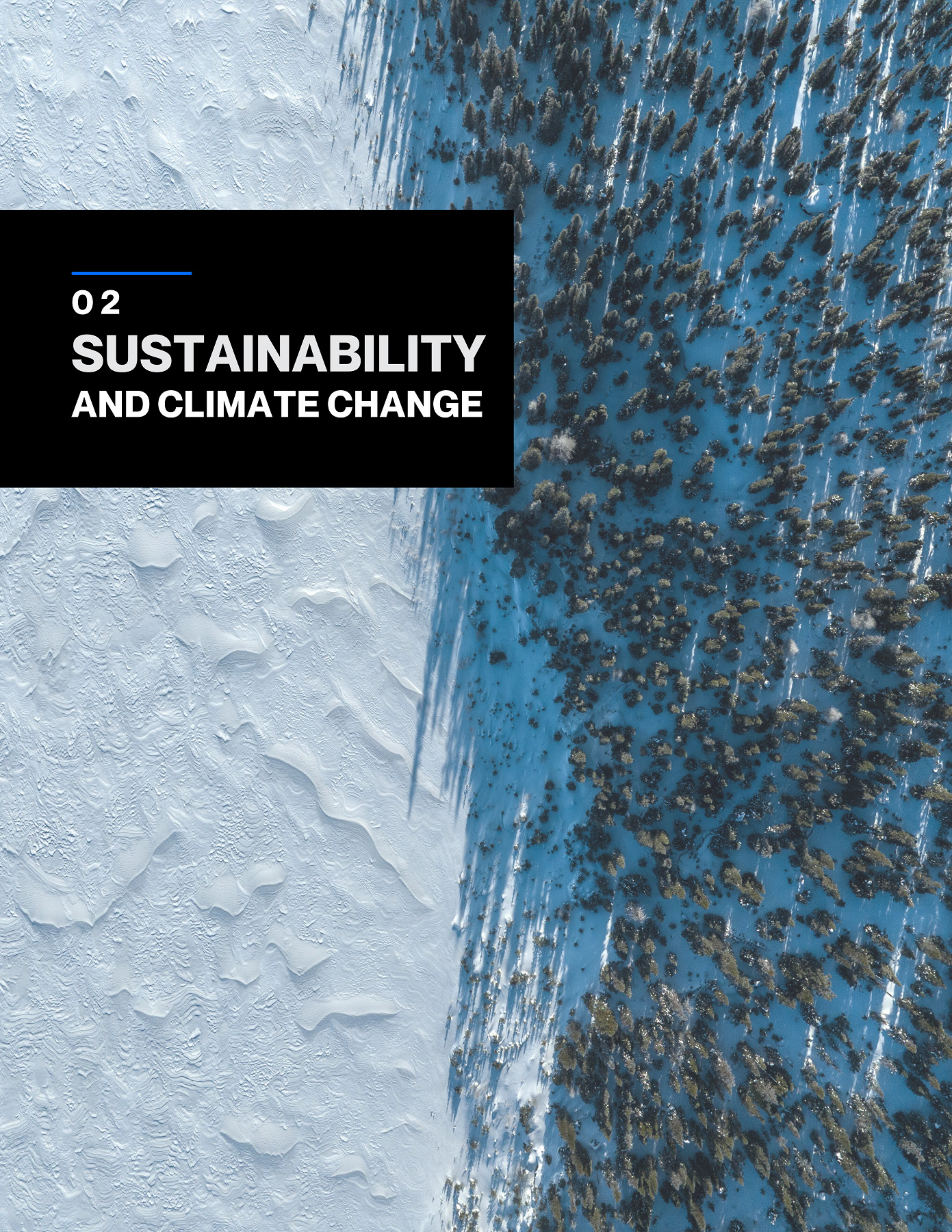
Vicky Munger, Vice-President Financial Performance, was acting in the capacity of Chief Financial Officer of the Company from May 1, 2022 to September 12, 2022.

Donald Tremblay was appointed Chief Financial Officer on July 4, 2022, effective September 12, 2022.

Pradip Devalia was Company Secretary – Australia from June 18, 2014, to October 4, 2022.

Phil Mackey was Company Secretary – Australia from October 4, 2022, to January 27, 2023.

Bill Hundy was appointed as Company Secretary - Australia on January 27, 2023, effective immediately.



02

SUSTAINABILITY AND CLIMATE CHANGE

SUSTAINABILITY POLICIES & PRACTICES

Sustainability is deeply anchored in Champion's culture as we aim to create a positive impact for all stakeholders. Champion's business strategy, annual objectives and company values guide our approach to sustainability. We strive to produce high-purity iron ore products sustainably and with integrity by providing a safe and inclusive working environment, avoiding social inequities, respecting human rights and protecting the environment and biodiversity. Champion is proud to be a market-leading, low-emission producer of a rare high-purity iron ore product critical to decarbonizing steelmaking globally.

Champion recognizes the importance of optimizing the energy efficiency of its operations in order to minimize greenhouse gas emissions and contribute to the global battle against climate change. As such, the Company is consistently investing in energy consumption reduction initiatives to reduce its environmental footprint. In addition, the Company is investing in decarbonization projects, including product research and development for higher-grade iron ore products.

Champion diligently oversees its responsibilities with regard to environmental, societal and ethical issues. As part of our ongoing commitment to implement a sustainable development approach and ethical practices across all our activities, we have adopted policies and documented practices, which include, amongst others, a Modern Slavery Statement, a Responsible Procurement Corporate Policy and a Sustainability Report. The latest versions are available on the Company's website at www.championiron.com.

Modern Slavery Statement

Champion recognizes that its activities can have an impact on human rights, either through its operations or through its relationships with subcontractors and suppliers. As such, the Company is committed to implementing policies and practices that respect human rights and ensure that its employees and business partners understand and live up to this commitment. Respect for human rights is one of the fundamental elements of Champion's principles of sustainable development.

Champion has zero tolerance for any form of modern slavery, including forced, compulsory or child labour, and is committed to operating in a transparent and responsible manner to prevent modern slavery and human trafficking in all of its operations. The Company's responsible procurement policy enables it to avoid being complicit in or facilitating human rights violations or modern slavery throughout its supply chain.

Responsible Procurement Corporate Policy

The adoption by Champion of a responsible procurement policy is part of its continuous approach aimed at applying the principles of sustainable development throughout its organization. This policy forms part of Champion's global perspective to fulfill its responsibilities in connection with environmental, societal and ethical issues inherent to the Company's procurement processes. In the course of its operations and activities, Champion diligently implements the policy's principles and commitments.

Sustainability Policies & Practices (continued)

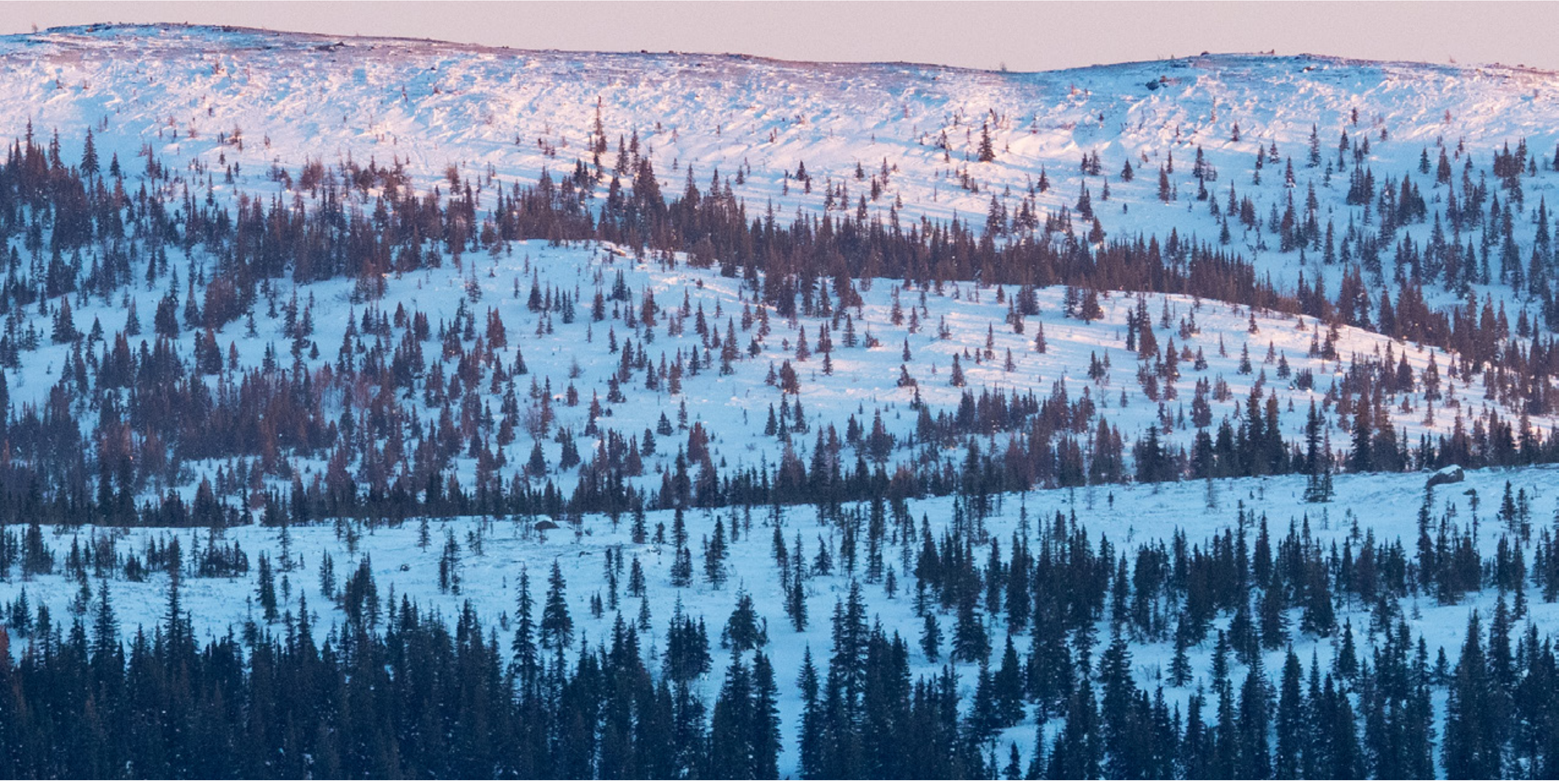
Sustainability Report

We measure the success of our business by creating value in a way that meets long-term business needs while considering our stakeholders and the environmental, social and economic context in which we operate. Integrating sustainable practices while conducting our business is an essential element since this allows for risk reduction, lower costs, better access to opportunities and, above all, the creation of long-term value for stakeholders.

The management team sets the strategic direction for sustainable development and ensures the development and implementation of strategic sustainability programs. Through its sustainable development policies, Champion actively aims to obtain the best value from the goods and services it procures, while stimulating the economy of local communities and Indigenous groups. We completed the Company's 2022 Sustainability Report, and it is available on the Company's website at www.championiron.com, and it includes industry best practice disclosure frameworks for Global Reporting Initiative, Sustainability Accounting Standards Board and Task Force on Climate-Related Financial Disclosure.

2022 Sustainability Highlights

- No environmental non-compliance reporting events and significant improvement in health and safety performance year-on-year
- 100% compliance with tailings structure monitoring program
- Greenhouse gas intensity per tonne of iron ore produced declined 5.8% year-on-year
- Recycled water usage improved 3.8% year-on-year
- Waste intensity declined by 37.8% year-on-year
- Maintained our position as leading First Nations employer in the region
- Completed new First Nations cultural competence training for entire workforce



03

CORPORATE GOVERNANCE

PRODUCE
HIGH-GRADE
IRON ORE CONCENTRATE
WITH
INTEGRITY

BOARD OF DIRECTORS

A BOARD WITH DIVERSITY OF SKILLS, EXPERIENCE AND GENDER TO ENSURE THE PROSPERITY OF CHAMPION

MICHAEL O'KEEFFE,
B AppSc (Metallurgy)

Executive Chairman of the Board

MICHELLE CORMIER,
CPA

Director

DAVID CATAFORD,
ENG

Chief Executive Officer and Director

LOUISE GRONDIN,
P.Eng, MSc

Director

ANDREW J. LOVE,
B.Comm, MAICD

Lead Director

JYOTHISH DEVINA GEORGE,
Ph.D

Director

GARY LAWLER,
BA, LLB, LLM (Hons), ASIA, Master of Laws (Applied Laws) (Wills and Estates)

Director

THE HONOURABLE WAYNE G. WOUTERS,
PC. OC

Director

BOARD OF DIRECTORS

Michael O'Keeffe, B AppSc *(Metallurgy)*

Executive Chairman and Former Chief Executive Officer (non-independent)

Mr. O'Keeffe was appointed Executive Chair of the Company on August 13, 2013 and CEO on October 3, 2014. On April 1, 2019, Mr. O'Keeffe stepped down as CEO and remains Executive Chair of the Board. Mr. O'Keeffe commenced his career with MIM Holdings in 1975. He held a series of senior operating positions, rising to Executive Management level in commercial activities. In 1995, he became Managing Director of Glencore Australia (Pty) Limited and held the position until July 2004. Mr. O'Keeffe was the founder and Executive Chairman of Riversdale Mining Limited. Mr. O'Keeffe is presently a member of the Board of Directors of Burgundy Diamond Mines Ltd. and Mont Royal Resources.

David Cataford, Eng

Chief Executive Officer and Director (non-independent)

Mining engineer by training, Mr. Cataford joined Champion Iron in 2014 and was appointed to the position of Chief Executive Officer on April 1, 2019. Prior to his appointment as Chief Executive Officer, he held the role of Chief Operating Officer at Champion Iron where he played a key role in the management team. Mr. Cataford completed the acquisition, financing and delivery of the successful restart of the Bloom Lake Mine in 2018. Subsequently, Mr. Cataford led efforts to complete the Phase II expansion project, doubling Bloom Lake's production capacity, resulting in overall employment exceeding 1000 top mining talents. In addition to his successful performance history in executing acquisitions, Mr. Cataford held several management positions in the Labrador Trough, including his tenure with Cliffs Natural Resources Inc. and ArcelorMittal. Mr. Cataford cofounded and held the role of President for the North Shore and Labrador Mineral Processing Society. His career has been recognized by several accolades including the Young Mining Professionals award and the Brendan Woods International Top Gun CEO award.

Andrew J. Love, B.Comm, MAICD

Lead Director (independent)

Mr. Love was appointed as a Non-Executive Director on April 9, 2014. He has more than 35 years of experience in corporate recovery and reconstruction in Australia. He was initially a member and then on retirement a senior partner of Australian accounting firm Ferrier Hodgson in the period 1976 to 2008. He then acted as a consultant to the firm until 2019. He has advised major local and overseas companies and financial institutions in a broad variety of restructuring and formal insolvency assignments and specialized in the resources industry. Mr. Love has been an independent director of a number of listed companies over a 30-year period in the resources, financial services and property industries. This has involved corporate experience in Asia, Africa, Canada, the United Kingdom and the United States. Mr. Love's previous board positions have included Chairman of ROC Oil Ltd., Deputy Chairman of Riversdale Mining Limited, Director of Charter Hall Office Trust, Chairman of Museum of Contemporary Art, Chairman of Gateway Lifestyle Operations Ltd. and Director of Scottish Pacific Group Ltd.

Gary Lawler, BA, LLB, LLM (Hons), ASIA, Master of Laws (Applied Laws) (Wills and Estates)

Non-Executive Director (independent)

Mr. Lawler was appointed as a Non-Executive Director on April 9, 2014. He is an Australian corporate lawyer who has specialized in mergers and acquisitions for over 40 years. Mr. Lawler has been a partner of a number of leading Australian law firms and is currently a Senior Advisor at Ashurst Australia. Mr. Lawler is also the Chairman of Mont Royal Resources Limited. Mr. Lawler has previously held board positions with Dominion Mining Limited, Riversdale Mining Limited, Riversdale Resources Limited and Cartier Iron Corporation and brings a wealth of experience to the Board.

Board of Directors (continued)

Michelle Cormier, CPA

Non-Executive Director (independent)

Ms. Cormier is a senior-level executive with experience in management, including financial management, corporate finance, turnaround and strategic advisory situations and human resources. She has a strong capital markets background, with significant experience in public companies listed in the United States and Canada. Ms. Cormier has been Operating Partner at Wynnchurch Capital Canada, Ltd. since 2014. Ms. Cormier spent 13 years in senior management and as Chief Financial Officer of a large North American forest products company, and eight years in various senior management positions at Alcan Aluminum Limited (Rio Tinto). Ms. Cormier articled with Ernst & Young. She serves on the Board of Directors of Cascades Inc. and Uni-Select Inc.

Louise Grondin, P.Eng, MSc

Non-Executive Director (independent)

Ms. Grondin has been, since January 2021, working as an independent consultant after retiring from Agnico Eagle Mines Ltd. ("Agnico Eagle"), a Canadian-based international gold producer. Over her almost twenty years with Agnico Eagle, she held various leadership positions as Senior Vice-President, People and Culture, Senior Vice-President Environment, Sustainable Development and People, Regional Director Environment and Environmental Superintendent. Prior to working with Agnico Eagle, Ms. Grondin was Director of Environment, Human Resources and Safety for Billiton Canada Ltd. In 2013, she was named amongst the 100 Global Inspirational Women in Mining, in 2015 she received the Rick W. Filotte Career Recognition Award and, in 2016, she was the recipient of the Women in Mining Canada Trailblazer award. She also sits on the Board of the Canadian Mining Hall of Fame and is a member of the Association of Professional Engineers of Ontario, the Ordre des ingénieurs du Québec and a fellow of the Canadian Academy of Engineering.

Jyothish George, Ph.D

Non-Executive Director (independent)

Mr. George is currently Head of Marketing (copper & zinc metal) at Glencore. Immediately prior to his current role, Mr. George served as head of marketing for iron ore at Glencore . Prior to that he was the Chief Risk Officer of Glencore. He earlier held a number of roles at Glencore's head office in Baar, Switzerland from 2009 onwards focused on iron ore, nickel and ferroalloys physical and derivatives trading, and has been involved with iron ore marketing since its inception at Glencore. Mr. George joined Glencore in 2006 in London. He was previously a Principal at Admiral Capital Management in Greenwich, Connecticut, a Vice-President in equity derivatives trading at Morgan Stanley in New York, and started his career at Wachovia Securities in New York as a Vice President in convertible bonds trading. Mr. George received a Bachelor's in Technology from IIT Madras, India and a PhD in Mechanical Engineering from Cornell University.

The Honourable Wayne G. Wouters, PC, OC

Non-Executive Director (independent)

The Honourable Wayne G. Wouters, PC, OC, has served as a director of the Company since 2016. Mr. Wouters has an honours bachelor of commerce degree from the University of Saskatchewan and a master's degree in economics from Queen's University. He has been a Strategic and Policy Advisor to McCarthy Tétrault LLP since April 2015 and is also a director of BlackBerry Limited, Canadian Utilities Limited and Foran Mining Corporation. From 2009 to 2014, Mr. Wouters was the Clerk of the Privy Council of Canada and, in that capacity, held the roles of Deputy Minister to the Prime Minister, Secretary to the Cabinet and Head of the Public Service. Prior to his tenure as Clerk, Mr. Wouters was Secretary of the Treasury Board of Canada and served in deputy ministerial and other senior positions in the Canadian public service. Mr. Wouters has received numerous awards, including Honorary Doctorates of Laws from the Universities of Saskatchewan and Manitoba, the Queen's Diamond Jubilee Medal and the André Mailhot Award for lifetime achievement from the United Way Canada. He was inducted by the Prime Minister as a member of the Privy Council in 2014 and was invested into the Order of Canada as an officer in 2017.

CORPORATE GOVERNANCE STATEMENT

Good governance is central to the continuous improvement of our accountability and sustainability performance, enabling us to uphold our core values of transparency and respect. We seek to create a positive impact for all stakeholders while providing a safe working environment for our employees and contributing to the sustainable development of local communities.

Corporate Governance Statement

The Company's Board is committed to protecting and enhancing shareholder value and conducting the Company's business ethically and in accordance with the highest standards of corporate governance. In determining those standards, Champion supports the intent of the 4th Edition ASX Corporate Governance Principles and Recommendations ("Principles and Recommendations") and meets the specific requirements of the Principles and Recommendations, unless otherwise disclosed.

Champion believes that its practices are consistent with the Principles and Recommendations and will continue to adapt its governance practices to maintain this status or make changes as appropriate, in accordance with the nature and scale of the Company's business.

A full copy of the 2023 financial year Corporate Governance Statement is available on the Company's website at www.championiron.com. The corporate governance section of Champion's website also provides further information on Champion's corporate governance policies, including its Whistleblower Policy.

Diversity Policy

The Company has adopted a Diversity Policy, a copy of which can be accessed on the Company's website at www.championiron.com.

The Board aims to increase its gender diversity as Director and Senior Management positions become vacant and appropriately qualified candidates become available. At the date of this report, 14% of the Company's Senior Executive team and 25% of its Board positions are held by women. As at December 31, 2022, women represented 12% of the whole organization and 34% of the head office (14% and 43%, respectively, as at December 31, 2021).

04

FORWARD-LOOKING STATEMENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

This Annual Report contains certain information and statements, which may be deemed "forward-looking information" within the meaning of applicable securities laws (collectively referred to herein as "forward-looking statements"). Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims" "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

Specific Forward-Looking Statements

All statements in this Annual Report, other than statements of historical fact, that address future events, developments or performance that Champion expects to occur, including, among other things, management's expectations regarding:
(i) the Company's Phase II expansion project and its milestones, achievement of nameplate capacity, throughput, recovery rates, economic and other benefits, impact on nameplate capacity, job creation and reduction of emissions, and associated costs;
(ii) the revision of the Kami Project scope and feasibility study, its purpose, including evaluating the potential to produce a Direct Reduction grade product, and anticipated completion timeline;
(iii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants and to convert approximately half of Bloom Lake's increased nameplate capacity of 15 Mtpa to commercially produce a Direct Reduction quality pellet feed iron ore, expected project timeline, economics, capital expenditure, budget and financing, production metrics, technical parameters, permitting and approvals, efficiencies and economic and other benefits;
(iv) the feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce Direct Reduction grade pellets and its anticipated completion timeline;
(v) the development of green steelmaking solutions and of cold pelletizing technologies and decarbonization initiatives and the Company's participation therein, contribution thereto and positioning in connection therewith, including the transition of the Company's product offering and expected benefits thereof;
(vi) greenhouse gas and CO_2 emission reduction initiatives, objectives, targets and expectations;
(vii) ESG initiatives, objectives, targets and expectations;
(viii) the future declaration and payment of dividends and the timing thereof;
(ix) demand for high-purity iron products;
(x) collaboration between First Nations and Champion;
(xi) the adaptation of governance practices to maintain compliance with the ASX Governance Principles and Recommendations;
(xii) recovering accumulated waste backlog;
(xiii) optimization work programs and their expected results and impact on production;
(xiv) expected locomotives delivery and potential sales limitations;
(xv) the impact of iron ore prices fluctuations and freight costs;
(xvi) global macroeconomics and iron ore industry conditions; and
(xvii) the impact of exchange rate fluctuations on the Company and its financial results;
(xviii) the Company's cash requirements for the next twelve months, the Company's positioning to fund such cash requirements and estimated future interest payments;
(xix) production and recovery rate targets and Company's performance;
(xx) pricing of the Company's products;
(xxi) the Company's tax position;
(xxii) implementation of the Company's values; and
(xxiii) the Company's growth and opportunities generally,
are forward-looking statements.

Cautionary Note Regarding Forward-Looking Statements (continued)

Deemed Forward-Looking Statements

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Actual reserves may be greater than or less than the estimates provided herein.

Risks

Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those expressed in forward-looking statements include, without limitation:

- the results of feasibility studies;
- changes in the assumptions used to prepare feasibility studies;
- project delays;
- timing and uncertainty of industry shift to green steel and electric arc furnaces, impacting demand for high-grade feed;
- continued availability of capital and financing and general economic, market or business conditions;
- general economic, competitive, political and social uncertainties;
- future prices of iron ore;
- future transportation costs;
- failure of plant, equipment or processes to operate as anticipated;
- delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; and
- the effects of catastrophes and public health crises, including the impact of COVID-19 on the global economy, the iron ore market and Champion's operations,

as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2023 Annual Information Form and the MD&A for the financial year ended March 31, 2023, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

Additional Updates

The forward-looking statements in this Annual Report are based on assumptions management believes to be reasonable and speak only as of the date of this Annual Report or as of the date or dates specified in such statements. The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Champion Iron undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risk they entail.

05

DIRECTORS' REPORT

DIRECTORS' REPORT

The following Champion Iron Limited ("Champion" or the "Company") Directors' Report has been prepared as of May 31, 2023. This Directors' Report is intended to supplement the audited consolidated financial statements for the year ended March 31, 2023, and related notes thereto ("Financial Statements"), which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), including Australian Interpretations and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements and other information pertaining to the Company are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

Champion's management team ("Management") is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the Financial Statements and Directors' Report, is complete and reliable.

Unless otherwise specified, all dollar figures stated herein are expressed in millions of Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations and definitions are used throughout this Directors' Report: US$ (United States dollar), C$ (Canadian dollar), Board (Board of Directors), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Fe (iron ore), Mt (million tonnes), Mtpa (million tonnes per annum), M (million), km (kilometres), m (metres), FOB (free on board), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), Phase II (Phase II expansion project), Kami Project (Kamistiatusset project), G&A (general and administrative), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining costs) and EPS (earnings per share). The terms "Champion" or the "Company" refer to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. The term "QIO" refers to Quebec Iron Ore Inc., the Company's subsidiary and the operator of Bloom Lake.

Non-IFRS and Other Financial Measures

Certain financial indicators used by the Company to analyze and evaluate its results are non-IFRS financial measures or ratios and supplementary financial measures. Each of these indicators is not a standardized financial measure under the IFRS and might not be comparable to similar financial measures used by other issuers. These indicators are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS and other financial measures included in this Directors' Report are: EBITDA and EBITDA margin, adjusted net income, adjusted EPS, available liquidity, C1 cash cost or total cash cost, AISC per dmt sold, cash operating margin, cash profit margin, gross average realized selling price per dmt sold, net average realized selling price per dmt sold or net average realized FOB selling price per dmt sold, and operating cash flow per share. When applicable, a quantitative reconciliation to the most directly comparable IFRS measure is provided in section 20 — Non-IFRS and Other Financial Measures of this Directors' Report.

STRONG OPERATIONAL FINANCIAL PERFORMANCE

"The ongoing commitment of our people significantly increased annual production by 41%, year-on-year, as we ramp up Bloom Lake's Phase II expansion project. We are proud to report that the completed Phase II infrastructure enabled our site to produce at its expanded nameplate capacity on several operating days during the quarter."

David Cataford

1. Financial and Operating Highlights

	Three Months Ended March 31,			Year Ended March 31,			
	2023	2022	Variance	**2023**	2022	Variance	2021
Iron ore concentrate produced (wmt)	**3,084,200**	1,869,000	65%	**11,186,600**	7,907,300	41%	8,001,200
Iron ore concentrate sold (dmt)	**3,092,900**	1,889,900	64%	**10,594,400**	7,650,600	38%	7,684,500
Financial Data (in thousands of dollars, except per share amounts)							
Revenues	**463,913**	331,376	40%	**1,395,088**	1,460,806	(4%)	1,281,815
EBITDA[1]	**195,709**	197,938	(1%)	**493,176**	925,817	(47%)	819,477
EBITDA margin[1]	**42 %**	60 %	(30%)	**35 %**	63 %	(44%)	64 %
Net income	**88,217**	115,653	(24%)	**200,707**	522,585	(62%)	464,425
Adjusted net income[1]	**88,217**	121,311	(27%)	**225,696**	537,768	(58%)	470,681
Basic EPS	**0.17**	0.23	(26%)	**0.39**	1.03	(62%)	0.97
Diluted EPS	**0.17**	0.22	(23%)	**0.38**	1.00	(62%)	0.92
Adjusted EPS[1]	**0.17**	0.24	(29%)	**0.44**	1.06	(58%)	0.98
Net cash flow from operating activities	**167,722**	4,280	3,819%	**235,984**	470,435	(50%)	624,419
Dividend per ordinary share paid	**—**	0.10	(100%)	**0.20**	0.10	100%	—
Dividend per preferred share paid	**—**	—	—%	**—**	0.03	—%	0.15
Cash and cash equivalents	**326,806**	321,892	2%	**326,806**	321,892	2%	609,316
Total assets	**2,315,269**	1,989,230	16%	**2,315,269**	1,989,230	16%	1,496,906
Total non-current financial liabilities	**456,435**	263,669	73%	**456,435**	263,669	73%	214,951
Statistics (in dollars per dmt sold)							
Gross average realized selling price[1]	**183.2**	207.1	(12%)	**174.7**	225.9	(23%)	182.3
Net average realized selling price[1]	**150.0**	175.3	(14%)	**131.7**	190.9	(31%)	166.8
C1 cash cost[1]	**79.0**	60.0	32%	**73.9**	58.9	25%	54.2
AISC[1]	**85.7**	70.5	22%	**86.5**	73.1	18%	62.8
Cash operating margin[1]	**64.3**	104.8	(39%)	**45.2**	117.8	(62%)	104.0
Statistics (in U.S. dollars per dmt sold)[2]							
Gross average realized selling price[1]	**135.5**	164.1	(17%)	**132.0**	181.1	(27%)	139.1
Net average realized selling price[1]	**110.9**	139.1	(20%)	**99.4**	153.3	(35%)	127.3
C1 cash cost[1]	**58.4**	47.4	23%	**55.9**	47.0	19%	41.0
AISC[1]	**63.4**	55.7	14%	**65.4**	58.3	12%	47.5
Cash operating margin[1]	**47.5**	83.4	(43%)	**34.0**	95.0	(64%)	79.8

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

[2] See the "Currency" section of this Directors' Report included in section 6 — Key Drivers.

2. Quarterly and Annual Highlights

Sustainability and Health & Safety

- No serious injuries during the quarter and no major environmental issues reported in the period, or since the recommissioning of Bloom Lake in 2018;
- Fully compliant result following a site inspection by the Québec Ministry of Environment, Fight Against Climate Change, Wildlife and Parks;
- Employee recordable injury frequency rate of 1.53 for the year, down significantly from 2.98 last year and better than Québec's open pit industry performance;
- Welcomed the members of six indigenous groups as participants of the 2023 First Nations Expedition when it stopped at Bloom Lake in March, during their 4,500 km journey that carried the message of reconciliation, healing and hope;
- Bloom Lake Phase II plant officially named "Tshinanu", meaning "we, together" in the Innu language, in recognition of the Company's partnership with First Nations since the restart of the Bloom Lake mining operations and the shared vision for a collaborative future; and
- Optimized the Company's 2022 Sustainability Report, incorporating industry best practice disclosure frameworks, specifically, the Global Reporting Initiative ("GRI"), Sustainability Accounting Standard Board ("SASB") and Task Force on Climate-Related Financial Disclosure ("TCFD"). The Sustainability Report is available on the Company's website at www.championiron.com.

Operations and Finance

- Record quarterly production of 3.1 million wmt of high-grade 66.1% Fe concentrate for the three-month period ended March 31, 2023, an increase of 4% and 65% compared to the previous quarter and the same period of the previous financial year, respectively. Annual production of 11.2 million wmt of high-grade 66.1% Fe concentrate, up 41% from the previous financial year. This was attributable to the strong performance following Phase II achieving commercial production in December 2022;
- Quarterly record iron ore concentrate sales of 3.1 million dmt for the three-month period ended March 31, 2023, up 15% and 64% from the previous quarter and the same period of the previous financial year, respectively. For the year, a record 10.6 million dmt were sold by the Company, up from 7.7 million dmt in the previous financial year;
- While the Company's facilities reached their designed nameplate capacity on several operating days during the quarter, results were impacted by previously disclosed delays in the delivery and commissioning of mining equipment and locomotives required to service third-party rail capacity in Sept-Îles, limiting mining and haulage capacity. Quarterly production results were also impacted by a longer than expected planned maintenance shutdown of one of Bloom Lake's two crushers. A four-day power outage which impacted third-party infrastructure at the port facility in Sept-Îles impacted the Company's shipments. With the recent delivery and assembly of mining equipment, the progress on third-party infrastructure work programs and near-term anticipated locomotives delivery, the path towards reaching Bloom Lake's expanded nameplate capacity of 15 Mtpa in the near term has significantly improved;
- Revenues of $463.9 million for the three-month period ended March 31, 2023 ($331.4 million for the same period in 2022), net cash flow from operating activities of $167.7 million ($4.3 million for the same period in 2022), EBITDA[1] of $195.7 million ($197.9 million for the same period in 2022) and net income of $88.2 million with EPS of $0.17 ($115.7 million with EPS of $0.23 for the same period in 2022);
- For the year ended March 31, 2023, revenues totalled $1,395.1 million ($1,460.8 million for the same period in 2022), with net cash flow from operating activities of $236.0 million ($470.4 million for the same period in 2022), EBITDA[1] of $493.2 million ($925.8 million for the same period in 2022) and net income of $200.7 million ($522.6 million for the same period in 2022). Revenues, EBITDA[1], net cash flow from operating activities and net income were all impacted by lower cash operating margins[1], driven by lower realized selling prices compared to the previous year, as well as higher operating costs attributable to start-up costs and cost inflation;

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

2. Quarterly and Annual Highlights (continued)

Operations and Finance (continued)

- For the three-month period ended March 31, 2023, C1 cash cost[1] was $79.0/dmt (US$58.4/dmt)[2], compared to $60.0/dmt (US$47.4/dmt)[2] for the same period in 2022, due to higher fixed costs required to support nameplate capacity. Cash cost[1] for the fourth quarter was slightly higher than cash cost[1] for the previous quarter of $76.0/dmt (US$56.0/dmt)[2], mainly due to the impact of the change in concentrate inventory valuation;
- C1 cash cost[1] of $73.9/dmt (US$55.9/dmt)[2] for the year ended March 31, 2023, compared to $58.9/dmt (US$47.0/dmt)[2] for the same period in 2022, was negatively impacted by fixed costs incurred to support the infrastructure required to achieve the higher anticipated production prior to achieving nameplate capacity. The Company expects those costs to decrease and to normalize as production gradually ramps up towards Bloom Lake's expanded production nameplate capacity of 15 Mtpa. Cash cost[1] during the year was also impacted by inflationary pressures on fuel, explosives and site-related G&A expenses, additional maintenance costs and a higher reliance on contractors at the mine due to delays in mining equipment deliveries;
- $327.1 million of cash and cash equivalents and short-term investments as at March 31, 2023, compared to $352.7 million at the same time last year. Available liquidity[1], including amounts available on the Company's credit facilities, totalled $673.7 million at year-end, compared to $476.0 million at the end of the previous quarter, an increase of $197.7 million, mostly driven by the level of net free cash flow; and
- Dividend of $0.10 per ordinary share declared on May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), in connection with the semi-annual results for the period ended March 31, 2023.

Direct Reduction Pellet Feed Project Update

- In connection with the recently announced positive findings of the DRPF Project feasibility study, the Board approved an increase of $52 million to the initial budget of $10 million announced on January 26, 2023, in order to maintain the DRPF Project's estimated 30-month construction period and a potential commissioning of the project in the second half of the calendar year 2025; and
- The DRPF Project remains on schedule with detailed engineering work advancing as planned.

Other Growth and Development

- The Company continues to evaluate organic growth opportunities, including the Kami Project's feasibility study which is evaluating the project's capability to produce a Direct Reduction ("DR") grade pellet feed product, and a feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility (the "Pellet Plant") and its ability to produce DR grade pellets, in collaboration with a major international steelmaking partner. Both feasibility studies are expected to be completed in the second half of calendar year 2023.

1 This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.
2 See the "Currency" section of this Directors' Report included in section 6 — Key Drivers.

3. Dividend on Ordinary Shares

The Board declared a dividend of $0.10 per ordinary share on May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), in connection with the annual financial results for the period ended March 31, 2023, payable on July 5, 2023 (Montréal and Sydney time), to the Company's shareholders on record as at the close of business on June 14, 2023 (Montréal and Sydney time).

The Board will evaluate future dividends concurrently with the release of the Company's semi-annual and annual results.

For shareholders holding ordinary shares on the Australian share register, the dividend will be paid in Australian dollars. The dividend amounts received will be calculated by converting the dividend determined to be paid using the exchange rates applicable to Australian dollars five business days prior to the dividend payment date, as published by the Bank of Canada.

Additional details on the dividends and related tax information can be found on the Company's website at www.championiron.com under the section Investors – Dividend Information.

4. Direct Reduction Pellet Feed Project Update

On January 26, 2023 (Montréal time), the Company announced the findings of the DRPF Project's feasibility study, conducted in partnership with BBA Inc., which evaluated the equipment and infrastructure required to upgrade the Bloom Lake Phase II plant to produce approximately 7.5 Mtpa of DRPF quality iron ore with up to 69% Fe with a combined silica and alumina content below 1.2%.

The DRPF Project intends to capitalize on the steel industry's focus to reduce emissions and its associated impact on the raw material supply chain. Accordingly, production of a DRPF product would enhance the Company's ability to further contribute to the green steel supply chain by engaging with additional customers focused on the Direct Reduced Iron ("DRI") and Electric Arc Furnaces ("EAF") steelmaking route, which reduces emissions in the steelmaking process by approximately half, compared to the traditional steelmaking route using Blast Furnace ("BF") and Basic Oxygen Furnace ("BOF") methods. By producing the DRPF product required in the DRI-EAF steelmaking process, the Company would contribute to a reduction in the use of coal in the conventional BF-BOF steelmaking method, which would significantly reduce global emissions. Benefiting from a high-purity resource, the Company has a unique opportunity to produce one of the highest DRPF quality products available on the seaborne market, for which Champion expects to attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate.

The feasibility study proposed a 30-month construction period with estimated capital expenditures of $470.7 million, including additional power and port-related infrastructure, resulting in a Net Present Value ("NPV") of $738.2 million and an Internal Rate of Return ("IRR") of 24.0% after tax. To maintain the estimated project construction timeline and potential completion by the second half of calendar year 2025, the Board increased the initial $10 million budget approved on January 26, 2023, by $52 million, to advance the DRPF Project and secure its schedule. The Company expects to fund the DRPF Project through existing liquidity, including cash flow from operating activities, and additional non-dilutive funding sources. During the three-month period ended March 31, 2023, detailed engineering work advanced as planned.

Additional details on the DRPF Project, including key assumptions and capital costs, can be found in the Company's press release dated January 26, 2023 (Montréal time), available under its profile on SEDAR at www.sedar.com, the ASX at www.asx.com.au and on the Company's website at www.championiron.com.

The Company is not aware of any new information or data that materially affects the information included in the DRPF Project feasibility study and confirms that all material assumptions and technical parameters underpinning the estimates in the DRPF Project feasibility study continue to apply and have not materially changed.

5. Green Steel Initiatives

With an increased focus on reducing greenhouse gas ("GHG") emissions in steelmaking processes, the steel industry is experiencing a structural shift in its production methods. This dynamic is expected to create additional demand for higher-purity iron ore products, as the industry transitions towards using reduction technologies to produce liquid iron, such as the use of DRI in EAF instead of traditional BF-BOF steelmaking. DR grade iron ore is generally pelletized to produce DR grade pellets. DR grade pellets are then processed in a DR reactor, removing oxygen from the iron oxide concentrate to produce metallic iron (DRI or HBI), which can be a substitute or blended with scrap steel to produce steel in the EAF steelmaking method.

5. Green Steel Initiatives (continued)

Accordingly, the Company advanced its research and development program aimed at developing technologies and products to support the steelmaking transition from the BF-BOF method to the DRI-EAF method, while supporting emissions reduction in the BF-BOF process. The Company also actively collaborated with a European-based company which holds a proprietary cold pelletizing technology. The objective of the cold pelletizing technology is to substantially reduce emissions linked to the agglomeration of iron ore. Laboratory results demonstrated that carbon emissions related to agglomeration could be reduced by more than 95% with this technology.

During the three-month period and year ended March 31, 2023, the Company incurred innovation and growth initiative expenses of $2.6 million and $11.9 million, respectively, compared to $1.5 million and $5.5 million, respectively, for the same periods in 2022. The expenses were mainly comprised of consultant fees, salaries and benefits related to the development of the DRPF Project.

Emissions Reduction Initiatives

As part of its ongoing efforts to minimize the environmental impact of its operations, the Company continued its efforts to achieve its 2030 commitment to reducing GHG emissions, based on combining its 2014 emissions intensity together with Bloom Lake's increased targeted nameplate capacity of 15 Mtpa, with a further goal to be carbon neutral by 2050. Towards this effort, a working group identified emissions reduction initiatives and evaluated resources required to deploy a program to reach the Company's GHG emissions reduction objectives. As the Company optimizes its Environmental, Social and Governance ("ESG") related disclosures and aligns with industry best practices, new objectives were implemented in its 2022 Sustainability Report, including disclosure on GHG reduction work programs designed to help the Company reach its 2030 and 2050 targets.

Acquisition of an Iron Ore Pelletizing Facility

On May 17, 2022, the Company entered into a definitive purchase agreement (the "Purchase Agreement") to acquire, via a wholly-owned subsidiary and upon satisfaction of certain conditions, the Pointe-Noire Iron Ore Pelletizing Facility located in Sept-Îles, adjacent to the port facilities. The Company also entered into a Memorandum of Understanding (the "MOU") with a major international steelmaker (the "FS Partner") to complete a feasibility study to evaluate the re-commissioning of the Pellet Plant and produce DR grade pellets. The feasibility study will evaluate the investments required to re-commission the Pellet Plant while integrating up-to-date pelletizing and processing technologies. During the three-month period and year ended March 31, 2023, the Company advanced the study.

The MOU sets out a framework for Champion and the FS Partner to collaborate in order to complete the feasibility study, anticipated in the second half of calendar year 2023. Subject to the feasibility study's positive findings and results, the MOU outlines a framework for a joint venture to produce DR grade iron ore pellets to sell to third parties and the FS Partner. Pursuant to the Purchase Agreement, Champion is required to comply with various undertakings in connection with the Pellet Plant, including a commitment to design and operate the project using electricity, natural gas, biofuels or renewable energy as main power sources.

6. Key Drivers

A. Iron Ore Concentrate Price

The price of iron ore concentrate is one of the most significant factors affecting the Company's financial results. As such, net income and cash flow from operating activities and the Company's development may, in the future, be significantly and adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by several industry and macroeconomic factors beyond the Company's control. Due to the high-quality properties of its greater than 66% Fe iron ore concentrate, the Company's iron ore product has proven to attract a premium over the IODEX 62% Fe CFR China Index ("P62"), widely used as the reference price in the industry. As such, the Company quotes its products based on the high-grade IODEX 65% Fe CFR China Index ("P65"). The premium captured by the P65 index is attributable to steel mills recognizing that higher iron ore grades offer the benefit of optimizing output while also significantly decreasing CO_2 emissions in the steelmaking process.

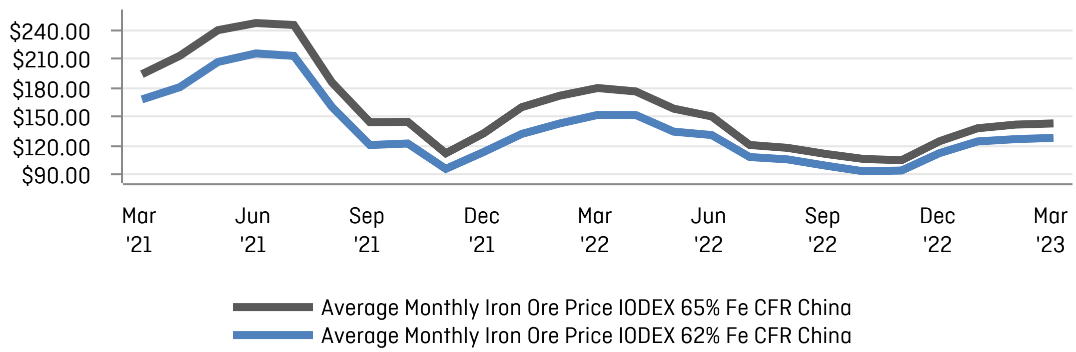
During the three-month period and year ended March 31, 2023, the average iron ore price declined compared to the same periods in 2022. However, the average iron ore price increased significantly during the three-month period ended March 31, 2023, supported by improving macroeconomic indicators in China and seasonal factors impacting iron ore supply from major producing regions. China's economic reopening following its zero-COVID policy, combined with several announcements supporting activities for the property and infrastructure sectors, contributed to higher steel consumption, resulting in higher demand and prices for iron ore during the three-month period ended March 31, 2023. Additionally, improved steel mill profitability and renewed emission controls for China's steel industry increased the demand for high-grade iron ore, improving high-grade iron ore premiums from the previous three-month period.

6. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

China's crude steel production increased by 6.1% in the three-month period ended March 31, 2023, compared to the same period in 2022, totalling 264.4 million tonnes according to the World Steel Association[1]. The country has now seen 7 of the last 8 months of positive year-over-year steel production growth. Meanwhile, the world ex-China produced a total of 197.7 million tonnes of crude steel in the period, a decline of 7.2% from 2022. While many of the global economies ex-China continued to decelerate during the quarter, negatively impacting crude steel production, easing energy prices across Europe have recently led multiple steel furnaces in the region to restart operations after months of being idled.

US$ Spot Price of Iron Ore Fines per dmt (As per Platts IODEX Index)



A significant portion of Champion's iron ore concentrate sales contracts are structured on a provisional pricing basis, where the final sales price is determined using the iron ore price indices on or after the vessel's arrival at the port of discharge. The Company recognizes revenues from iron ore sales contracts upon vessel departure. In order to estimate the final sales price as assigned by sales contracts, the Company assigns a provisional price upon vessel departure. The estimated gross consideration in relation to the provisionally priced contracts is accounted for using the P65 forward iron ore price at the expected settlement date. Once the vessel arrives at its destination, the impact of iron ore price fluctuations, compared to the estimated price at the last quarter end, is accounted for as a provisional pricing adjustment to revenue. As the Company's sales are subject to freight routes that usually take up to 55 days before reaching customers, final price adjustments on tonnes in transit at each quarter end, which are recorded using forward prices, are exposed to variations in iron ore index prices after the end of the quarter.

During the three-month period ended March 31, 2023, a final price of US$135.6/dmt was established for the 1.7 million tonnes of iron ore that were in transit as at December 31, 2022, which were previously evaluated using an average expected price of US$129.5/dmt. Accordingly, during the three-month period ended March 31, 2023, positive pricing adjustments of $14.3 million (US$10.5 million) were recorded for tonnes subject to provisional prices as at December 31, 2022, positively impacting revenues in the fourth quarter of the 2023 financial year. For the total volume of 3.1 million dmt sold during the fourth quarter, the positive adjustments represent US$3.4/dmt. As at March 31, 2023, 2.0 million tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods (March 31, 2022: 0.7 million tonnes). A gross forward provisional price of US$141.1/dmt was used as at March 31, 2023, to estimate the sales that remain subject to final pricing.

The following table details the Company's gross revenue exposure, as at March 31, 2023, subject to the movements in iron ore price for the provisionally invoiced sales volume:

(in thousands of U.S. dollars)	**As at March 31, 2023**
Tonnes (dmt) subject to provisional pricing adjustments	**1,987,800**
10% increase in iron ore prices	**28,047**
10% decrease in iron ore prices	**(28,047)**

The sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars resulting from a 10% increase and 10% decrease in gross realized selling prices as at March 31, 2023. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates will impact net realized FOB selling price in Canadian dollars. The above sensitivities should therefore be used with caution.

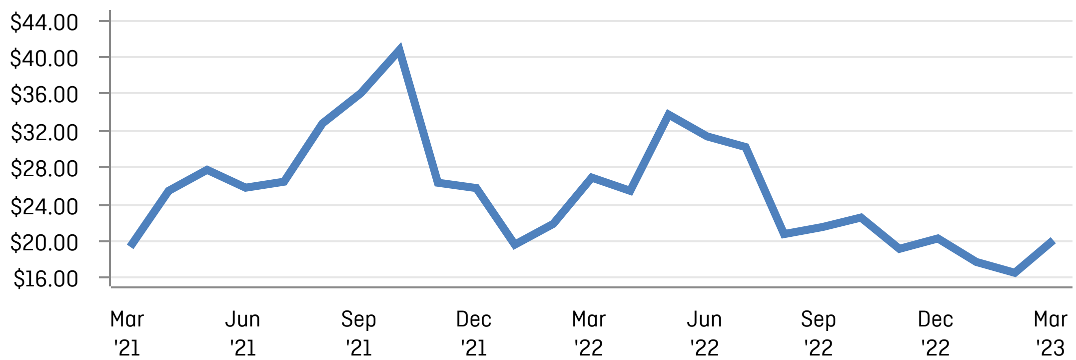
[1] https://www.worldsteel.org/

6. Key Drivers (continued)

B. Sea Freight

Sea freight is an important component of the Company's cost structure as it ships almost all of its iron ore concentrate to several regions overseas, including China, Japan, Europe, India, the Middle East and South Korea. The common reference route for dry bulk material from the Americas to Asia is the Tubarao (Brazil) to Qingdao (China) route which encompasses 11,000 nautical miles. The freight cost per tonne associated with this route is captured in the C3 Baltic Capesize Index ("C3"), which is considered the reference ocean freight cost for iron ore shipped from Brazil to Asia. There is no index for the route between the port of Sept-Îles (Canada) and China. This route totals approximately 14,000 nautical miles and is subject to different weather conditions during the winter season. Therefore, the freight cost per tonne associated with this voyage is higher than the C3 index price.

US$ Sea Freight Cost per wmt – C3 Baltic Capesize Index (Brazil to China)



The average C3 index for the three-month period ended March 31, 2023, was US$18.1/t compared to US$22.9/t for the same period in 2022, a 21% decrease. Poor iron ore volumes from Brazil amid seasonal wet weather had a negative impact on production and exports throughout the winter months, negatively impacting demand for the C3 freight route. As a result, freight rates drifted to levels not seen since March 2021, reaching US$16.0/t in February 2023. The C3 index recovered later in March, coinciding with the end of Brazil's seasonal impact on iron ore exports and in tandem with China entering the spring construction season, resulting in higher seaborne iron ore trades.

The industry has identified a historical relationship between the iron ore price and the C3 index for the Tubarao to Qingdao route. Based on this observed correlation, when the price of iron ore fluctuates, the ocean freight rate usually fluctuates in tandem over time. As the freight cost for ocean transport between Sept-Îles and China is largely influenced by the C3 index, a decrease in iron ore prices typically results in lower ocean freight costs for the Company, resulting in a natural hedge of an important revenue component.

When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled since Champion ships its high-grade iron ore concentrate uniformly throughout the year. Additionally, the Company has multiple freight agreements based on an agreed-upon premium above the loading month average C3 index, further diminishing this disconnect.

C. Currency

The Canadian dollar is the Company's functional and reporting currency. The Company is exposed to foreign currency fluctuation as its sales, sea freight costs and the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. Consequently, the Company's operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar.

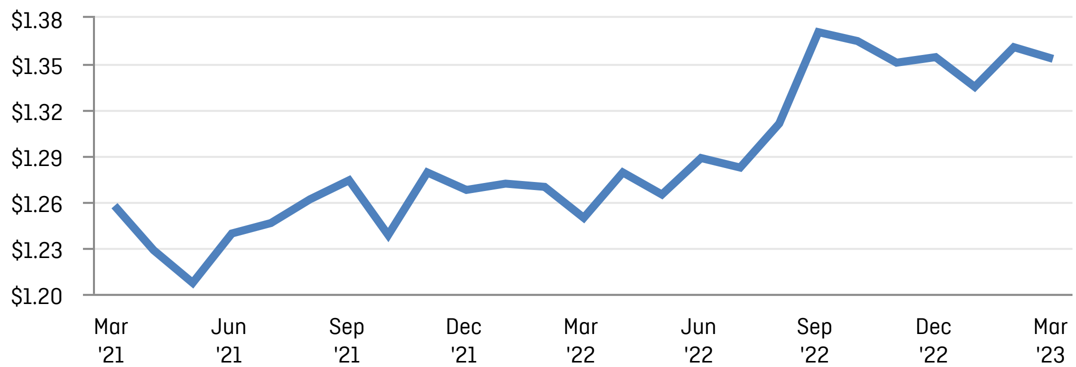
The strengthening of the U.S. dollar would positively impact the Company's net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the majority of the Company's long-term debt and lease liabilities are denominated in U.S. dollars, the Company is subject to ongoing non-cash foreign exchange adjustments, which may impact its financial results. However, the Company maintains a cash balance and has trade receivables in U.S. dollars, enabling the Company to mitigate foreign exchange exposure. Assuming a stable selling price, a variation of C$0.01 against the U.S. dollar will impact gross revenues by approximately 1%. Assuming a stable long-term debt balance, a variation of C$0.01 against the U.S. dollar will impact the debt revaluation by approximately 1%.

(Expressed in Canadian dollars, except where otherwise indicated)

6. Key Drivers (continued)

C. Currency (continued)

Monthly Closing Exchange Rate – C$/US$



Exchange rates were as follows:

	C$ / US$					
	Average			Closing		
	FY2023	FY2022	Variance	**FY2023**	FY2022	Variance
Q1	**1.2768**	1.2282	4 %	**1.2886**	1.2394	4 %
Q2	**1.3056**	1.2600	4 %	**1.3707**	1.2741	8 %
Q3	**1.3578**	1.2603	8 %	**1.3544**	1.2678	7 %
Q4	**1.3526**	1.2662	7 %	**1.3533**	1.2496	8 %
Year-end as at March 31	**1.3230**	1.2536	6 %	**1.3533**	1.2496	8 %

Apart from these key drivers and the risk factors that are described in the "Risk Factors" section of this Annual Report, Management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

7. Bloom Lake Mine Operating Activities

	Three Months Ended March 31,			**Year Ended March 31,**		
	2023	2022	Variance	**2023**	2022	Variance
Operating Data						
Waste mined and hauled (wmt)	**5,023,900**	5,071,700	(1%)	**19,574,300**	20,512,500	(5%)
Ore mined and hauled (wmt)	**9,193,800**	5,388,200	71%	**32,442,000**	22,263,200	46%
Material mined and hauled (wmt)	**14,217,700**	10,459,900	36%	**52,016,300**	42,775,700	22%
Stripping ratio	**0.55**	0.94	(41%)	**0.60**	0.92	(35%)
Ore milled (wmt)	**9,054,600**	4,904,100	85%	**31,682,900**	20,972,100	51%
Head grade Fe (%)	**28.4**	30.3	(6%)	**29.2**	29.9	(2%)
Fe recovery (%)	**78.6**	82.7	(5%)	**79.3**	83.2	(5%)
Product Fe (%)	**66.1**	66.2	—%	**66.1**	66.2	—%
Iron ore concentrate produced (wmt)	**3,084,200**	1,869,000	65%	**11,186,600**	7,907,300	41%
Iron ore concentrate sold (dmt)	**3,092,900**	1,889,900	64%	**10,594,400**	7,650,600	38%

7. Bloom Lake Mine Operating Activities (continued)

Phase II Commercial Production

During the first quarter of the 2023 financial year, the Company successfully commissioned its second ore processing plant with its first shipment of concentrate railed in May 2022. In the second quarter of the 2023 financial year, the last major on-site Phase II infrastructure work programs were completed, enabling the Company's two crushers to feed both processing facilities and reducing bottlenecks during maintenance periods. With major on-site work programs completed ahead of schedule, Phase II reached commercial production in December 2022 and the Company continued to make improvements to stabilize and optimize operations.

While Phase II demonstrated its ability to reach the designed nameplate capacity on several operating days since reaching commercial production, production during the fourth quarter of the 2023 financial year was negatively impacted by the longer than expected maintenance shutdown of the Company's newly commissioned crusher due to winter challenges, as well as previously disclosed mining equipment delivery and commissioning delays, which limited mining capacity. This short-term limitation in mining and crushing capacity created some inefficiencies across the site, restricting the ongoing ramp-up during the quarter. With the recent delivery and assembly of mining equipment and current work to increase throughput and the recovery ratio, the path towards Bloom Lake reaching its expanded nameplate capacity of 15 Mtpa in the near term has significantly improved.

Off-site work programs, including third-party infrastructure, continued to advance during the quarter, further positioning the Company to benefit from additional flexibility and capacity in Sept-Îles to handle the Company's full nameplate capacity. During the three-month period ended March 31, 2023, downstream limitations, including locomotive delivery delays and a four-day power outage at the port, negatively impacted the Company's shipments.

While the Company is experiencing a short-term disconnect in upstream and downstream capacity, compared to the completed infrastructure at Bloom Lake, Management is confident that a stable and operational balance state will be reached in the near term. Teams at Bloom Lake are currently working at optimizing and synchronizing the operations and adapting the maintenance practices to achieve the expected reliability, an important step towards achieving nameplate capacity on a consistent basis. Due to third-party delays to increase infrastructure capacity, including locomotive deliveries, the Company anticipates potential sales limitations, compared to its production capacity in the near term.

Operational Performance

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year

In the three-month period ended March 31, 2023, 14.2 million tonnes of material were mined and hauled, compared to 10.5 million tonnes during the same period in 2022, an increase of 36%. The increase in material movement was enabled through the utilization of additional equipment. Tonnage mined and hauled for the fourth quarter of the 2023 financial year was lower than anticipated, compared to the initial Phase II ramp-up schedule, due to previously disclosed delivery delays of required mining equipment. With the recent delivery and assembly of equipment required to increase mining capacity towards Phase II's expected nameplate capacity, Management is confident its operations can deliver a stronger performance in the upcoming months.

The stripping ratio for the three-month period ended March 31, 2023, was affected by delivery delays that impacted the number of drills and haul trucks available during the quarter. In order to optimize plant operations in connection with transitional incremental feed requirements during the Phase II ramp-up period, the Company chose to reduce mined waste. The Company intends to gradually recover accumulated waste backlog in future periods as additional mining equipment becomes available.

The plants processed 9.1 million tonnes of ore during the three-month period ended March 31, 2023, compared to 4.9 million tonnes for the same prior-year period. The mining capacity limitations resulting from previously disclosed equipment delivery delays negatively impacted the tonnage processed during the quarter. The plants' performance during the three-month period ended March 31, 2023, was also impacted by a longer than expected maintenance shutdown of one of the Company's two crushers.

The iron ore head grade for the three-month period ended March 31, 2023, was 28.4%, compared to 30.3% for the same period in 2022. The variation in head grade is attributable to the presence of some lower-grade ore being sourced and blended from different pits, which was anticipated and is in line with the mine plan and the LoM head grade average.

The Company's average Fe recovery rate of 78.6% for the three-month period ended March 31, 2023, was negatively impacted by the unstable recoveries of the Phase II concentrator, which were to be expected at this stage of the Phase II commissioning, the limited mining capacity reflecting the unavailability of mining equipment as well as the short-term instability of the crushing systems. The Company remains confident in its ability to reach the average LoM expected Fe recovery rate target of 82.4% in the near term at Bloom Lake, as detailed in the Phase II feasibility study.

7. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year (continued)

Bloom Lake achieved record production of 3.1 million wmt of high-grade iron ore concentrate during the three-month period ended March 31, 2023, an increase of 65%, compared to 1.9 million wmt during the same period in 2022, positively impacted by the ongoing commissioning of the Phase II plant. Management expects to benefit from optimization work programs and recent equipment deliveries, which should result in improved combined production of Bloom Lake's plants in the near term.

2023 Financial Year vs 2022 Financial Year

The Company mined and hauled 52.0 million tonnes of material during the year ended March 31, 2023, compared to 42.8 million tonnes for the same period in 2022. The increase in volume of material moved at the mine was driven by additional mining equipment in operation. However, total volume moved during the year was negatively impacted by mining equipment delivery delays.

The stripping ratio was 0.60 for the year ended March 31, 2023, compared to 0.92 for the same period in 2022, and was lower than the LoM stripping plan as the Company strategically focused on mining ore due to the restricted availability of mining equipment caused by equipment delivery delays, as previously detailed. The iron ore head grade of 29.2% for the year ended March 31, 2023, was comparable to last year, and is consistent with the LoM head grade average. The lower average Fe recovery rate for the year ended March 31, 2023, was attributable to the commissioning of the Phase II concentrator during the year. The Company is confident to reach LoM recovery rate in the near term.

The two plants processed 31.7 million tonnes of ore during the year ended March 31, 2023, an increase of 51% over the same period in 2022, and produced a record of 11.2 million wmt of high-grade iron ore concentrate, compared to 7.9 million wmt for the same period in 2022, benefiting from the commissioning of the Phase II project during the first quarter of the 2023 financial year.

8. Financial Performance

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
Financial Data (in thousands of dollars)						
Revenues	**463,913**	331,376	40%	**1,395,088**	1,460,806	(4%)
Cost of sales	**244,444**	116,658	110%	**822,762**	458,678	79%
Other expenses	**23,748**	26,648	(11%)	**79,972**	84,871	(6%)
Net finance costs	**8,774**	2,269	287%	**25,587**	11,045	132%
Net income	**88,217**	115,653	(24%)	**200,707**	522,585	(62%)
EBITDA[1]	**195,709**	197,938	(1%)	**493,176**	925,817	(47%)
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**183.2**	207.1	(12%)	**174.7**	225.9	(23%)
Net average realized selling price[1]	**150.0**	175.3	(14%)	**131.7**	190.9	(31%)
C1 cash cost[1]	**79.0**	60.0	32%	**73.9**	58.9	25%
AISC[1]	**85.7**	70.5	22%	**86.5**	73.1	18%
Cash operating margin[1]	**64.3**	104.8	(39%)	**45.2**	117.8	(62%)

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

8. Financial Performance (continued)

A. Revenues

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in U.S. dollars per dmt sold)						
Index P62	**125.5**	141.6	(11%)	**116.2**	153.3	(24%)
Index P65	**140.1**	169.7	(17%)	**131.4**	179.9	(27%)
US$ Gross average realized selling price[1]	**135.5**	164.1	(17%)	**132.0**	181.1	(27%)
Freight and other costs	**(28.0)**	(37.2)	(25%)	**(30.6)**	(35.3)	(13%)
Provisional pricing adjustments	**3.4**	12.2	(72%)	**(2.0)**	7.5	(127%)
US$ Net average realized FOB selling price[1]	**110.9**	139.1	(20%)	**99.4**	153.3	(35%)
Foreign exchange rate conversion	**39.1**	36.2	8%	**32.3**	37.6	(14%)
C$ Net average realized FOB selling price[1]	**150.0**	175.3	(14%)	**131.7**	190.9	(31%)

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year

Revenues totalled $463.9 million for the three-month period ended March 31, 2023, compared to $331.4 million for the same period in 2022, as significantly higher sales volume over the same prior-year period was offset by the lower P65 index price. Lower index price was mitigated by lower freight and other costs and a weaker Canadian dollar compared to the same period last year.

During the three-month period ended March 31, 2023, the P65 for high-grade iron ore fluctuated from a low of US$130.0/dmt to a high of US$148.6/dmt. The P65 index average price for the period was US$140.1/dmt, a decrease of 17% from the same quarter last year, and a premium of 11.6% over the P62 index average price of US$125.5/dmt. The gross average realized selling price[1] of US$135.5/dmt was lower than the P65 index average price of US$140.1/dmt for the period due to certain sales contracts using backward-looking iron ore index prices, when prices were significantly lower than the P65 index average for the three-month period ended March 31, 2023. This was partially offset by the 2.0 million tonnes in transit as at March 31, 2023, which were provisionally priced using an average forward price of US$141.1/dmt, which was slightly higher than the P65 index average price for the period.

During the three-month period ended March 31, 2023, 3.1 million tonnes of high-grade iron ore concentrate were sold at a gross average realized price[1] of US$135.5/dmt, before freight and other costs and provisional pricing adjustments, compared to 1.9 million tonnes sold at a gross average realized price[1] of US$164.1/dmt for the same period in 2022. Volume of sales was up 64% over the prior-year period due to incremental production driven by Phase II achieving commercial production in December 2022. Lower gross average realized selling price[1] reflects the lower index prices during the three-month period ended March 31, 2023, compared to the same prior-year period.

The average C3 index for the three-month period ended March 31, 2023, was US$18.1/t compared to US$22.9/t for the same period in 2022, representing a decrease of 21%, which contributed to lower freight costs in the three-month period ended March 31, 2023. When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled since Champion ships its high-grade iron ore concentrate uniformly throughout the year.

Provisional pricing adjustments on previous quarterly sales, which were impacted by the increase in the P65 index in the quarter, positively impacted the net average realized selling price[1]. During the three-month period ended March 31, 2023, a final price of US$135.6/dmt was established for the 1.7 million tonnes of iron ore that were in transit as at December 31, 2022, and which were previously evaluated using an average expected price of US$129.5/dmt. Accordingly, during the three-month period ended March 31, 2023, net positive provisional pricing adjustments of $14.3 million (US$10.5 million) were recorded, representing a positive impact of US$3.4/dmt over the total volume of 3.1 million dmt sold during the period.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

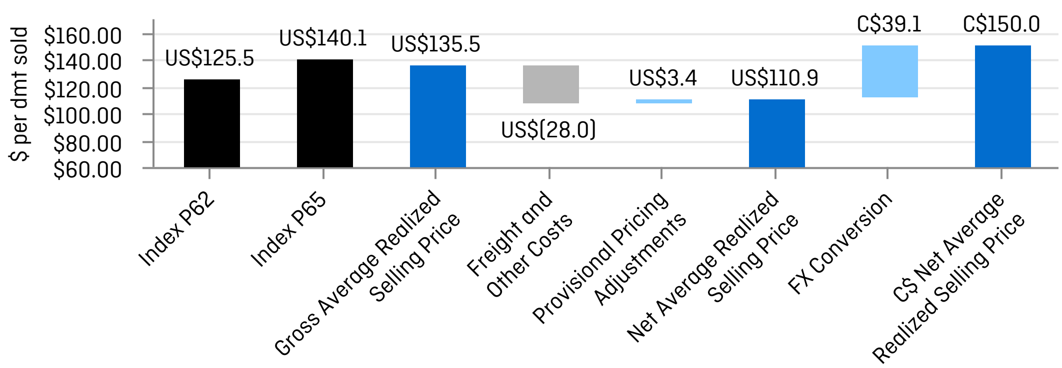
8. Financial Performance (continued)

A. Revenues (continued)

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year (continued)

After taking into account sea freight and other costs of US$28.0/dmt and the positive provisional pricing adjustment of US$3.4/dmt, the Company obtained a net average realized selling price[1] of US$110.9/dmt (C$150.0/dmt) for its high-grade iron ore delivered or in transit at the end of the period.

Q4 FY2023 Net Realized Selling Price

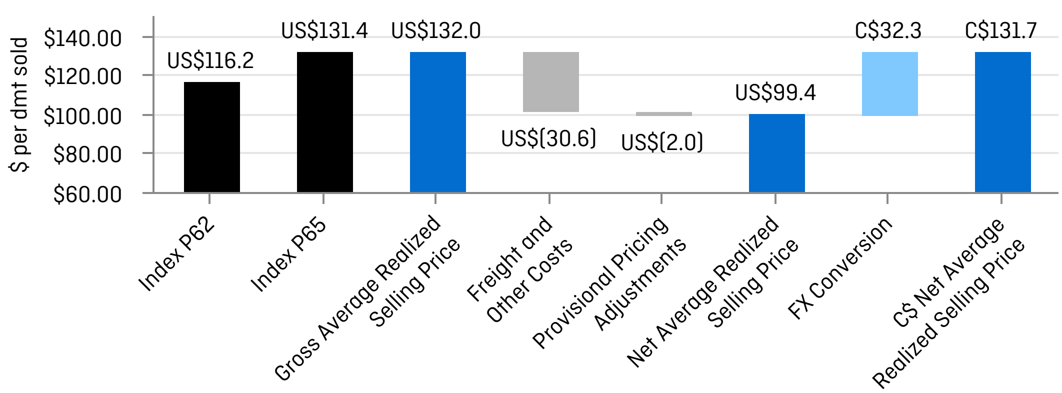


2023 Financial Year vs 2022 Financial Year

For the year ended March 31, 2023, the Company sold 10.6 million tonnes of iron ore concentrate, mainly to customers in China, Japan, South Korea and Europe, compared to 7.7 million tonnes for the same prior-year period. This represents an increase of 38% year-over-year attributable to Phase II achieving commercial production in December 2022. Revenues totalled $1,395.1 million for the year ended March 31, 2023, compared to $1,460.8 million for the same period in 2022, as higher sales volumes were offset by lower net average realized selling price[1].

While the high-grade iron ore P65 index price fluctuated between a low of US$91/dmt and a high of US$185/dmt during the year ended March 31, 2023, it averaged US$131.4/dmt, representing a decrease of 27% from last year. The Company sold its product at a gross average realized selling price[1] of US$132.0/dmt. Benefiting from a premium product at 66.2% Fe, the Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term. Deducting sea freight and other costs of US$30.6/dmt and the negative provisional pricing adjustments of US$2.0/dmt, the Company obtained a net average realized selling price[1] of US$99.4/dmt (C$131.7/dmt) for its high-grade iron ore concentrate.

FY2023 Net Realized Selling Price



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8. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost[1]

The cost of sales represents mining, processing, and site-related G&A expenses as well as rail and port operation costs. It also includes specific and incremental costs related to COVID-19, and it includes Bloom Lake Phase II start-up costs incurred after commissioning and before commercial production. These start-up costs mainly included abnormal operational costs attributable to the facility not having reached commercial production.

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year

For the three-month period ended March 31, 2023, the cost of sales totalled $244.4 million, compared to $116.7 million for the same period in 2022 for a C1 cash cost[1] per tonne of $79.0/dmt during the period, compared to $60.0/dmt for the same period in 2022.

	Three Months Ended March 31,				
	2023		2022		Variance
(in thousands of dollars except per dmt sold)	**Cost of sales**	**C1 cash cost[1] per dmt**	Cost of sales	C1 cash cost[1] per dmt	C1 cash cost[1] per dmt
Iron ore concentrate sold (dmt)		**3,092,900**		1,889,900	
Mining and processing costs	**178,983**	**57.8**	76,414	40.5	43 %
Land transportation and port handling	**65,461**	**21.2**	36,934	19.5	9 %
	244,444	**79.0**	113,348	60.0	32 %
Incremental costs related to COVID-19	**—**		3,310		
Cost of sales	**244,444**		116,658		

The C1 cash cost[1] per dmt sold for the three-month period ended March 31, 2023, was negatively impacted by the fixed costs incurred to support the infrastructure required to achieve the higher anticipated production prior to achieving nameplate capacity. The Company expects those costs to decrease and to normalize as production gradually ramps up towards Bloom Lake's expanded nameplate capacity of 15 Mtpa. Cash cost[1] during the quarter was also affected by higher than expected utilization of contractors at the mine due to the previously disclosed delivery delays in required mining equipment. The C1 cash cost[1] in the three-month period ended March 31, 2023, compared to the same period last year, was also impacted by the higher cost of fuel and explosives used in the Company's mining activities, higher workforce transportation costs and global inflationary pressures that also affected contractors, rail and port operations, and food services. In addition, the longer than expected planned maintenance shutdown of one crusher and longer haul cycle times associated with the current mine plan also contributed to a higher cash cost[1] for the three-month period ended March 31, 2023. Despite factors contributing to higher cash cost[1] per dmt sold in the period, the economic benefits of the Phase II expansion project will continue to accrue as throughput gradually increases and reaches the expected expanded nameplate capacity of 15 Mtpa.

The life of mine stripping ratio used for cost capitalization was revised upward in December 2021 from 0.5 to 0.99, concurrently with the commencement of Phase II operations. During the three-month period ended March 31, 2023, the actual stripping ratio of 0.55 was lower than the life of mine stripping ratio used for cost capitalization; therefore, no mining costs were capitalized during the period. During the prior-year period, the Company capitalized mining costs, contributing to lower cash cost[1] for the three-month period ended March 31, 2022.

2023 Financial Year vs 2022 Financial Year

For the year ended March 31, 2023, the Company produced high-grade iron ore at a C1 cash cost[1] of $73.9/dmt, compared to $58.9/dmt for the year ended March 31, 2022. The increase in annual C1 cash cost[1] is due to additional fixed costs incurred to support infrastructure required to achieve the higher anticipated production prior to reaching nameplate capacity with the Phase II project, increased contractors' costs attributable to mining equipment delivery delays, inflationary pressure on the cost of fuel, explosive and workforce transportation costs. Cost of sales was also impacted by longer than expected and unplanned maintenance activities.

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8. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost[1] (continued)

2023 Financial Year vs 2022 Financial Year (continued)

	Year Ended March 31,				
	2023		2022		Variance
(in thousands of dollars except per dmt sold)	**Cost of sales**	**C1 cash cost[1] per dmt**	Cost of sales	C1 cash cost[1] per dmt	C1 cash cost[1] per dmt
Iron ore concentrate sold (dmt)		**10,594,400**		7,650,600	
Mining and processing costs	**532,117**	**50.2**	291,534	38.1	32 %
Land transportation and port handling	**250,341**	**23.7**	159,301	20.8	14 %
	782,458	**73.9**	450,835	58.9	25 %
Incremental costs related to COVID-19	**1,145**		7,843		
Bloom Lake Phase II start-up costs	**39,159**		—		
Cost of sales	**822,762**		458,678		

C. Gross Profit

The gross profit for the three-month period ended March 31, 2023, totalled $177.0 million, compared to $200.4 million for the same prior-year period. Higher sales of iron ore concentrate, due to increased production volumes associated with Phase II's commissioning, were more than offset by higher cash costs[1] and a lower net average realized selling price[1] as described in the previous sections. The gross profit was also impacted by higher depreciation driven by the low stripping ratio for the three-month period ended March 31, 2023, and Phase II achieving commercial production in December 2022.

The gross profit for the year ended March 31, 2023, totalled $451.3 million, compared to $958.2 million for the same period in 2022. The decrease is largely driven by the lower net average realized selling price[1] of $131.7/dmt for the year ended March 31, 2023, compared to $190.9/dmt for the same period in 2022, higher cost of sales as detailed in the previous section and a higher depreciation expense.

D. Other Expenses

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in thousands of dollars)						
Share-based payments	**3,591**	6,689	(46)%	**8,662**	12,818	(32)%
G&A expenses	**11,466**	8,094	42 %	**41,514**	31,769	31 %
Sustainability and other community expenses	**6,062**	4,353	39 %	**17,933**	16,983	6 %
Innovation and growth initiative expenses	**2,629**	1,547	70 %	**11,863**	5,549	114 %
Bloom Lake Phase II start-up costs	**—**	5,965	(100)%	**—**	17,752	(100)%
	23,748	26,648	(11)%	**79,972**	84,871	(6)%

The share-based payments for the three-month period and year ended March 31, 2023, were mainly impacted by the change in fair value of the cash-settled share-based payment liability, which varies based on the share price of the Company's shares at each reporting date.

G&A expenses were higher for the three-month period and year ended March 31, 2023, compared to the same periods in 2022, due to costs associated with a higher headcount required to support the Company's growth. Higher G&A expenses for the year ended March 31, 2023, are also attributable to a non-recurring severance expense. Sustainability and other community expenses were higher for the three-month period and year ended March 31, 2023, due to the Phase II impact and benefits agreement and higher property taxes relating to the commissioning of Phase II.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

8. Financial Performance (continued)

D. Other Expenses (continued)

The increase in innovation and growth initiative expenses in the three-month period and year ended March 31, 2023, compared to the same periods in 2022, was due to the advancement of the Company's strategic initiatives detailed in section 5 — Green Steel Initiatives. Innovation and growth initiative expenses were mainly comprised of consultant fees and salaries and benefits.

During the year ended March 31, 2022, the Company incurred pre-commercial start-up costs for the Phase II project, mainly related to staff mobilization and training costs.

E. Net Finance Costs

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in thousands of dollars)						
Standby commitment fees on long-term debt	**490**	1,145	(57)%	**2,177**	5,031	(57)%
Interest on long-term debt	**7,877**	—	— %	**10,482**	623	1583 %
Realized and unrealized foreign exchange loss (gain)	**(891)**	(847)	5 %	**7,220**	359	1911 %
Interest expense on lease liabilities	**990**	823	20 %	**3,606**	912	295 %
Other	**308**	1,148	(73)%	**2,102**	4,120	(49)%
	8,774	2,269	287 %	**25,587**	11,045	132 %

Net finance costs increased to $8.8 million for the three-month period ended March 31, 2023, compared to $2.3 million for the same period in 2022, mainly due to higher interest on long-term debt during the quarter as the Company ceased capitalizing borrowing costs upon achieving Phase II commercial production in December 2022. Additional interest on leasing arrangements and equipment financed through debt also contributed to higher net finance costs for the three-month period and year ended March 31, 2023, as the Company acquired more mining equipment and railcars to support projected Phase II volume, compared to the same prior-year periods.

Net finance costs increased to $25.6 million for the year ended March 31, 2023, compared to $11.0 million for the same period in 2022, mainly due to higher interest on long-term debt, as the Company ceased capitalizing borrowing costs upon achieving Phase II commercial production in December 2022, interest expense relating to higher lease liabilities and mine equipment financing and a higher foreign exchange loss compared to the prior-year period, partially offset by lower standby commitment fees. During the year ended March 31, 2023, the foreign exchange loss on the net payable financial position denominated in U.S. dollars amounted to $7.2 million, compared to $0.4 million for the same period in 2022, and primarily involved the Company's revolving facility, mining equipment financing, lease liabilities, accounts receivable and part of the Company's cash and cash equivalents denominated in U.S. dollars. This foreign exchange loss was due to the impact of the appreciation of the U.S. dollar against the Canadian dollar as at March 31, 2023, compared to March 31, 2022.

F. Income Taxes

The Company and its subsidiaries are subject to tax in Australia and Canada. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available against which the losses can be used. QIO is subject to Québec mining taxes at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year.

Progressive tax rates are based on mining profit margins as follows:

Mining Profit Margin Range	Tax Rate
Mining profit between 0% to 35%	**16%**
Incremental mining profit over 35%, up to 50%	**22%**
Incremental mining profit over 50%	**28%**

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the year ended March 31, 2023 (2022: 26.50%).

8. Financial Performance (continued)

F. Income Taxes (continued)

During the three-month period and year ended March 31, 2023, current income and mining tax expenses totalled $25.8 million and $55.1 million, respectively, compared to $47.9 million and $306.5 million, respectively, for the same periods in 2022. The variation is mainly due to lower taxable income driven by lower margins, and for the year, a 5% withholding tax in connection with the payment of two dividends on ordinary shares, compared to one payment in the comparative period.

During the three-month period and year ended March 31, 2023, deferred income and mining tax expenses totalled $30.5 million and $90.7 million, respectively, compared to $17.8 million and $41.8 million, respectively, for the same periods in 2022. The variation in deferred tax expenses is mainly due to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The combined provincial and federal statutory tax and mining taxes was 38%. The Company's effective tax rates ("ETRs") were 39% and 42%, respectively, for the three-month period and year ended March 31, 2023, compared to 36% and 40%, respectively, for the same periods in 2022. The ETR for the three-month period ended March 31, 2023, is comparable with the statutory rate. The ETR being higher than the statutory rate for the year ended March 31, 2023, is mainly due to the impact of the 5% withholding tax incurred by Champion on the dividends received from QIO and the impact of an unrealized foreign exchange loss that was not recognized.

Since current income and mining taxes of $55.1 million for the year ended March 31, 2023, were below net tax installments of $115.8 million paid during the year, which were based on the 2022 financial year's higher taxable income, the Company had an income and mining taxes receivable of $37.9 million as at March 31, 2023 (March 31, 2022: income and mining taxes payable of $22.7 million).

G. Net Income & EBITDA[1]

For the three-month period ended March 31, 2023, the Company generated an EBITDA[1] of $195.7 million, representing an EBITDA margin[1] of 42%, compared to $197.9 million, representing an EBITDA margin[1] of 60%, for the same period in 2022. Comparable EBITDA[1] is mainly due to higher sales volume driven by the commissioning of Phase II during the year, offset by a higher cost of sales and lower net average realized selling prices[1].

For the three-month period ended March 31, 2023, the Company generated net income of $88.2 million (EPS of $0.17), compared to $115.7 million (EPS of $0.23) for the same period last year. The year-over-year decrease in net income was mainly affected by lower gross profit as described above.

For the year ended March 31, 2023, the Company generated an EBITDA[1] of $493.2 million, representing an EBITDA margin[1] of 35%, compared to $925.8 million, representing an EBITDA margin[1] of 63%, for the same prior-year period. This year-over-year decrease in EBITDA[1] is mainly attributable to the decrease in the net average realized selling price[1] and higher production costs, partially offset by a higher sales volume following the commissioning of Phase II.

For the year ended March 31, 2023, the Company generated net income of $200.7 million (EPS of $0.39), compared to $522.6 million (EPS of $1.03) for the same prior-year period. The year-over-year decrease in net income is mainly due to lower EBITDA[1] and higher depreciation, partially offset by lower income and mining taxes.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

(Expressed in Canadian dollars, except where otherwise indicated)

8. Financial Performance (continued)

H. All In Sustaining Cost ("AISC")[1] and Cash Operating Margin[1]

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in dollars per dmt sold)						
Iron ore concentrate sold (dmt)	**3,092,900**	1,889,900	64 %	**10,594,400**	7,650,600	38 %
Net average realized selling price[1]	**150.0**	175.3	(14)%	**131.7**	190.9	(31)%
C1 cash cost[1]	**79.0**	60.0	32 %	**73.9**	58.9	25 %
Sustaining capital expenditures	**3.0**	6.2	(52)%	**8.7**	10.1	(14)%
G&A expenses	**3.7**	4.3	(14)%	**3.9**	4.1	(5)%
AISC[1]	**85.7**	70.5	22 %	**86.5**	73.1	18 %
Cash operating margin[1]	**64.3**	104.8	(39)%	**45.2**	117.8	(62)%

During the three-month period ended March 31, 2023, the Company realized an AISC[1] of $85.7/dmt, compared to $70.5/dmt for the same period in 2022. The increase relates to higher C1 cash costs[1], partially offset by lower sustaining capital expenditures and lower G&A expenses per dmt. Refer to section 10 — Cash flows for details on sustaining capital expenditures.

The Company generated a cash operating margin[1] of $64.3/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended March 31, 2023, compared to $104.8/dmt for the same prior-year period. The variation is mainly due to a combination of higher AISC[1] and a lower net average realized selling price[1] for the period.

During the year ended March 31, 2023, the Company recorded an AISC[1] of $86.5/dmt, compared to $73.1/dmt for the same period in 2022. The variation is mainly due to higher C1 cash costs[1], partially offset by lower sustaining capital expenditures per dmt as well as lower G&A expenses per dmt.

The cash operating margin[1] totalled $45.2/dmt for the year ended March 31, 2023, compared to $117.8/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price[1] and higher AISC[1].

9. Exploration Activities and Regional Growth

Kami Project

On April 1, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. The Company is currently revising the Kami Project's scope with the aim of maximizing the project's value by incorporating the most recent mining technologies. Additionally, the Company is currently evaluating the amenability of the project to produce a DR grade product. The updated feasibility study is expected to be completed in the second half of calendar year 2023 as part of the Company's strategy to evaluate its growth alternatives within its portfolio.

Exploration and Evaluation Activities

During the year ended March 31, 2023, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three-month period and year ended March 31, 2023, $2.5 million and $9.3 million in exploration and evaluation expenditures were incurred, respectively, compared to $0.4 million and $3.7 million, respectively, for the same prior-year periods. During the three-month period and year ended March 31, 2023, exploration and evaluation expenditures mainly consisted of costs associated with resource development and drilling, work related to updating the Kami Project feasibility study and claim renewal fees. During the three-month period and year ended March 31, 2023, 2,016 metres and 4,759 metres of diamond drilling, respectively, were completed on the Bloom Lake property. Drilling at Bloom Lake was undertaken mainly to support operations and allow higher mine planning precision. Geological mapping and assessment were started on exploration claims localized south of Bloom Lake. In addition, 2,101 metres were drilled during September and October 2022 at Lamêlée South.

Details on exploration projects and maps are available on the Company's website at www.championiron.com under the section Operations & Projects.

10. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Year Ended March 31,	
	2023	2022	**2023**	2022
(in thousands of dollars)				
Operating cash flows before working capital	**165,198**	144,336	**433,773**	614,677
Changes in non-cash operating working capital	**2,524**	(140,056)	**(197,789)**	(144,242)
Net cash flow from operating activities	**167,722**	4,280	**235,984**	470,435
Net cash flow used in investing activities	**(28,988)**	(134,297)	**(249,859)**	(635,465)
Net cash flow from (used in) financing activities	**24,510**	(14,793)	**6,904**	(118,141)
Net increase (decrease) in cash and cash equivalents	**163,244**	(144,810)	**(6,971)**	(283,171)
Effects of exchange rate changes on cash and cash equivalents	**(2,424)**	(1,380)	**11,885**	(4,253)
Cash and cash equivalents, beginning of period	**165,986**	468,082	**321,892**	609,316
Cash and cash equivalents, end of period	**326,806**	321,892	**326,806**	321,892
Operating cash flow per share[1]	**0.32**	0.01	**0.46**	0.93

Operating

During the three-month period ended March 31, 2023, the Company generated operating cash flows of $165.2 million before working capital items, up $20.9 million, compared to $144.3 million for the same period last year. The increase was driven by lower current income and mining taxes while EBITDA[1] was at a comparable level. The operating cash flow per share[1] for the three-month period ended March 31, 2023, was $0.32, compared to $0.01 for the same prior-year period, whereby the prior-year operating cash flows were negatively impacted by an increase in working capital.

During the year ended March 31, 2023, the Company's operating cash flows before working capital items totalled $433.8 million, compared to $614.7 million for the same prior-year period. The variation is driven by a lower EBITDA[1], partially offset by lower current income and mining taxes. After working capital items, the operating cash flow per share[1] for the period totalled $0.46, compared to $0.93 for the same prior-year period.

Investing

i. Purchase of Property, Plant and Equipment

	Three Months Ended March 31,		Year Ended March 31,	
	2023	2022	**2023**	2022
(in thousands of dollars)				
Tailings lifts	**1,791**	—	**49,763**	27,512
Stripping and mining activities	**2,862**	7,581	**20,862**	35,747
Mining equipment rebuild and replacement	**4,650**	4,162	**21,299**	13,697
Sustaining capital expenditures	**9,303**	11,743	**91,924**	76,956
Other capital development expenditures at Bloom Lake	**16,074**	106,036	**190,968**	442,366
Purchase of property, plant and equipment as per cash flows	**25,377**	117,779	**282,892**	519,322

Sustaining Capital Expenditures

The increase in tailings-related investments for the year ended March 31, 2023, is due to the reclassification of preparation work performed on Phase II dikes from other capital development expenditures in the comparative periods to tailings lifts in the 2023 financial year. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy and is implementing its long-term tailings investment plan.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

10. Cash Flows (continued)

Investing (continued)

i. Purchase of Property, Plant and Equipment (continued)

Sustaining Capital Expenditures (continued)

The decrease in stripping and mining activities during the three-month period and year ended March 31, 2023, compared to the same periods of the previous financial year, is attributable to the low level of waste moved at the mine, due to mining equipment delivery delays impacting the Company's stripping ratio.

The increase in the Company's mining equipment rebuild program for the year ended March 31, 2023, is attributable to the addition of mining operating equipment and the high utilization rate for this equipment, as well as higher costs due to global inflationary pressures during the year ended March 31, 2023.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended March 31, 2023, other capital development expenditures at Bloom Lake totalled $16.1 million, compared to $106.0 million in the same period in 2022, largely relating to the Phase II project in the comparative period, including capitalized interest and mining equipment deposits. During the three-month period ended March 31, 2023, the expenditures mainly consisted of $6.9 million in deposits for mining equipment, $4.6 million in improvement and conformity of various infrastructure, and $2.5 million in Phase II capital expenditures.

During the year ended March 31, 2023, other capital development expenditures at Bloom Lake totalled $191.0 million, compared to $442.4 million in the same prior-year period. During the year ended March 31, 2023, the expenditures mainly consisted of $97.2 million in Phase II capital expenditures, $41.9 million in deposits and final acquisition cost for mining equipment, $24.3 million in improvement and conformity of various infrastructure and $14.4 million in capitalized borrowing costs related to the Phase II project. During the year ended March 31, 2023, other capital development expenditures were offset by the receipt of a government grant totalling $5.2 million, related to the Company's GHG emissions and energy consumption reduction initiatives, compared to $6.2 million in the same prior-year period. The Company qualified for grants totalling up to $21.8 million.

During the three-month period and year ended March 31, 2022, the expenditures mainly comprised of increases in mill capacity and other infrastructure improvements, prepayments for production equipment, lodging infrastructure investments at the mine site to accommodate the increasing workforce, and Phase II capital expenditures.

ii. Other Main Investing Activities

During the year ended March 31, 2023, the Company made advance payments totalling $30.0 million (nil in the three-month period ended March 31, 2023), compared to $97.1 million for the same prior-year period ($15.3 million for the three-month period ended March 31, 2022), mainly for infrastructure upgrades required to accommodate the anticipated increase in Phase II production volumes and rail access. The decrease, compared to the same prior-year period, was attributable to the project nearing completion.

During the year ended March 31, 2023, the restricted account of $43.7 million (US$35.0 million) for potential Phase II project cost overruns was released, concurrently with the refinancing of the US$400.0 million Phase II credit facility with a US$400.0 million general purpose revolving facility in May 2022, as well as $31.1 million in short-term investments. During the year ended March 31, 2022, the Company completed the acquisition of the Kami Project and certain related contracts. The consideration included a cash payment of $15.0 million, in addition to $0.4 million in transaction costs. During the year ended March 31, 2022, the Company also partially disposed some of its marketable securities investments for proceeds of $9.5 million, which was partially offset by the acquisition of the common shares of a private entity in connection with its innovation and growth initiative activities related to cold pelletizing for $4.4 million.

10. Cash Flows (continued)

Financing

During the three-month period ended March 31, 2023, the Company drew down $31.1 million from Caterpillar Financial Services Limited equipment facility ("CAT Financing"), compared to $27.5 million of drawdowns for the same prior-year period from the Investissement Québec loan ("IQ Loan") and CAT Financing, used to cover Phase II and port infrastructure investments.

During the year ended March 31, 2023, the Company made a net drawdown of $119.0 million from the CAT Financing, IQ Loan and Fonds de Solidarité des Travailleurs du Québec loan ("FTQ Loan"), in connection with the funding of Phase II investments and mining equipment, compared to $118.8 million in the same prior-year period. During the year ended March 31, 2023, warrants and stock options were exercised for proceeds totalling $1.8 million, compared to $12.1 million for the same period in 2022. In addition, during the year ended March 31, 2023, the Company made two dividend payments to its shareholders totalling $103.3 million, compared to one inaugural dividend payment of $50.6 million in the same period last year.

During the three-month period ended March 31, 2022, warrants and stock options were exercised for proceeds totalling $11.6 million. The Company's subsidiary, QIO, redeemed 185.0 million of its preferred shares during the year ended March 31, 2022, at par value, for a consideration of $185.0 million, and paid accumulated dividends on QIO's preferred shares of $6.5 million.

11. Financial Position

The following table details the changes to the statements of financial position as at March 31, 2023, compared to March 31, 2022:

	As at March 31, 2023	As at March 31, 2022	Variance
(in thousands of dollars)			
Cash and cash equivalents	**326,806**	321,892	2%
Short-term investments	**312**	30,777	(99%)
Receivables	**162,268**	124,137	31%
Inventories	**167,670**	98,861	70%
Other current assets	**80,963**	20,272	299%
Total current assets	**738,019**	595,939	24%
Restricted cash	**—**	43,736	(100%)
Property, plant and equipment	**1,261,968**	1,070,030	18%
Exploration and evaluation assets	**117,127**	107,810	9%
Other non-current assets	**198,155**	171,715	15%
Total assets	**2,315,269**	1,989,230	16%
Total current liabilities	**205,658**	286,890	(28%)
Long-term debt	**448,201**	251,365	78%
Lease liabilities	**73,430**	51,689	42%
Rehabilitation obligation	**85,508**	86,021	(1%)
Deferred tax liabilities	**215,727**	124,992	73%
Other non-current liabilities	**24,041**	26,575	(10%)
Total liabilities	**1,052,565**	827,532	27%
Equity attributable to Champion shareholders	**1,262,704**	1,161,698	9%
Total equity	**1,262,704**	1,161,698	9%
Total liabilities and equity	**2,315,269**	1,989,230	16%

11. Financial Position (continued)

Assets

The change in the Company's cash and cash equivalents balance on March 31, 2023, compared to the amount held on March 31, 2022, is detailed in section 10 — Cash Flows.

The short-term investments and the restricted cash account were released concurrently with the refinancing of the Phase II credit facility in May 2022, as described in section 10 — Cash Flows. Refer to note 14 to the Financial Statements for additional details.

The increase in receivables for the year ended March 31, 2023, was mainly attributable to higher trade receivables reflecting higher sales volume of iron ore concentrate during the period, driven by the Phase II project's production and the impact of P65 index increases during the quarter, affecting provisional amounts receivable as at March 31, 2023.

Higher inventories were mainly attributable to the increase in concentrate inventories due to the timing of sales, compared to production volumes associated with the locomotive delivery delays and a four-day unplanned power outage at the port of Sept-Îles. Higher inventories were also partially attributable to higher production costs, compared to the previous year. Higher levels of supplies and spare parts to maintain a growing mobile fleet, machinery and larger stockpiled ore inventories required to support Phase II's ramp-up production also contributed to the increases in inventories.

Higher other current assets mainly consist of income and mining taxes receivable of $37.9 million, reflecting a surplus of tax installments paid early in the financial year versus the actual tax expenses, compared to the income and mining taxes payable of $22.7 million as at March 31, 2022. The increase in other current assets was also due to higher prepaid expenses mainly attributable to the timing of payments for rail transportation services.

The increase in property, plant and equipment is detailed in section 10 — Cash Flows. In addition, the increase in property, plant and equipment is also attributable to additions to right-of-use assets, relating to additional railcars required to rail the Phase II production volume, a third-party explosives emulsion facility at the mine site, additional equipment as well as the Company's new corporate office.

Other non-current assets increased, mainly reflecting the advance payments made to third-party service providers in connection with capital expenditures for infrastructure upgrades required to accommodate the anticipated increase in Phase II production volumes and rail access as described in section 10 — Cash Flows, as well as third-party major replacement parts and assets improvement expenditures.

Liabilities and Equity

Lower total current liabilities are mainly due to the refinancing of the Phase II credit facility in May 2022, whereby four quarterly principal repayments were reclassified as non-current liabilities as at March 31, 2023. Lower total current liabilities are also attributable to income and mining taxes installments paid in excess of the current taxable income incurred and owed.

The increase in long-term debt during the year ended March 31, 2023, is detailed in section 10 — Cash Flows. The debt refinancing in May 2022 described above and a non-cash foreign exchange loss, due to the significant appreciation of the U.S. dollar compared to March 31, 2022, also accounted for the increase in long-term debt for the year ended March 31, 2023.

The increase in lease liabilities for the year ended March 31, 2023, was due to the additional equipment and railcars required in connection with the Phase II production volume, an explosives emulsion facility and a new corporate office.

The increase in deferred tax liabilities is mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The change in total equity is mainly attributable to net income during the year ended March 31, 2023, and the dividend payments on the ordinary shares in connection with the semi-annual financial results ending March 31, 2022, and September 30, 2022.

11. Financial Position (continued)

Liquidity

The Company is well positioned to fund all of its cash requirements for the next 12 months with its existing cash balance, forecasted cash flows from operating activities and undrawn available financings. As at March 31, 2023, the Company held $327.1 million in cash, cash equivalents and short-term investments, and has $346.6 million of undrawn loans for a total available liquidity[1] of $673.7 million.

	As at March 31,
	2023
(in thousands of dollars)	
Revolving Facility	**297,726**
Caterpillar Financial Services Limited	**48,870**
Total available and undrawn loans	**346,596**

The Company's cash requirements for the next 12 months relate primarily to the following activities:

- Sustaining and other capital expenditures;
- Expenditures in relation with the DRPF Project;
- Operating and related costs supporting the ramp-up of the Phase II expansion project towards nameplate capacity;
- Additional investments in third-party infrastructure required to support the higher expected production volumes from the Bloom Lake mine;
- Semi-annual dividend payments to shareholders, if declared;
- Capital repayments related to lease liabilities, CAT Financing and IQ Loan; and
- Payment of mining and income taxes, when income and mining taxes exceed the amount of income and mining taxes currently receivable.

12. Financial Instruments

The nature and extent of risks arising from the Company's financial instruments are summarized in note 26 to the Financial Statements for the year ended March 31, 2023.

13. Contingencies

The Company is and may be from time to time subject to legal actions, including arbitration and class actions, arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Company. However, based on currently available information, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Company.

14. Contractual Obligations, Commitments and Off-Balance Sheet Arrangements

Contractual Obligations and Commitments

The following are the contractual maturities of the Company's liabilities segmented by period, with estimated future interest payments and the future minimum payments of the commitments, as at March 31, 2023:

(in thousands of dollars)	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	**156,029**	**—**	**—**	**156,029**
Long-term debt, including capital and future interest payment	**60,061**	**426,258**	**117,561**	**603,880**
Lease liabilities, including future interest	**17,263**	**29,083**	**82,998**	**129,344**
Cash-settled share-based payment liability	**9,138**	**8,234**	**—**	**17,372**
Commitments as per note 29 to the Financial Statements	**97,931**	**99,908**	**233,939**	**431,778**
	340,422	**563,483**	**434,498**	**1,338,403**

The Company has obligations for services related to fixed charges for the use of infrastructure over a defined contractual period of time. The service commitment is excluded in the above figure as the service is expected to be used by the Company. To the extent that this changes, the commitment amount may change.

In relation to the acquisition of the Kami Project and contingent upon it advancing to commercial production, the Company is subject to:

- A gross sales royalty to Altius Resources Inc. on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products;
- Finite production payments on future production;
- Education and training fund for local communities; and
- Special tax payment to the Government of Newfoundland and Labrador's Department of Finance.

The Company is also subject to a limited production payment on its Consolidated Fire Lake North, Lac Lamêlée, Moiré Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

Other Off-Balance Sheet Arrangements

The undrawn portion of the revolving facility totalled $297.7 million (US$220.0 million) as at March 31, 2023, and is subject to standby commitment fees.

As at March 31, 2023, the undrawn portion of the finance agreement with Caterpillar Financial Services amounted to $48.9 million (US$36.1 million) and is also subject to standby commitment fees.

15. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 to the Financial Statements for the year ended March 31, 2023.

16. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the year ended March 31, 2023.

17. New Accounting Amendments Issued to Be Adopted at a Later Date

The new accounting standards issued but not yet in effect are disclosed in note 2 to the Financial Statements for the year ended March 31, 2023.

18. Related Party Transactions

Related party transactions consist of transactions with key management personnel. The Company considers its members of the Board and senior officers to be key management personnel. Transactions with key management personnel are disclosed in note 28 to the Financial Statements for the year ended March 31, 2023.

19. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the year ended March 31, 2023, and the unaudited interim consolidated financial statements for the previous quarters as well as with the audited annual financial statements for the year ended March 31, 2022.

The Company's financial year ends on March 31. All financial data is stated in millions of dollars except for earnings per share and adjusted EPS[1].

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Financial Data ($ millions)								
Revenues	463.9	351.2	300.6	279.3	331.4	253.0	331.0	545.4
Operating income	153.2	87.7	55.9	74.5	173.7	109.2	190.4	400.0
EBITDA[1]	195.7	118.2	84.3	94.9	197.9	122.1	200.0	405.7
Net income	88.2	51.4	19.5	41.6	115.7	68.0	114.6	224.3
Adjusted net income[1]	88.2	54.1	29.3	54.1	121.3	73.0	118.3	225.1
EPS - basic	0.17	0.10	0.04	0.08	0.23	0.13	0.23	0.44
EPS - diluted	0.17	0.10	0.04	0.08	0.22	0.13	0.22	0.43
Adjusted EPS - basic[1]	0.17	0.10	0.06	0.10	0.24	0.14	0.23	0.44
Net cash flow (used in) from operating activities	167.7	13.4	87.1	(32.2)	4.3	104.6	374.1	(12.6)
Operating Data								
Waste mined and hauled (thousands of wmt)	5,024	4,372	4,573	5,606	5,072	5,442	5,300	4,700
Ore mined and hauled (thousands of wmt)	9,194	8,840	8,215	6,193	5,388	5,517	5,714	5,644
Stripping ratio	0.55	0.49	0.56	0.91	0.94	0.99	0.93	0.83
Ore milled (thousands of wmt)	9,055	8,503	8,103	6,022	4,904	5,161	5,680	5,227
Head grade Fe (%)	28.4	28.5	29.5	31.0	30.3	30.6	29.1	29.6
Fe recovery (%)	78.6	80.1	78.6	80.2	82.7	83.9	83.3	82.9
Product Fe (%)	66.1	66.0	66.1	66.1	66.2	66.2	66.3	66.3
Iron ore concentrate produced (thousands of wmt)	3,084	2,963	2,857	2,283	1,869	2,013	2,089	1,936
Iron ore concentrate sold (thousands of dmt)	3,093	2,694	2,793	2,014	1,890	1,832	1,954	1,975
Statistics (in dollars per dmt sold)								
Gross average realized selling price[1]	183.2	171.6	157.0	190.4	207.1	195.0	218.8	279.7
Net average realized selling price[1]	150.0	130.4	107.6	138.7	175.3	138.1	169.4	276.2
C1 cash cost[1]	79.0	76.0	65.9	74.0	60.0	59.5	56.2	60.1
AISC[1]	85.7	86.7	81.9	93.5	70.5	76.0	73.6	72.6
Cash operating margin[1]	64.3	43.7	25.7	45.2	104.8	62.1	95.8	203.6
Statistics (in U.S. dollars per dmt sold)[2]								
Gross average realized selling price[1]	135.5	126.5	120.6	149.6	164.1	154.8	174.6	228.3
Net average realized selling price[1]	110.9	96.1	83.2	108.8	139.1	109.5	134.7	225.5
C1 cash cost[1]	58.4	56.0	50.5	58.0	47.4	47.2	44.6	48.9
AISC[1]	63.4	63.9	62.7	73.2	55.7	60.3	58.4	59.1
Cash operating margin[1]	47.5	32.2	20.5	35.6	83.4	49.2	76.3	166.4

1 This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

2 See the Currency section of this Directors' Report included in section 6 — Key Drivers.

20. Non-IFRS and Other Financial Measures

The Company has included certain non-IFRS financial measures, ratios and supplementary financial measures in this Directors' Report, as listed in the table below, to provide investors with additional information in order to help them evaluate the underlying performance of the Company. These measures are mainly derived from the Financial Statements but do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Management believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to understand the results of the Company's operations. Non-IFRS and other financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The exclusion of certain items from non-IFRS financial measures does not imply that these items are necessarily non-recurring.

Non-IFRS and Other Financial Measures	
Non-IFRS Financial Measures	
EBITDA	Earnings before income and mining taxes, net finance costs and depreciation
Adjusted net income	Net income plus incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs, less gain on disposal of non-current investments, and the related tax effect of these items
Available liquidity	Cash and cash equivalents plus short-term investments plus undrawn amounts under credit facilities
Non-IFRS Ratios	
EBITDA margin	EBITDA as a percentage of revenues
Adjusted EPS	Adjusted net income per basic weighted average number of ordinary shares outstanding
C1 cash cost per dmt sold	Cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs divided by iron ore concentrate sold in dmt
AISC per dmt sold	C1 cash cost plus sustaining capital expenditures and G&A expenses divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price less AISC
Gross average realized selling price dmt sold	Revenues before provisional pricing adjustments and freight and other costs divided by iron ore concentrate sold in dmt
Cash profit margin	Cash operating margin as a percentage of net average realized selling price
Other Financial Measures	
Net average realized selling price or net average realized FOB selling price per dmt sold	Revenues divided by iron ore concentrate sold in dmt
Operating cash flow per share	Net cash flow from (used in) operating activities per basic weighted average number of ordinary shares outstanding

20. Non-IFRS and Other Financial Measures (continued)

EBITDA and EBITDA Margin

EBITDA is a non-IFRS financial measure that allows comparability of operating results from one period to another by excluding the effects of items that are usually associated with investing and financing activities. EBITDA is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments, Bloom Lake Phase II start-up costs, COVID-19-related expenditures and other income or expenses.

EBITDA margin is used for the purpose of evaluating business performance. Management believes this financial ratio is relevant to investors to assess the Company's ability to generate liquidity by producing operating cash flows to fund working capital needs and capital expenditures, and service debt obligations.

EBITDA and EBITDA margin do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2022	2022	2022	**2023**	**2023**
(in thousands of dollars)					
Income before income and mining taxes	70,948	45,511	85,629	**144,457**	**346,545**
Net finance costs	4,190	10,765	1,858	**8,774**	**25,587**
Depreciation	19,792	28,055	30,719	**42,478**	**121,044**
EBITDA	94,930	84,331	118,206	**195,709**	**493,176**
Revenues	279,321	300,621	351,233	**463,913**	**1,395,088**
EBITDA margin	34%	28%	34%	**42%**	**35%**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2021	2021	2021	2022	2022
(in thousands of dollars)					
Income before income and mining taxes	391,393	189,564	108,574	181,312	870,843
Net finance costs	4,387	1,012	3,377	2,269	11,045
Depreciation	9,959	9,437	10,176	14,357	43,929
EBITDA	405,739	200,013	122,127	197,938	925,817
Revenues	545,408	331,006	253,016	331,376	1,460,806
EBITDA margin	74%	60%	48%	60%	63%

Adjusted Net Income and Adjusted EPS

Management uses adjusted net income and adjusted EPS to evaluate the Company's operating performance and for planning and forecasting future business operations. Management believes that these financial measures provide users with an enhanced understanding of the Company's results by excluding certain items that do not reflect the core performance of the Company. By excluding these items, Management believes it provides a better comparability of the Company's results from one period to another and with other mining entities. These financial measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures and ratios presented by other companies.

In line with the Government of Québec's directives, the Company implemented several measures in its efforts to mitigate risks related to the COVID-19 pandemic. Incremental costs related to COVID-19 were mainly comprised of on-site COVID-19 testing and laboratory costs, incremental costs for cleaning and disinfecting facilities, premium payroll costs from adjusted work schedules and additional transportation costs. These costs did not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. Pre-commercial start-up costs for the Phase II project were mainly related to staff mobilization and training costs, and since the commissioning of Phase II, it also included abnormal operational costs attributable to the facility not having reached the normalized level of output. Phase II start-up costs were presented in other expenses in the consolidated statements of income before the commissioning and thereafter in the cost of sales. Management believes these items have a disproportionate impact on the results for the periods.

20. Non-IFRS and Other Financial Measures (continued)

Adjusted Net Income and Adjusted EPS (continued)

Management's determination of the components of adjusted net income and adjusted EPS is evaluated periodically and is based, in part, on its review of non-IFRS financial measures and ratios used by mining industry analysts.

				Three Months Ended	**Year Ended**
	June 30, 2022	September 30, 2022	December 31, 2022	**March 31, 2023**	**March 31, 2023**
(in thousands of dollars except per share)					
Net income	41,554	19,530	51,406	**88,217**	**200,707**
Cash items					
Incremental costs related to COVID-19	840	305	—	**—**	**1,145**
Bloom Lake Phase II start-up costs	19,476	15,391	4,292	**—**	**39,159**
	20,316	15,696	4,292	**—**	**40,304**
Tax effect of adjustments listed above[1]	(7,720)	(5,964)	(1,631)	**—**	**(15,315)**
Adjusted net income	54,150	29,262	54,067	**88,217**	**225,696**
Weighted average number of ordinary shares outstanding - Basic	516,691,000	517,104,000	517,193,000	**517,193,000**	**517,046,000**
Adjusted EPS	0.10	0.06	0.10	**0.17**	**0.44**

				Three Months Ended	Year Ended
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	March 31, 2022
(in thousands of dollars except per share)					
Net income	224,339	114,596	67,997	115,653	522,585
Cash items					
Loss (gain) on disposal of non-current investments	(408)	232	—	—	(176)
Incremental costs related to COVID-19	2,068	1,099	1,366	3,310	7,843
Bloom Lake Phase II start-up costs	—	4,613	7,174	5,965	17,752
	1,660	5,944	8,540	9,275	25,419
Tax effect of adjustments listed above[1]	(889)	(2,228)	(3,501)	(3,617)	(10,236)
Adjusted net income	225,110	118,312	73,036	121,311	537,768
Weighted average number of ordinary shares outstanding - Basic	506,271,000	506,429,000	506,492,000	511,237,000	507,591,000
Adjusted EPS	0.44	0.23	0.14	0.24	1.06

[1] The tax effect of adjustments is calculated using the applicable tax rate.

20. Non-IFRS and Other Financial Measures (continued)

Available Liquidity

Available liquidity is a new non-IFRS measure used by Management to prudently monitor its cash. Available liquidity is comprised of cash and cash equivalents, short-term deposits that mature within twelve months and undrawn amounts under available credit facilities. The Company uses available liquidity to measure the liquidity required to satisfy its lenders, fund capital expenditures and support operations. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

	As at March 31, 2023	As at December 31, 2022
Cash and cash equivalents	**326,806**	165,986
Short-term investments	**312**	312
Undrawn amounts under credit facilities	**346,596**	309,736
Available liquidity	**673,714**	476,034

C1 Cash Cost

C1 cash cost is a common financial performance measure in the iron ore mining industry. Champion reports C1 cash cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flows from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison to other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The cost of sales includes production costs such as mining, processing and mine site-related G&A expenses as well as rail and port operating costs, and is adjusted to exclude incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs presented in cost of sales from the Phase II commissioning in April 2022 to the commencement of commercial production. Depreciation expense is not a component of C1 cash cost.

				Three Months Ended	**Year Ended**
	June 30, 2022	September 30, 2022	December 31, 2022	**March 31, 2023**	**March 31, 2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Cost of sales	169,407	199,841	209,070	**244,444**	**822,762**
Less: Incremental costs related to COVID-19	(840)	(305)	—	**—**	**(1,145)**
Less: Bloom Lake Phase II start-up costs	(19,476)	(15,391)	(4,292)	**—**	**(39,159)**
	149,091	184,145	204,778	**244,444**	**782,458**
C1 cash cost (per dmt sold)	74.0	65.9	76.0	**79.0**	**73.9**

				Three Months Ended	Year Ended
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	March 31, 2022
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	1,889,900	7,650,600
(in thousands of dollars except per tonne)					
Cost of sales	120,846	110,884	110,290	116,658	458,678
Less: Incremental costs related to COVID-19	(2,068)	(1,099)	(1,366)	(3,310)	(7,843)
	118,778	109,785	108,924	113,348	450,835
C1 cash cost (per dmt sold)	60.1	56.2	59.5	60.0	58.9

20. Non-IFRS and Other Financial Measures (continued)

All-In Sustaining Cost

The Company believes that AISC defines the total cost associated with producing iron ore concentrate more accurately as this measure reflects all the sustaining expenditures incurred to produce high-grade iron ore concentrate. As this measure is intended to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions that would increase production capacity or mine life, including economic evaluations for such projects. It also does not include innovation and growth initiative expenses, start-up costs and exploration expenses that are not sustainable in nature, income and mining tax expenses, working capital, defined as current assets less current liabilities, net finance costs, or other income or expenses. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The Company calculates AISC as the sum of C1 cash costs, sustaining capital, including deferred stripping costs, and G&A expenses divided by the iron ore concentrate sold to arrive at a per dmt figure. The AISC excludes the incremental costs related to COVID-19 and the Bloom Lake Phase II start-up costs that are included in the cost of sales. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. The sustaining capital included in the AISC calculation excludes development capital expenditures such as capacity increase projects and studies for future expansion projects.

				Three Months Ended	**Year Ended**
	June 30, 2022	September 30, 2022	December 31, 2022	**March 31, 2023**	**March 31, 2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Cost of sales	169,407	199,841	209,070	**244,444**	**822,762**
Less: Incremental costs related to COVID-19	(840)	(305)	—	**—**	**(1,145)**
Less: Bloom Lake Phase II start-up costs	(19,476)	(15,391)	(4,292)	**—**	**(39,159)**
Sustaining capital expenditures[1]	26,945	36,181	19,495	**9,303**	**91,924**
G&A expenses	12,272	8,564	9,212	**11,466**	**41,514**
	188,308	228,890	233,485	**265,213**	**915,896**
AISC (per dmt sold)	93.5	81.9	86.7	**85.7**	**86.5**

				Three Months Ended	Year Ended
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	March 31, 2022
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	1,889,900	7,650,600
(in thousands of dollars except per tonne)					
Cost of sales	120,846	110,884	110,290	116,658	458,678
Less: Incremental costs related to COVID-19	(2,068)	(1,099)	(1,366)	(3,310)	(7,843)
Sustaining capital expenditures[1]	16,767	26,461	21,985	11,743	76,956
G&A expenses	7,804	7,548	8,323	8,094	31,769
	143,349	143,794	139,232	133,185	559,560
AISC (per dmt sold)	72.6	73.6	76.0	70.5	73.1

[1] Purchase of property, plant and equipment as per the consolidated statements of cash flows are classified into sustaining capital expenditures and other capital development expenditures at Bloom Lake. Sustaining capital expenditures are defined as capital expenditures to sustain or maintain the existing assets to achieve operations as per the mine plan, from which future economic benefits will be derived. Refer to section 10 — Cash Flows of this Directors' Report.

20. Non-IFRS and Other Financial Measures (continued)

Cash Operating Margin and Cash Profit Margin

Cash operating margin per dmt sold is used by Management to better understand the iron ore concentrate margin realized throughout a period. Cash operating margin represents the net average realized selling price per dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin per dmt sold divided by the net average realized selling price per dmt sold. These measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2022	2022	2022	**2023**	**2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Revenues	279,321	300,621	351,233	**463,913**	**1,395,088**
Net average realized selling price (per dmt sold)	138.7	107.6	130.4	**150.0**	**131.7**
AISC (per dmt sold)	93.5	81.9	86.7	**85.7**	**86.5**
Cash operating margin (per dmt sold)	45.2	25.7	43.7	**64.3**	**45.2**
Cash profit margin	33%	24%	34%	**43%**	**34%**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2021	2021	2021	2022	2022
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	1,889,900	7,650,600
(in thousands of dollars except per tonne)					
Revenues	545,408	331,006	253,016	331,376	1,460,806
Net average realized selling price (per dmt sold)	276.2	169.4	138.1	175.3	190.9
AISC (per dmt sold)	72.6	73.6	76.0	70.5	73.1
Cash operating margin (per dmt sold)	203.6	95.8	62.1	104.8	117.8
Cash profit margin	74%	57%	45%	60%	62%

20. Non-IFRS and Other Financial Measures (continued)

Gross Average Realized Selling Price per dmt Sold

Gross average realized selling price is used by Management to better understand the iron ore concentrate price throughout a period. The measure excludes the provisional pricing adjustments on sales contracts structured on a provisional pricing basis and freight and other costs, which enable Management to track the level of its iron ore concentrate price compared to the average P65 index used in the market.

Provisional pricing adjustments represent any difference between the revenue recognized at the end of the previous period and the final settlement price. Excluding this element presents a better understanding of the iron ore price realized on vessels sold during the period. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2022	2022	2022	**2023**	**2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Revenues	279,321	300,621	351,233	**463,913**	**1,395,088**
Provisional pricing adjustments	15,668	20,931	5,205	**(14,325)**	**27,479**
Freight and other costs	88,361	117,131	105,987	**117,137**	**428,616**
Gross revenues	383,350	438,683	462,425	**566,725**	**1,851,183**
Gross average realized selling price (per dmt sold)	190.4	157.0	171.6	**183.2**	**174.7**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2021	2021	2021	2022	2022
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	1,889,900	7,650,600
(in thousands of dollars except per tonne)					
Revenues	545,408	331,006	253,016	331,376	1,460,806
Provisional pricing adjustments	(60,895)	11,229	7,466	(28,769)	(70,969)
Freight and other costs	67,807	85,219	96,849	88,757	338,632
Gross revenues	552,320	427,454	357,331	391,364	1,728,469
Gross average realized selling price (per dmt sold)	279.7	218.8	195.0	207.1	225.9

21. Share Capital Information

The Company’s share capital consists of ordinary shares without par value. As of May 30, 2023, there were 517,193,126 ordinary shares issued and outstanding. In addition, there were 5,261,302 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units, and 15,000,000 ordinary shares issuable pursuant to warrants.

22. Nature of Securities

The purchase of the Company’s securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company’s securities should not be purchased by persons who cannot afford the possibility of loss of their entire investment. Furthermore, an investment in the Company’s securities should not constitute a major portion of an investor's portfolio.

23. Additional Information

Additional information related to the Company is available for viewing under the Company's profile on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

Unless otherwise noted, the following information is for the Company's last completed financial year which ended March 31, 2023 and, since the Company had one or more subsidiaries during that year, is disclosed on a consolidated basis. The information in this Remuneration Report has been audited pursuant to section 308 (3C) of the *Corporations Act 2001* (Cth) ("Corporations Act") of Australia. All monetary amounts are disclosed in Canadian dollars unless expressly stated otherwise.

Certain figures included in this Remuneration Report have been rounded for ease of presentation. Percentage and other figures included in this Remuneration Report have not in all cases been calculated on the basis of such rounded figures but on the basis of such figures prior to rounding. For this reason, percentage and other figures in this Remuneration Report may not sum due to rounding.

Key Management Personnel and Named Executive Officers

In compliance with Section 300A of the Corporations Act and National Instrument 51-102 — Continuous Disclosure Obligations, this Remuneration Report covers Key Management Personnel ("KMP") including Named Executive Officers ("NEO"), who were actively employed by the Company as at the end of the financial year (March 31, 2023).

KMP is defined as "those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of Champion". NEO of the Company means each of the following individuals:

a. the Chief Executive Officer ("CEO") of the Company or each individual who acted in a similar capacity for any part of the most recently completed financial year;

b. the Chief Financial Officer ("CFO") of the Company or each individual who acted in a similar capacity for any part of the most recently completed financial year;

c. each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with applicable law at the end of that financial year; and

d. each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

Key Management Personnel and Named Executive Officers (continued)

The following persons were the KMPs, and NEOs of the Company during the financial year ended March 31, 2023.

Name	Position	Appointment Date
David Cataford (NEO and KMP)	CEO	April 1, 2019
Donald Tremblay (NEO and KMP)[1]	CFO	September 12, 2022
Alexandre Belleau (NEO and KMP)[2]	Chief Operating Officer	July 22, 2020
Steve Boucratie (NEO and KMP)[3]	Senior Vice-President, General Counsel and Corporate Secretary	September 9, 2021
Michael Marcotte (NEO and KMP)[4]	Senior Vice-President, Corporate Development and Capital Markets	September 9, 2021
Natacha Garoute (NEO and KMP)[5]	Former CFO	August 13, 2018
Michael O'Keeffe (KMP)[6]	Executive Chairman	April 1, 2019
Andrew J. Love (KMP)	Non-Executive Director and Lead Director	April 9, 2014
Gary Lawler (KMP)	Non-Executive Director	April 9, 2014
Michelle Cormier (KMP)[7]	Non-Executive Director	April 11, 2016
Jyothish George (KMP)	Non-Executive Director	October 16, 2017
Louise Grondin (KMP)	Non-Executive Director	August 27, 2020
Wayne Wouters (KMP)	Non-Executive Director	November 1, 2016

Notes:

(1) Mr. Tremblay was appointed as Chief Financial Officer of the Company on July 4, 2022, effective September 12, 2022.

(2) Mr. Belleau was promoted to Chief Operating Officer of the Company on July 22, 2020. Prior to that, he had been General Manager of Projects and Innovation of the Company since 2017.

(3) Mr. Boucratie was promoted to Senior Vice-President, General Counsel and Corporate Secretary on September 9, 2021. Prior to that, he had been Vice-President, General Counsel and Corporate Secretary of the Company and an NEO since 2019.

(4) Mr. Marcotte was promoted to Senior Vice-President, Corporate Development and Capital Markets of the Company on September 9, 2021. Prior to that, he had been Vice-President, Investor Relations of the Company since 2018.

(5) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022.

(6) Mr. O'Keeffe was appointed Executive Chairman on August 13, 2013, and CEO on October 3, 2014. Mr. O'Keeffe stepped down as CEO on April 1, 2019, and continues in his role as Executive Chairman.

(7) Ms. Cormier was appointed to the Board in 2016 as a nominee of WC Strategic Opportunity, L.P. ("Wynnchurch") pursuant to certain board nomination rights granted by the Company in favour of Wynnchurch in connection with a private placement of ordinary shares completed on April 11, 2016. Following the disposition of ordinary shares by Wynnchurch that was publicly announced by Wynnchurch on August 2, 2021, Wynnchurch is no longer entitled to nominate a candidate for election or appointment to the Board such that Ms. Cormier is no longer considered to be a director nominee of Wynnchurch.

The term "executives" refers to the Company's NEOs and the members of the Company's senior management team from time to time.

A. Role of Remuneration, People and Governance Committee

In January 2023, the Board conducted a review of its committees and related policies and charters which, among other things, resulted in the Remuneration and Nomination Committee being designated as the Remuneration, People and Governance Committee in order to reflect the role and responsibilities of the committee. The Remuneration, People and Governance Committee advises the Board on matters relating to corporate governance, remuneration, people and diversity, and board nomination and performance. Among other responsibilities, the Remuneration, People and Governance Committee assists the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for directors and senior executives. The committee is notably responsible for setting policies for senior executives' remuneration and reviewing the salary levels of senior executives, and making recommendations to the Board on any proposed increases in compensation. As at March 31, 2023, the Remuneration, People and Governance Committee was comprised of Gary Lawler (Chair), Andrew J. Love, Louise Grondin and Michelle Cormier, each of whom is an independent director and has direct knowledge and experience that is relevant to his or her responsibilities in executive compensation and governance as set out below. Since April 10, 2023, Andrew Love is no longer a member of the Remuneration, People and Governance Committee. The Remuneration, People and Governance Committee has access to independent experts to provide advice in the conduct of its duties.

A. Role of Remuneration, People and Governance Committee (continued)

The current Committee members are:

Gary Lawler (Chair) - Mr. Lawler has over 40 years of experience as a practicing corporate lawyer and has been a partner in a number of leading Australian law firms. Mr. Lawler has been a director of, and involved in compensation and governance matters for, numerous listed companies throughout the years.

Michelle Cormier - Ms. Cormier is a CPA with over 30 years of experience in senior-level executive positions in management, including financial management, corporate finance, turnaround and strategic advisory situations and human resources. Ms. Cormier has a strong capital markets background, with significant experience in public companies listed in the United States and Canada.

Louise Grondin - Ms. Grondin is working as an independent consultant after retiring from Agnico Eagle Mines Ltd. In January 2021. Over her almost twenty years with Agnico Eagle, she held various leadership positions as Senior Vice President, People and Culture, Senior Vice President Environment, Sustainable Development and People, Regional Director Environment and Environmental Superintendent.

The Remuneration, People and Governance Committee makes recommendations to the Board on the executive remuneration framework and the remuneration level of executives including all awards under the long-term incentive plan, and the short-term incentive award and remuneration levels for directors. The aim is to ensure that remuneration policies align with the long-term objectives of the Company, are fair and competitive and reflective of generally accepted market practices of its peers.

B. Remuneration Philosophy & Approach

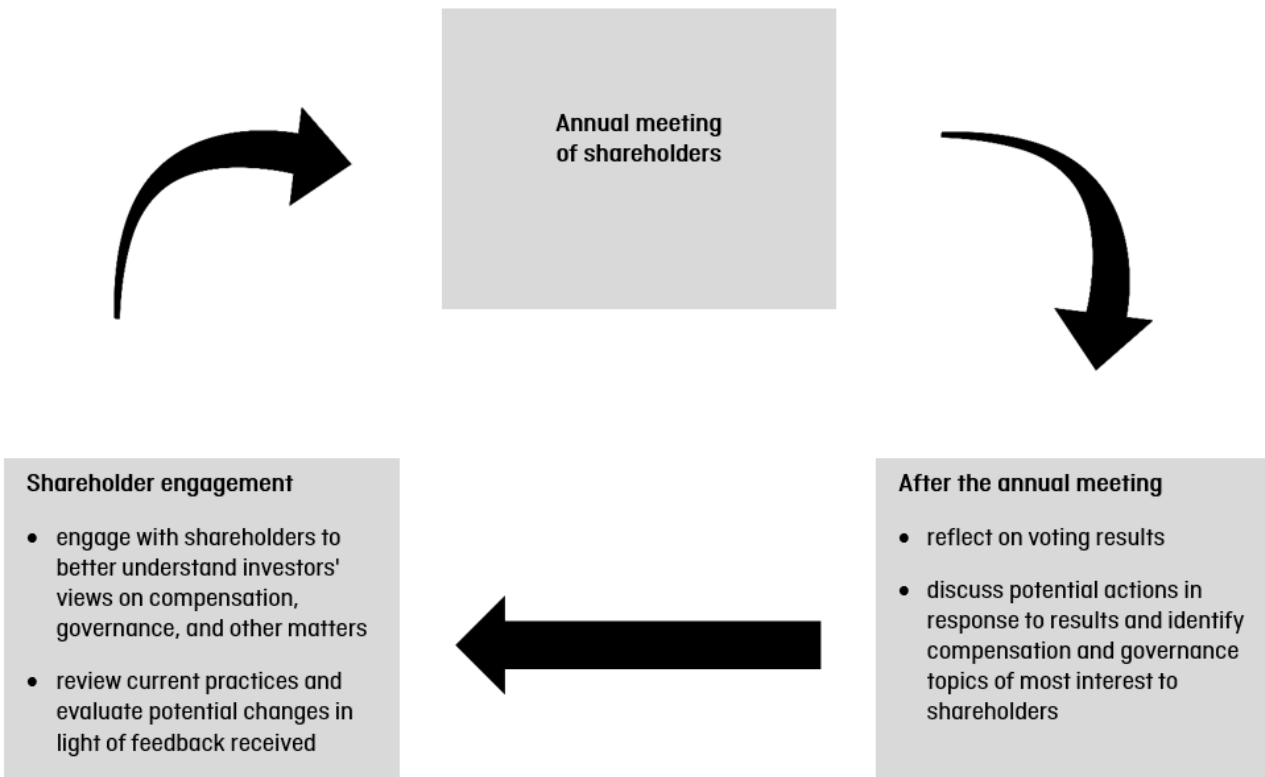
The objective of Champion's executive remuneration program and strategy is to attract, retain and motivate talented executives and provide incentives for executives to create sustainable shareholder value over the long term, by driving a performance culture that is closely aligned to the achievement of the Company's strategy and business objectives. To achieve this objective, executive remuneration is designed and based on the following principles:

- **To align with Champion's business** - reflect the Company's strategic goals and performance as an iron ore exploration, development and, particularly, a production company. Accordingly, executive performance targets are directly aligned with activities that create long-term shareholder value by developing and operating iron ore assets efficiently and effectively to generate free cash flow from shareholder capital deployed and share appreciation in recognition of that investment, and by adopting and implementing sustainability practices for the benefit of the communities in which the Company operates, its workforce and its various stakeholders;
- **Pay competitively** - reflect each executive's performance, expertise, responsibilities and length of service to the Company and to set overall target remuneration to ensure it remains competitive and reflective of generally accepted market practices of the Company's peers and the markets in which it employs people. Although the Company is incorporated under the Corporations Act, as of March 31, 2023, almost exclusively all of the Company's workforce is located in the Province of Québec, Canada, such that the Company's executive remuneration program and strategy is intended to remain competitive within that market;
- **Pay for performance** - align with Champion's desire to create a performance culture and create direct tangible relationships between pay and performance. Champion does not "pay for failure" nor does it incentivize undue risk taking to achieve performance objectives;
- **To align with Shareholder interests** – align the interests of executives with those of the shareholders of the Company (the "Shareholders") through a compensation structure where the majority of an executive's compensation is "at risk", as short-term incentive (bonus) and long-term incentive remuneration are tied directly or indirectly to Company performance and relative and/or absolute shareholder returns. Specifically, the use of awards which increase in value when the Company's share price performance exceeds that of its peers and reduces in value when it trails the performance of its peers. In addition to financial alignment, Champion believes in the importance of aligning executive interests with Shareholders' Environmental, Social and Governance ("ESG") expectations. Consistent with our commitment to sustainable development, the compensation plan for the financial year ended March 31, 2023 incorporated operational performance with 25% of total bonus awards under the short-term incentive plan tied to sustainability targets designed to protect the safety, health and well-being of employees, stakeholders and the environment; and
- **Corporate governance** - continually review and, as appropriate for Champion, adopt executive remuneration practices that align with current market practices in the North American mining industry and the competitive landscape, and provide Shareholders with robust disclosure to enable them to fully evaluate compensation practices.

B. Remuneration Philosophy & Approach (continued)

The Remuneration, People and Governance Committee has implemented a compensation regime that is structured to reflect the above objectives. Executive remuneration consists of a combination of salary, annual performance bonus awards or short-term incentives and longer-term equity-based incentives. A foundation principle of the Company's remuneration philosophy is the promotion of a strong "performance culture" within senior management. The Company's Remuneration Reports over the last five years have received strong support from Shareholders at the 2018-2022 Annual General Meetings, with a five-year average of more than 85% of votes cast in favour of the respective Remuneration Reports.

The Board recognizes the importance of engaging in constructive communications with the Company's Shareholders and values their input and insights. The Board's approach to shareholder engagement is summarized in the diagram below.



Shareholder engagement continued to be a key priority for the Company during the financial year ended March 31, 2023. Our engagement and open communication were re-enforced in light of the proxy advisory vote on executive compensation pertaining to the Company's executive compensation program for the financial year ended March 31, 2022. Among other initiatives, the Board reviewed the reports of proxy advisory firms and coordinated engagement with certain of its investors, which involved meetings and exchanges to ensure feedback was solicited and received on compensation, governance, and other matters. Among other topics discussed, the Company had discussions with Shareholders relating to the performance of management of the Company against its objectives and the performance-related elements of the compensation of the officers of the Company which is subject to key performance indicator (''at risk''). The Company also discussed with certain investors the impact of the Company being subject to Australian proxy voting guidelines, which guidelines are in certain cases more restrictive and not aligned with equivalent guidelines applicable to the compensation of Canadian public companies and their Canadian executives. While the Company aims to align its approach to governance with best practices for Australia, being its country of incorporation and which defines applicable proxy advisory firms guidelines, the Company also needs to implement best practice elements in relation to the region in which it operates as almost exclusively all of the Company's employees are located in the Province of Québec, Canada. Many shareholders expressed support during those engagement meetings for the performance of management of the Company and its compensation practices, indicating that such practices need to remain competitive and reflective of generally accepted Canadian market practices. The vast majority of engaging shareholders also acknowledged the work and performance of the Company's management and the Board, which has resulted in substantial corporate growth over recent years.

B. Remuneration Philosophy & Approach (continued)

In determining the level of annual performance bonus awards, the Remuneration, People and Governance Committee takes into account overall corporate performance against predetermined performance objectives and metrics. In setting equity-based incentive awards, the Remuneration, People and Governance Committee establishes time-based and performance-based vesting criteria in line with retention and reward objectives. If it is deemed appropriate, the Remuneration, People and Governance Committee has the authority to seek advice from outside consultants. A more detailed explanation of the various components of executive remuneration can be found at paragraph "Elements of Executive Remuneration" below.

Based on these assessments and within the context of pay for performance principles, the Remuneration, People and Governance Committee makes its recommendations to the Board for approval. These recommendations may reflect factors and considerations other than those indicated by market data or provided by advisors, including a consideration of prevailing economic conditions - both on a corporate level and on national and international levels, industry norms for such awards and other elements of executive compensation.

The Remuneration, People and Governance Committee and the Board as a whole have discretion to reward above the noted plan parameters when an individual or team has made an exceptional contribution to the performance of the Company. Compensation is about incentivizing the right behaviour and Champion does not want to cap the incentive to outperform.

The Remuneration, People and Governance Committee has considered the implications of the risks associated with the Company's remuneration program by structuring executive remuneration in which a significant portion of overall remuneration is subject to the achievement of certain milestones, including: (i) criteria relating to annual performance, in the case of bonus payments, (ii) vesting periods for restricted share units ("RSUs"), which vest over three years, and (iii) the achievement of performance criteria over a period of three years or, in the case of a portion of the grants made during the financial year ended March 31, 2022, the achievement of key milestones to successful completion of Phase II (as defined below), for performance share units ("PSUs") under the Company's Omnibus Plan (as defined below).

The Remuneration, People and Governance Committee evaluates all executive compensation policies and programs with a view to confirming that the policies and programs do not drive behaviours that would result in inappropriate or excessive risk taking, and that the Company's compensation policies and practices do not result in identified risks that are likely to have a material effect on the Company. This evaluation process focuses on, among other things, strategic and operational risks; compliance risk; reputational risk; and financial and economic risks. Risks are assessed and considered on both an individual element basis and in totality.

Policies of the Company include certain prohibitions which prevent KMPs from engaging in short-term dealings or short selling or margin lending or other secured financing arrangements in respect of the Company's securities without the prior approval of the Senior Vice-President, General Counsel and Corporate Secretary and the Executive Chairman. KMPs are prohibited from engaging in derivatives in respect of ordinary shares of the Company (such as put and call options), or any other hedging or equity monetization transaction in which the individual's economic interest and risk exposure in ordinary shares is changed (such as collars or forward sales contracts).

The Board will continue to review executive remuneration to ensure that it continues to align with the Company's strategy, motivate management, reflect market practices in the North American mining industry and support the delivery of sustainable long-term returns to shareholders. As part of the review process, the Board will continue to engage with major Shareholders, and receive advice from independent experts.

C. External Advice

Until December 2021, the Board had hired Mercer Canada Limited ("Mercer") to provide independent, third-party analysis and advice on the remuneration levels and practices for the Company's executive team as well as the remuneration for the Board of Directors. After having completed a comprehensive search, the Company retained Meridian Compensation Partners LLC ("Meridian") to assist in such matters, effective as of December 2021. Mercer provided advice and recommendations on the remuneration program for KMPs during the financial year ended March 31, 2022, and Meridian provided advice and recommendations on the remuneration program for KMPs during each of the financial years ended March 31, 2023, and March 31, 2022. In addition, during the 2022 financial year, Compensation Governance Partners Inc. ("CGP") provided compensation advice to the Company, including by assisting the Board in establishing vesting criteria tied to the achievement of milestones to the successful completion of Phase II for a portion of the PSUs granted during such year under the Omnibus Plan. The Remuneration, People and Governance Committee exercises oversight over the retention of and interaction with remuneration consultants to ensure that remuneration recommendations are made free from undue influence by the KMPs to whom they relate.

C. External Advice (continued)

The table below provides an overview of the total fees paid to Mercer, Meridian and CGP for services rendered during the financial years ended March 31, 2023 and 2022.

(in Canadian dollars)		2023		2022
Mercer				
Fees for services related to executive team and Board of Directors compensation	$	—	$	48,500 [1]
All other fees	$	35,550 [2]	$	39,518 [2]
Total	$	35,550	$	88,018
Meridian				
Fees for services related to executive team and Board of Directors compensation	$	141,684	$	115,918
All other fees	$	—	$	—
Total	$	141,684	$	115,918
CGP				
Fees for services related to executive team and Board of Directors compensation	$	—	$	47,196
All other fees	$	12,609 [3]	$	—
Total	$	12,609	$	47,196

Notes:

(1) During the financial year ended March 31, 2022, Mercer was paid fees of $48,500 for services rendered during the financial year ended March 31, 2021, which related to the compensation of the executive team and the Board of Directors.

(2) During the financial year ended March 31, 2023 and March 31, 2022, Mercer was paid advisory fees of $35,550 and $39,518, respectively, for other services (including providing advice as to salaries of employees other than the executive team).

(3) During the financial year ended March 31, 2023, CGP was paid advisory fees of $12,609 for other services (including providing advice as to salaries of employees other than the executive team).

D. Compensation Peer Group Selection and Benchmarking

When developing and implementing compensation packages for KMPs, it is standard practice to benchmark total compensation for KMPs against a group of companies at similar stages of development, operations, regional geography and of similar size in terms of market capitalization and revenue (peer group).

In order to implement market-competitive compensation arrangements for Champion's executive team, the Company's independent directors and the Remuneration and Nomination Committee (now the Remuneration, People and Governance Committee) identified a peer group of mining companies with similar operations in consultation with Meridian. The Remuneration and Nomination Committee (now the Remuneration, People and Governance Committee) has approved the following compensation peer group for the financial year ended March 31, 2023, that includes 13 similarly-sized publicly-traded mining peers that are generally within 0.5x to 2x of Champion's market capitalization and/or total revenues:

Alamos Gold Inc. - Centerra Gold Inc. - Pretium Resources Inc. - SSR Mining Inc. - Endeavour Mining plc - New Gold Inc. - Capstone Mining Corp. - Yamana Gold Inc. - IAMGOLD Corp. - HudBay Minerals Inc. - Eldorado Gold Corp. - Equinox Gold Corp - Torex Gold Resources Inc.

In order to benchmark relative total shareholder return for purposes of performance share units grants, the Company's independent directors and the Remuneration, People and Governance Committee also identified a second peer group of mining companies further described under the heading "Long-Term Incentives – Equity Incentives - RSU and PSU Grant".

E. Key Achievements of the Named Executive Officers in the Financial Year Ended March 31, 2023

Following the successful acquisition and commissioning of the Bloom Lake mine in Québec, Canada, Champion became a producing company in the 2018 calendar year. This milestone, in addition to a series of other strategic acquisitions in the region, contributed to the growth of Champion's market capitalization and cash flows over that period which benefited Shareholders. Additionally, the Company focused on integration of sustainability principles in its day-to-day operations and decision-making, in line with its commitment to deploy industry best practices in environmental, social and governance responsibilities. During the financial year ended March 31, 2023, management of the Company continued to deploy its vision and execute on its long-term strategy, including the completion and commercial production of the Bloom Lake Phase II expansion project ("Phase II") declared in its financial third quarter 2023, which is expected to double Bloom Lake's nameplate capacity to 15 Mtpa.

Key achievements of the management team during the financial year ended March 31, 2023 include:

- Annual production of 11.2 million wmt of high-grade 66.1% Fe concentrate, representing an increase of 41% year-on-year;
- Achieved revenues of $1,395.1 million, and annual EBITDA[1] of $493.2 million;
- Achieved commercial production of the Phase II concentrator in December 2022;
- Announced positive results of the feasibility study for Phase II, evaluating flowsheet modifications to the Phase II plant and infrastructure required to upgrade its current production to Direct Reduction Pellet Feed ("DRPF") grade iron ore, resulting in an average life of mine production of approximately 7.5 Mtpa of DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2%. Further to the positive findings of the feasibility study for Phase II, the Board approved an increase of $52 million to the initial budget of $10 million announced on January 26, 2023, in order to maintain the project's estimated 30-month construction period and a potential commissioning of the project in the second half of the calendar year 2025;
- Entered into an agreement with respect to the acquisition by the Company, via a wholly-owned subsidiary, of the Pointe-Noire Iron Ore Pelletizing Facility located in Sept-Îles, adjacent to the port facilities that the Company currently uses;
- Continued to evaluate organic growth opportunities, including the Kami Project's feasibility study which is evaluating the project's capability to produce a Direct Reduction ("DR") grade pellet feed product, and a feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility (the "Pellet Plant") and its ability to produce DR grade pellets, in collaboration with a major international steelmaking partner;
- Employee recordable injury frequency rate of 1.53 for the year, down significantly from 2.98 last year and better than Québec's open pit industry performance;
- Dividend of $0.10 per ordinary share declared on October 26, 2022 (Montréal time), in connection with the semi-annual results for the period ended September 30, 2022, and dividend of $0.10 per ordinary share declared May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), in connection with the annual results for the financial year ended March 31, 2023;
- Optimized the Company's 2022 Sustainability Report, incorporating industry best practice disclosure frameworks, specifically, the Global Reporting Initiative, Sustainability Accounting Standard Board and Task Force on Climate-Related Financial Disclosure; and
- ESG initiatives, including (i) partnership with Innu Takuaikan Uashat Mak Mani-Utenam and Comité sectoriel de main d'oeuvre de l'industrie des mines, to implement training programs aimed at increasing collaboration between Innu partners and the Company; (ii) organization of workshops and commemoration activities aimed at familiarizing the Company's employees with the Innu culture as part of an annual commitment, in line with the Company's values; and (iii) welcoming the members of six indigenous groups as participants of the 2023 First Nations Expedition when it stopped at Bloom Lake in March 2023, during their 4,500 km journey that carried the message of reconciliation, healing and hope.

[1] Non-IFRS financial measure or ratio with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

F. Remuneration of Executive Chairman

Mr. O'Keeffe was CEO and Chairman of the Board for the period of August 13, 2013 to March 31, 2019. On April 1, 2019, as part of the implementation of Champion's succession plan, Mr. O'Keeffe stepped down as CEO and was named Executive Chairman of the Board of Directors. In view of his ongoing contribution to the affairs of the Company as well as the responsibilities and duties performed, Mr. O'Keeffe remained a member of the executive team for the financial year ended March 31, 2023. For the financial year ended March 31, 2023, Mr. O'Keeffe was paid an annual base salary in the amount of $571,779 but was not eligible to receive annual short and long-term incentives in the form of annual bonus or equity-based compensation. In addition, for the financial year ended March 31, 2023, Mr. O'Keeffe received non-monetary compensation in the amount of $35,971 paid to a superannuation on behalf of the KMP.

G. Elements of Executive Remuneration

As is the prevailing practice in the mineral exploration and mining industry, remuneration of the NEOs is comprised of four components:

a) base salary (fixed);
b) short-term incentive ("STI") in the form of annual bonus awards (at-risk);
c) long-term incentive ("LTI") in the form of equity-based compensation (at-risk); and
d) personal benefits and perquisites (fixed).

The Remuneration, People and Governance Committee determined the following elements to be key to executive compensation for the 2023 financial year.

H. 2023 Executive Performance Metrics and Incentives

Overall Company Strategic Objective:	• To maximize operational performance and continue its organic growth.
Key Deliverables:	The executive team needed to: • deliver operational performance while ensuring strict adherence to the Company's safety culture and the continuing integration of the Company's sustainability principles in its day-to-day operations and decision-making; and • pursue the Company's organic growth, including by continuing work towards, and achieving, commercial production and nameplate capacity of the Phase II expansion of the Bloom Lake Mine, its flagship asset.
Short-term Incentives: (Annual Bonus)	• The target bonus was set as a percentage of each NEO's base salary. The actual bonus was dependent on performance against agreed baseline benchmarking.
Long-term Incentives: (RSUs)	• The Company utilized time vesting RSU grants to incentivize and retain the executive team in accordance with Canadian practice for the compensation of executives of public companies.
Long-term Incentives: (PSUs)	• The Company utilized PSU grants, the vesting of which is based on the performance of the Company against a set of peer companies and certain performance conditions compared to internal targets over a 3-year period.

i) Base Salary

The Company provides executive officers with base salaries that represent a fixed element of compensation and their minimum compensation for services rendered or expected to be rendered. The base salary of executive officers depends on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, competitiveness and the Company's existing financial resources. Base salaries are determined annually based on the Remuneration, People and Governance Committee's recommendations to the Board. In making its recommendations, the Remuneration, People and Governance Committee, with the assistance of third-party advisors, annually reviews the base salaries of the Company's executive officers against the base salaries of executive officers in comparable positions at public companies in our peer group of mining companies.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

i) Base Salary (continued)

Base Salary for the Financial Year Ended March 31, 2023

The NEO's base salaries are intended to be competitive with those paid in the North American mining industry and align with the Company's performance. There had been minimal salary increases in the years preceding the commencement of production by the Company. In the context of recognizing achievements contributing to significant shareholder value, it is crucial to retain the executive team that contributed to value creating drivers over the years including:

- Successful recommissioning of the Bloom Lake mine Phase I on time and on budget in the 2018 calendar year;
- A series of asset consolidations in the Labrador Trough, including repurchase of a minority stake in the Bloom Lake mine and the Kami project, and infrastructure in the region, including the Pointe-Noire Pellet Plant;
- Commitment to sustainable management of the business, highlighted by conservative management of the COVID-19 pandemic throughout deploying growth projects and no significant environmental issues since the recommissioning of Bloom Lake in 2018;
- Diligent management of the business, including several refinancings to maintain a healthy financial situation throughout the delivery of growth projects, and return to shareholders via dividends;
- Delivery and ongoing feasibility studies on several organic growth projects;
- Successful commissioning of the Phase II expansion project in late April 2022, leading to commercial production in December 2022; and
- Creation of over 1,000 high quality jobs since commissioning of the Bloom Lake mine, and being the largest employer of First Nations in the Québec Côte-Nord region.

The CEO's base salary increased by $36,000 (representing an increase of 4%) in 2023. The compensation is generally aligned with the median of the comparator group.

The salary for the financial year ended March 31, 2023, for each NEO is set out in a table under the heading "2023 Remuneration Awards for the Named Executive Officers".

ii) Short-Term Incentives (Annual Bonus)

Target bonus levels (as a percentage of salary) are established to achieve total cash compensation (salary + bonus) at the median of the market when performance is at target levels. In determining annual bonus awards, Champion aims to achieve certain strategic objectives and milestones, which are further described below. An annual target performance bonus award is set for each NEO. The actual performance bonus paid in any year will be based on the performance of the NEOs against pre-determined Key Performance Indicators ("KPIs"). KPIs will reflect key deliverables for a particular year.

The STI is an annual incentive plan designed to reward executives for meeting or exceeding financial and non-financial objectives over a one-year period. The STI has been designed to foster an organizational culture of collaboration, co-operation and mutual respect which supports the objective of a long-term outperformance in both the financial and non-financial areas of the business, mainly with annual measures linked to the business strategy, set at levels that are challenging, yet achievable.

Bonus Awards for the Financial Year Ended March 31, 2023

For the financial year ended March 31, 2023, the Board set a target bonus for each NEO as follows, based on Meridian's recommendation:

NEO	Target Bonus (% Salary)[1]
David Cataford	125%
Donald Tremblay	90%
Alexandre Belleau	90%
Steve Boucratie	80%
Michael Marcotte	70%

Note:
(1) As a percentage of base salary for the financial year ended March 31, 2023.

H. 2023 Executive Performance Metrics and Incentives (continued)

ii) Short-Term Incentives (Annual Bonus) (continued)

Bonus Awards for the Financial Year Ended March 31, 2023 (continued)

Directors who are not NEOs have not received any bonus awards.

For the financial year ended March 31, 2023, the following financial and operating KPIs were established and evaluated:

- 45% of total bonus - Financial performance objectives set against the budget for the financial year ended March 31, 2023:
  - EBITDA[1]: The EBITDA target was selected as it is a direct financial measurement of the Company's performance, providing a strong alignment to the interests of Shareholders. It provides a strong reflection of production delivery, operational efficiency and cost management.
  - Free cash flow ("FCF")[1]: FCF was selected as it is a highly relevant short- and long-term measure. It reflects cost and capital management and production efficiencies, before Phase II payments.
- 30% of total bonus: based on meeting the Phase I production volume during the financial year ended March 31, 2023, of 7,869,000 dmt at a total cash cost[1] per tonne sold of $64.0/dmt. The Board selected production volume and production costs as key performance metrics given that high production volume and costs efficiency represent meaningful operating measures for an iron ore producer.
- 25% of total bonus: based on overall performance imperatives comprising sustainable development objectives and health and safety targets including no fatalities and minimal time lost due to injuries. Such performance criteria were selected to address the health and safety, sustainability and environmental goals of the Company, for the benefit of the local communities in which it operates.

The Board also determined that all objectives were subject to a gradation scale allowing them to be met either at 0% or anywhere from 50% to 150%. No amount of STI is payable in relation to a KPI unless the minimum performance level for that KPI is met. As a result of the application of the gradation scale (0% to 150%) to the target bonus (as a % of salary), the total annual bonus payable to the NEOs is capped at 187.5% of base salary for the CEO, 135% of base salary for the CFO and Chief Operating Officer, 120% of base salary for the Senior Vice-President, General Counsel and Corporate Secretary, and 105% for the Senior Vice-President, Corporate Development and Capital Markets.

The Budget for the financial year ended March 31, 2023, was approved in March 2022, as part of the regular Board approval timetable. At such time, the iron ore price assumptions were set through a consensus of various industry experts market iron ore price forecasts for the forthcoming year, plus a critical assessment and scenario analysis on forward looking operational performance assessed by management. Both the timeline and budget preparation approach were consistent with previous years, although the 2023 budget process was against a backdrop of significant uncertainty in the global economy due to the ongoing impacts of the COVID-19 pandemic, the Russia-Ukraine conflict and the inflationary environment. The targets for the STI program for the year ended March 31, 2023, were recommended by the Remuneration, People and Governance Committee to the Board, and approved by the Board, in May 2022.

Following the end of the year ended March 31, 2023, the Remuneration, People and Governance Committee and the Board reviewed the results and contemplated payout under the STIP. Based on the targets set in April 2022, payout factor under the STIP would have been 33.5% for each NEO. However, the Remuneration, People and Governance Committee and the Board have the discretion to make changes to bonuses awarded to NEOs and other eligible employees under the Company's short term incentive program if it is determined the circumstances so warrant. For the financial year ended March 31, 2023, in light of the of the difficult macroeconomic conditions, including the inflationary environment and strong market volatility, as well as the strong headwinds faced by the iron ore industry during the year, all of which contributed to the assumptions used to set the targets for the STI program being significantly different than the actual conditions faced by the Company during the year, the Board, following recommendation from the Remuneration, People and Governance Committee, decided to use its discretion and increase the payout under the STIP to 50%. The Board determined that such increase was reasonable and appropriate in the circumstances given the executive team's outstanding work during a year where the Company, the iron ore industry and the economy in general faced strong headwinds and given the importance of incentivizing the management team to carry out the Company's growth strategy.

As outlined below, the Company achieved EBITDA[1] of $493.2 million in the financial year ended March 31, 2023.

[1] Non-IFRS financial measure or ratio with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

H. 2023 Executive Performance Metrics and Incentives (continued)

ii) Short-Term Incentives (Annual Bonus) (continued)

Bonus Awards for the Financial Year Ended March 31, 2023 (continued)

The following bonus score card table outlines the weighting, performance objectives, actual results and payout factor for the bonus awards for the financial year ended March 31, 2023.

KPIs	Weighting	Minimum Threshold (50% Performance Level)	Target (100% Performance Level)	Stretch (150% Performance Level)	Actual Results	Payout Factor
EBITDA[1] ($ million)	25%	$ 963	$ 1,204	$ 1,409	$ 493 [1]	— %
FCF[1] before Phase II Payments ($ million)	20%	$ 503	$ 535	$ 557	$ 115 [1]	— %
Phase I Production (dry metric tonnes)	15%	7,632,000	7,869,000	8,105,000	6,582,000	— %
Total Cash Cost[1] ($ per tonne)	15%	68	64	60	74 [1]	— %
Meet Sustainable Development Objectives[2]	10%	2 objectives	3 objectives	5 objectives	5 objectives	15 %
Incident Frequency (QIO)	7.5%	3.25	2.50	2.13	1.53	11.25 %
Incident Frequency (Contractor)	7.5%	4.00	3.50	3.40	3.53	7.25 %
Total 2023 Bonus Payout Factor						33.5%(1)

Note:

(1) As further explained above in this section, for the financial year ended March 31, 2023, the Board used its discretion to increase the payout factor under the STIP for the financial year ended to 50%.

The following table sets out the tabulations for bonus awarded to NEOs under the Company's short-term incentive program for the financial year ended March 31, 2023:

NEO	Target Bonus (% Salary)(1)	Weighted Score	Actual Bonus (% Salary)	Annual Bonus ($)
David Cataford	125 %	50 %	63 %	585,000
Donald Tremblay	90 %	50 %	45 %	236,250
Alexandre Belleau	90 %	50 %	45 %	243,000
Steve Boucratie	80 %	50 %	40 %	200,000
Michael Marcotte	70 %	50 %	35 %	140,000

Note:

(1) As a percentage of base salary for the financial year ended March 31, 2023.

In addition, the Board approved on May 30, 2023, a one-time bonus of $750,000 payable to Mr. Cataford in recognition for his outstanding performance during the financial year ended March 31, 2023, and the work achieved on several key projects.

Non-Executive Directors are not eligible to receive any bonus awards, and directors who are not NEOs have not received any bonus awards.

[1] Non-IFRS financial measure or ratio with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

[2] Sustainable development objectives include a total of 5 objectives which relate to (i) onboarding preliminary Task Force on Climate-related Financial Disclosure (TCFD) disclosure practices, (ii) initiation and deployment of a new corporate identity through a re-branding strategy, communications and awareness campaigns, (iii) identifying needs and opportunities within First Nations communities and developing initiatives/programs to improve continuous engagements, (iv) optimizing workplace to adapt to a hybrid model including flexible work programs, training for managers and conducting employee engagement surveys, and (v) improving talent development programs and initiating a succession planning diagnostic.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

iii) Long-Term Incentive - Equity-Based Incentives

Equity-based incentives are a particularly important component of compensation in the mining industry given the long lifecycle of mining and are a critical component of the Company's remuneration philosophy. These plans are designed to align the interests of the NEOs and other participating employees with the interests of Shareholders by linking a component of compensation to the long-term performance of the ordinary shares of the Company (the "Shares") through "at risk" pay. Awards under these arrangements for the NEOs are structured to create total direct compensation (i.e., the combination of salary + bonus + equity-based incentives) at median market positioning, or above median when performance warrants.

The tables under the section "RSU and PSU Grants made in the Financial Year ended March 31, 2023" sets out the tabulation for the NEO LTI awards that were made during the financial year ended March 31, 2023, which took into consideration annual performance for the financial year ended March 31, 2022. Such RSUs and PSUs will vest over a period of three years following the date of grant, and the value of such grants is reported below under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory".

2018 Omnibus Plan

The 2018 Omnibus Incentive Plan (the "Omnibus Plan") provides flexibility to the Company to grant, in addition to stock options, deferred share units ("DSUs"), PSUs, RSUs, and other forms of equity-based incentive awards. Following the initial approval of the Omnibus Plan by the Shareholders at the 2018 annual and special meeting, all grants of equity-based awards are made pursuant to, or as otherwise permitted by, the Omnibus Plan. The Omnibus Plan was re-approved by the Shareholders at the annual shareholder meeting held on August 25, 2021.

The purpose of the Omnibus Plan is to provide eligible persons with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its returns to Shareholders. The Omnibus Plan assists the Company in attracting and retaining skilled and experienced employees and aligns their incentives with the longer-term goals of the Company.

Stock Options

At the discretion of the Board, options may be granted under the Omnibus Plan to NEOs taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive market factors. The Board has the ability to establish the expiry date for each stock option, provided that in no event will the expiry date be later than the date which is ten years following the grant date. Typically, stock options granted by the Board vest one third (1/3) on each of the grant date and 12 and 24-month anniversaries of grant and are issued with a three-year or four-year term before expiring.

No stock options were granted to NEOs during the financial year ended March 31, 2023.

The following table provides the annual burn rate associated with the Omnibus Plan for each of the Company's three most recent financial years ended March 31, 2023, 2022 and 2021:

Equity Compensation Plan	Financial Year Ended March 31,	Number of Securities Granted under the Plan[1]	Weighted Average Number of Securities Outstanding[2]	Annual Burn Rate[3]
Omnibus Plan[4]	2023	1,145,876	517,046,000	0.22%
	2022	2,106,885	507,591,000	0.42%
	2021	2,906,499	478,639,000	0.61%

Notes:

(1) Corresponds to the number of dilutive securities granted under the Omnibus Plan in the applicable financial year.

(2) The weighted average number of securities outstanding during the period corresponds to the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor.

(3) The annual burn rate percent corresponds to the number of dilutive securities granted under the Omnibus Plan divided by the weighted average number of securities outstanding.

(4) The Omnibus Plan came into effect on August 17, 2018.

H. 2023 Executive Performance Metrics and Incentives (continued)

iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan

The following types of awards may be made under the Omnibus Plan: stock options, RSUs, PSUs, DSUs, or other share-based awards (collectively, the "Awards"). All of the Awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting and forfeiture provisions determined by the Board in its sole discretion, and subject to such limitations provided in the Omnibus Plan, and will be evidenced by an award agreement. In addition, subject to the limitations provided in the Omnibus Plan and in accordance with applicable law, the Board may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards, and waive any condition imposed with respect to Awards or Shares issued pursuant to Awards.

Stock Options

A stock option is a right to purchase Shares upon the payment of a specified exercise price as determined by the Board at the time the stock option is granted. The exercise price shall not be less than the "Market Price" of a Share at the time the option is issued, determined as the volume weighted average price on the ASX if the Eligible Person is resident in Australia and otherwise the volume weighted average trading price of the Shares on the TSX, calculated by dividing the total value by the total volume of securities traded during the period of 5 trading days immediately prior to the date of issue.

Stock options may be subject to vesting conditions as determined by the Board. The Board will establish the expiry date for each stock option, provided that in no event will the expiry date be later than the date which is ten years following the grant date. The exercise notice of such option must be accompanied by payment in full of the purchase price for the Shares subject to the options. No Shares will be issued upon the exercise of stock options in accordance with the terms of the grant until full payment for the shares has been received by the Company.

No stock options were granted during the financial year ended March 31, 2023.

Restricted Share Units (RSUs)

A RSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive Shares or cash based on the price of the Shares at some future date.

A RSU will be subject to time-based vesting conditions, timing of settlement and other terms and conditions, not inconsistent with the provisions of the Omnibus Plan, as the Board shall determine; provided that no RSU granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the RSU was granted. When cash dividends are paid by the Company on outstanding Shares, the Company credits additional dividend equivalent RSUs to the participant's account. Dividend equivalent RSUs are subject to the same terms and conditions as the RSUs and vest and are settled at the same time and in the same form as the RSUs to which such dividend equivalent RSUs relate. As is the case for RSUs granted under incentive plans of many TSX-listed issuers, including issuers in the North American mining industry, vesting of the RSUs is based on time-based vesting conditions rather than performance-based vesting conditions. The Company believes that grants of time-based RSUs vesting equally over a three-year period is an effective means of retaining executives by providing compensation packages that remain competitive and reflective of generally accepted market practices of its peers and which reward past performance against pre-established targets and contribute to the Company's annual profitability and growth, and tying executive remuneration to the long-term performance of the Company.

Performance Share Units (PSUs)

A PSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive Shares, or cash based on the price of the Shares, at some future date, subject to the achievement of performance goals established by the Board over a period of time or with respect to certain project-related specific milestones.

The Board has the authority to determine any vesting and settlement terms applicable to the grant of PSUs, provided that no PSU granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the PSU was granted. It is currently intended that PSUs granted under the Omnibus Plan will be subject to such performance-based vesting conditions, as the Board shall determine from time to time, designed to align the participant with the Company's corporate objectives. When cash dividends are paid by the Company on outstanding Shares, the Company credits additional dividend equivalent PSUs to the participant's account. Dividend equivalent PSUs are subject to the same terms and conditions as the PSUs and vest and are settled at the same time and in the same form as the PSUs to which such dividend equivalent PSUs relate.

H. 2023 Executive Performance Metrics and Incentives (continued)

iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

Performance Share Units (PSUs) (continued)

All vesting conditions shall be such that the PSUs will comply with the exception to the definition of “salary deferral arrangement” contained in paragraph (k) of subsection 248(1) of the Income Tax Act (Canada) or any successor provision thereto.

The Company began granting PSUs under the Omnibus Plan during the financial year ended March 31, 2020. The PSUs granted during the financial year ended March 31, 2020 (which took into consideration annual performance for the financial year ended March 31, 2019) vested, in accordance with the applicable performance-based vesting conditions, during the financial year ended on March 31, 2023, and the payout thereunder is disclosed in the section "Corporate Performance Measures, Results and Related Payout during the Financial Year Ended March 31, 2023" below.

Deferred Share Units (DSUs)

A DSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive Shares, or cash based on the price of the Shares, on a future date, provided that in no event shall a DSU be settled prior to the applicable participant’s date of termination of service to the Company. If DSUs are settled in Shares, the rules of the Omnibus Plan require that the Shares be purchased on-market.

DSUs will only be issued to directors of the Company or any of its affiliates who are not employees (the “Directors”). Subject to certain limitations, any Director may, on a bi-annual basis, elect to receive DSUs in lieu of such Director’s annual fees or in lieu of a portion of such Director’s annual fees by giving written notice of such election to the Board. When cash dividends are paid by the Company on outstanding Shares, the Company credits additional dividend equivalent DSUs to the participant’s account. Dividend equivalent DSUs are subject to the same terms and conditions as the DSUs and vest and are settled at the same time and in the same form as the DSUs to which such dividend equivalent DSUs relate.

Other Share-Based Awards

The Board may grant to an Eligible Person, subject to the terms of the Omnibus Plan, such awards, other than those described above, that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Ordinary Shares (including, without limitation, securities convertible into Shares), as are deemed by the Board to be consistent with the purpose of the Omnibus Plan.

The Board deems equity awards as a valuable retention and incentive mechanism for senior management. Retention of executives and highly skilled staff continues to be a high priority for the Company for the following reasons:

- The market for executives with experience in development of mining assets, mining operations in the Province of Québec and public company experience is very competitive;
- It requires a significant amount of lead time for executives to become totally familiar with the Company’s operations and assets; and
- If there is an interruption to production for any number of reasons, the Company needs to be able to restart production in a safe environment as soon as reasonably possible. The necessary skills that have been developed internally to deal with these challenges cannot be procured easily outside the Company.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

RSU and PSU Grants made in the Financial Year ended March 31, 2023

During the financial year ended March 31, 2023, the Board granted PSUs and RSUs to its NEOs under the Omnibus Plan. Such grants were made in June 2022 following the publication of the Company's annual financial results for the financial year ended March 31, 2022. When making such grants, the Board considered the annual performance for the financial year ended March 31, 2022, in determining the size of such grants, and set a target for the long-term incentive for each NEO based on Meridian's recommendation, as further described below. The number of PSUs or RSUs granted was determined according to the volume weighted average price ("VWAP") per Share on the TSX during the period of five trading days immediately prior to the date of grant. The value of such grants is also reported below under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory".

NEO	LTIP Target (% salary)(1)	Value of Annual Equity Awards ($)	RSU ($)	PSU ($)
David Cataford	225 %	2,025,000	810,000	1,215,000
Donald Tremblay(2)	— %	—	—	—
Alexandre Belleau	130 %	650,000	260,000	390,000
Steve Boucratie	120 %	576,000	230,400	345,600
Michael Marcotte	120 %	456,000	182,400	273,600

Notes:
(1) As a percentage of base salary for the financial year ended March 31, 2022.
(2) Mr. Tremblay was appointed as Chief Financial Officer of the Company on July 4, 2022, effective September 12, 2022.

None of the directors who are not NEOs received any grants of RSUs or PSUs in the financial year ended March 31, 2023.

The value of the long-term incentive plan and related grants are reported in a table below under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory" for the applicable financial year in which grants are made, irrespective of whether the performance criteria for vesting had been achieved during such period. The portion of any such long-term incentive awards that vested during any year is shown in the table presented in the section "Incentive Plan Awards - Value Vested or Earned During the Year".

The grants of RSU and PSU awards made during the financial year ended March 31, 2023, consisted of the following components:

- RSU Grant (40% of LTI): vesting equally over a three-year period following the date of grant and subject to no performance hurdles; and
- PSU Grant (60% of LTI): measured against certain performance conditions over the three years commencing on April 1, 2022, and ending on March 31, 2025, and which vest at the end of that three-year period subject to the key performance measures having been met.

The Board established the following key performance measures for the PSUs which the Board believes provide the most suitable link to long-term shareholder value creation. Specifically, the criteria encourage executives to focus on the key performance drivers which underpin the Company's strategy with a view to deliver long-term growth in shareholder value. The potential "maximum" earning opportunity is not expected to be achieved each year, but is designed to only be achieved in respect of exceptional performance or circumstances.

- 40% of the grant based on the performance of the Company's Share price (or total shareholder return ("TSR")) relative to a peer group, between April 1, 2022 and March 31, 2025. The 175% of the TSR portion of the PSU's grant will vest if the Company's TSR reaches the 75% percentile of the peer group, 100% of the TSR portion of the PSUs grant will vest if the Company's TSR is at the 50% percentile of the peer group and 50% of the TSR portion of the PSUs grant will vest if the Company's TSR is at the 37.5% percentile of the peer group. Proportional vesting will occur between the 25% and 75% percentiles. No vesting will occur if Champion's TSR is less than the 25% percentile of the peer group. This approach as to vesting relative to the peer group is customary in the North American mining industry and is taken into account by the Board when determining the overall compensation of NEOs, and the Board believes this approach is appropriate to ensure executive compensation remains competitive and reflective of generally accepted market practices of the Company's peers.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

RSU and PSU Grants made in the Financial Year ended March 31, 2023 (continued)

Relative TSR provides an appropriate, external market performance measure having regard to a peer group of companies with which the Company competes for capital, customers and talent. The use of relative TSR ensures that executives are motivated to deliver returns that are superior to what a shareholder could achieve in the broader market and ensures senior management maintain a strong focus on shareholder outcomes. In order to benchmark relative TSR for purposes of the grants of PSUs made in the financial year ended March 31, 2023, the Company's independent directors and the Remuneration and Nomination Committee (now the Remuneration, People and Governance Committee), in consultation with Meridian, identified a peer group of mining companies with generally similar stage of development operations, annual revenues and market capitalization. The group has been designed to include (i) internationally listed companies that are involved in the same commodity, and (ii) companies that are involved in metallurgical coal, or companies having thermal coal exposure, given its correlation to iron ore (since both are used in the steelmaking process).

29Metals Ltd. (ASX) Capstone Mining Corp. (TSX) Cleveland-Cliffs Inc. (NYSE) Deterra Royalties Ltd. (ASX) Ero Copper Corp. (TSX) Fortescue Metals Group Ltd. (ASX) Grange Resources Limited (ASX) Hudbay Minerals Inc. (TSX) Kumba Iron Ore Ltd. (JSX)	Labrador Iron Ore Royalty Corporation (TSX) Lundin Mining Corporation (TSX) Mineral Resources Ltd. (ASX) Mount Gibson Iron Limited (ASX) OZ Minerals Ltd. (ASX) Sandfire Resources Ltd. (ASX) Stelco Holdings Inc. (TSX) Whitehaven Coal Limited (ASX)

- 60% of the grant based on an actual ratio of cash flow return on capital employed ("ROCE")[1] compared to a target ratio set by the Company. The actual ratio is measured over the three-year period commencing on April 1, 2022, and ending on March 31, 2025, by dividing (i) average EBITDA[1] for each year in the three-year period by (ii) average capital employed (long-term debt plus Champion's consolidated total equity, including options and warrants) for each year in the three-year period. Starting this year, the Board, following the recommendation of the Remuneration, People and Governance Committee, changed the method of calculation of the actual ratio used by the Company by including lease liabilities and excluding cash and cash equivalents up to a certain threshold from "average capital employed". The Board has determined to make such change, which will apply to PSUs to be granted in the financial year ending March 31, 2024, and to PSUs currently outstanding, with a view to better align ROCE[1] calculation with the Company's growth objectives while preserving a responsible approach to liquidity management and avoid penalizing management for non-productive capital adjustments, in line with the intended use of the ROCE[1] metric which is to incentivize capital allocation discipline with a view to align executives' interests with shareholder interests.

  For the PSUs granted in the financial year ended March 31, 2023, if the actual ratio represents more than 120% of the corresponding target ratio based on the Company's budget for the three-year reference period (which was set at 0.46 for the financial year ended March 31, 2023), 175% of that portion of the PSUs grant will vest at the end of the three-year period. If the actual ratio equals the corresponding target ratio based on the Company's budget for the three-year reference period, 100% of that portion of the PSUs grant will vest at the end of the reference period. If the actual ratio is less than the target ratio based on the Company's budget for the three-year reference period, a reduced percentage of this portion of the PSUs grant will vest. Proportional vesting will occur if the actual ratio represents between 70% to 100% of the target ratio. No vesting will occur if the actual ratio is less than 70% of the target ratio based on the Company's budget for the three-year reference period. The Board believes that the use of ROCE[1] as a performance measure allows executive pay to be linked to capital allocation discipline and therefore further aligns executives' interests with shareholder interests.

[1] Non-IFRS financial measure or ratio with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

RSU and PSU Grants made in the Financial Year ended March 31, 2023 (continued)

The following table outlines the payout percentages associated to the specific ranges of actual ratio of ROCE[1], for the PSU grants made during the financial year ended March 31, 2023:

Objectives - ROCE	Vesting of 60% Portion of PSU Grants
0.55 and above	175%
0.46	100%
0.32	75%
Less than 0.32	Nil

The Board believes that the performance criteria for such PSU grants provide the most suitable link to long-term shareholder value creation. Specifically, the performance criteria encourage executives to focus on the key performance drivers which underpin the Company's strategy to deliver long-term growth in shareholder value. Generally, the potential "maximum" earning opportunity is not expected to be achieved each year, but is designed to only be achieved in respect of exceptional performance or circumstances. The value of the long-term incentive grants is reported in a table below under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory", irrespective of whether the performance criteria for vesting had been achieved during such period. The portion of any such long-term incentive awards that vested during any year is shown in the table presented in the section "Incentive Plan Awards - Value Vested or Earned During the Year".

For the financial year ending March 31, 2024, PSU and RSU grants under the Omnibus Plan will be made on or about June 2023, following the publication of the Company's annual financial results. The three-year vesting period during which performance will be tested against the performance based vesting criteria of the PSUs so granted will commence on April 1, 2023, and end on March 31, 2026. With respect to such grants, the Board will set a target for the long-term incentive for each NEO as will be described in the remuneration report of the Company for the financial year ending March 31, 2024, based on Meridian's recommendation.

Corporate Performance Measures, Results and Related Payout during the Financial Year Ended March 31, 2023

During the financial year ended March 31, 2023, PSUs granted during the financial year ended March 31, 2020, which vested over a three-year period subject to the achievement of the applicable performance-based vesting conditions vested at 100% as follows:

Financial Measure	Weighting	Actual Result	Payout Factor[(1)]
ROCE[1]	40 %	0.65	100 %
TSR	40 %	92nd percentile of peer group[(2)]	100 %
Implementation of Strategic Initiatives	20 %	Completed[(3)]	100 %
Total Payout	**100 %**	—	**100 %**

Notes:

(1) As a percentage of base salary for the financial year ended March 31, 2020.

(2) Based on the total shareholder return over the 3-year period ended on March 31, 2022, compared to the Company's PSU peer group average.

(3) Strategic initiatives included initiatives related to the implementation and oversight of the group's strategy, the development of the feasibility study for Phase II, the delivery of productivity initiatives and improvements and advancement of certain exploration strategies, and the alignment of the group's financing arrangements to facilitate initiatives.

[1] Non-IFRS financial measure or ratio with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

iii) Long-Term Incentive - Equity-Based Incentives (continued)

Types of Awards under the Omnibus Plan (continued)

Update on Phase II PSU Grant

During the financial year ended March 31, 2023, certain of the milestones for the PSUs granted during the financial year ended March 31, 2022, for which vesting was aligned with the achievement of key milestones related to the successful completion of the Phase II expansion project were achieved. Vesting for the portions of such PSUs will occur 12 months following each such achievement. The table below indicates payout factor for each milestone that was achieved during the financial year ended March 31, 2023. Payout factor for the remaining portion of the PSUs (which is linked to the achievement of nameplate capacity), will be disclosed in the Company's remuneration report for the financial year ending March 31, 2024.

NEO	Weighting	Target (100% Performance Level)	Actual Result	Payout Factor[1]	Weighted Payout Factor[1]
Construction Milestone[2][3]	28 %	May 1, 2022	April 26, 2022	94%	26.3 %
Incident Frequency during Construction (per 200,000 hours)	12 %	5 incidents	0.5 incident	160%	19.2 %
Commercial Production Milestone[2]	40 %	August 1, 2022	October 4, 2022	65%	26.0 %
Nameplate Capacity Milestone[4]	20 %	January 31, 2023	—	—	— %
TOTAL[5]	**100 %**		—	—	— %

Notes:

(1) As a percentage of base value of equity award, as disclosed in the Company's remuneration report for the financial year ended March 31, 2022.

(2) With respect to the portion of the PSUs the vesting of which was aligned with the Construction and Commercial Production, PSUs would have vested at target if the applicable milestone was completed on or before the applicable target date (which, in the case of the Commercial Production Milestone, was the first day of the 60-day period during which commercial production was achieved), with the possibility of a stretch payout if the milestone was completed on or before the date that was three months before the applicable target date. In each case, only 50% of the PSUs would have vested if the milestone was completed on the date that was three months after the target date, and no vesting would have occurred if the applicable milestone was not completed by the date that was three months after the applicable target date.

(3) Vesting was also subject to completing construction within a certain specific range of the pre-determined budget. If construction would have been completed or for a cost above budget by not more than 15%, 80% of the PSUs would have vested upon completion of construction, and if construction would have been completed for a cost above budget by more than 15%, none of such PSUs would have vested.

(4) As of March 31, 2023, the Company had not achieved nameplate capacity for Phase II. Payout factor with respect to such performance vesting criteria will be disclosed in the Company's remuneration report for the financial year ending March 31, 2024.

(5) Total payout with respect to the PSUs granted during the financial year ended March 31, 2022, for which vesting was aligned with the achievement of key milestones related to the successful completion of the Phase II expansion project will be disclosed in the Company's remuneration report for the financial year ending March 31, 2024.

iv) Retirement Plan Contributions and Personal Benefits

Champion adopted a registered pension plan and a non-registered savings plan for its NEOs. Executive plan design is based on employer contributions solely and calculated on base salary and short-term incentive. Personal group health and life insurance benefits provided to the NEOs are available to all permanent full-time employees of the Company. At the discretion of the Board and based on market-prevalent practices, other perquisites may be provided to NEOs in relation to the specific office held by each NEO.

Eligibility	Upon start of employment for executives
Participation	Compulsory
Employer Contributions	Effective April 1, 2022, 10.5 % of base salary and short-term incentive
Employer Maximum Contributions	Employer contribution up to a maximum of $30,780 for the calendar year 2023 within the registered pension plan, excess is vested in non-registered savings plan.
Vesting	Immediate
Transfers from Other Plans	Permitted in non-registered savings plan

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

iv) Retirement Plan Contributions and Personal Benefits (continued)

The following table lays out, for each NEO, the accumulated value at the start of the financial year, the compensatory value and the accumulated value at the end of the financial year ended March 31, 2023.

Name	Accumulated Value at Start of Year ($)	Employer's Contribution ($)	Employee's Contribution ($)	Accumulated Value at Year-End ($)
David Cataford	520,514	162,677	46,828	730,019
Donald Tremblay[(1)]	—	56,280	11,698	67,978
Alexandre Belleau	280,482	84,233	27,208	391,923
Steve Boucratie	185,847	76,338	25,622	287,807
Michael Marcotte	147,963	53,134	20,776	221,873
Natacha Garoute[(2)]	265,454	9,870	5,640	280,964

Notes:

(1) Mr. Tremblay was appointed as chief financial officer of the Company on July 4, 2022, effective September 12, 2022.

(2) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022.

Directors who are not NEOs are not eligible for, and have not received, any of the retirement plan contributions and personal benefits set out above during the financial year ended March 31, 2023 (except in the case of Mr. O'Keefe, who received non-monetary compensation during the financial year ended March 31, 2023, in the amount of $35,971 paid to a superannuation on behalf of the KMP).

<u>2023 Remuneration Awards for the Named Executive Officers</u>

Annual base salary, bonus, PSU grants and RSU in the financial year ended March 31, 2023, to the NEOs were as follows.

Name	Annual Base Salary ($)	Bonus ($)	Total PSU Grant ($)	Total RSU Grant ($)
David Cataford CEO	936,000	1,335,000	1,215,000	810,000
Donald Tremblay[(1)] CFO	525,000	236,250	—	—
Alexandre Belleau Chief Operating Officer	540,000	243,000	390,000	260,000
Steve Boucratie Senior Vice-President, General Counsel and Corporate Secretary	500,000	200,000	345,600	230,400
Michael Marcotte Senior Vice-President, Corporate Development and Capital Markets	400,000	140,000	273,600	182,400

Note:

(1) Mr. Tremblay was appointed as chief financial officer of the Company on July 4, 2022, effective September 12, 2022.

Further information pertaining to the NEO's remuneration for the past three financial years is found in the section, "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory", below.

<u>Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory</u>

The following table discloses a summary of remuneration earned by each of Champion's NEOs for each of the three most recently completed financial years ended March 31, 2023, 2022 and 2021. As described in the footnotes to the summary remuneration table, amounts presented under the columns entitled Share-based Awards and Option-based Awards reflect the full fair values of the awards as measured at their respective grant dates. Accordingly, the amounts presented thereunder are not reflective of the related accounting expense for the current financial year. Refer to Section K "Details of Total Statutory Remuneration for KMP (NEOs and Directors)" on page 95 for the statutory remuneration table for this financial year as calculated with reference to the Corporations Act, Australian Accounting Standards and International Financial Reporting Standards.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory (continued)

The value of an incentive award is included below in the year during which the grant of the award was made. Further information pertaining to the NEOs' LTI remuneration for the 2023 financial year is presented in the section, "2023 Remuneration Awards for the Named Executive Officers", above.

					Non-Equity incentive Plan Compensation					
Name and Principal Position	Year	Salary ($)	Share-Based Awards[1] ($)	Option-Based Awards[2] ($)	Annual Incentive Plans ($)	Long-Term Incentive Plans ($)	Pension Value ($)	All Other Compensation ($)	Total ($)	At Risk (%)
David Cataford CEO	2023	936,000	2,025,000	—	1,335,000 [3]	—	162,677	43,953	4,502,630	58 %
	2022	900,000	4,500,000	—	1,381,219	—	96,228	42,400	6,919,847	85 %
	2021	750,000	900,000	645,000	1,262,573	—	80,850	40,380	3,678,803	76 %
Donald Tremblay[4] CFO	2023	288,750	576,250	—	236,250	—	56,280	15,744	1,173,274	69 %
	2022	—	—	—	—	—	—	—	—	— %
	2021	—	—	—	—	—	—	—	—	— %
Alexandre Belleau[5] Chief Operating Officer	2023	540,000	650,000	—	243,000	—	84,233	19,992	1,537,225	58 %
	2022	500,000	1,516,000	—	552,488	—	53,344	17,585	2,639,417	78 %
	2021	430,000	236,250	645,000	452,422	—	45,237	7,454	1,816,363	73 %
Steve Boucratie[6] Senior Vice-President, General Counsel and Corporate Secretary	2023	500,000	576,000	—	200,000	—	76,338	30,321	1,382,659	56 %
	2022	480,000	1,480,000	—	471,456	—	51,238	21,999	2,504,693	78 %
	2021	400,000	228,000	645,000	420,858	—	42,000	8,152	1,744,010	74 %
Michael Marcotte[7] Senior Vice-President, Corporate Development and Capital Markets	2023	400,000	456,000	—	140,000	—	53,134	29,889	1,079,023	55 %
	2022	380,000	746,500	—	326,582	—	34,990	21,630	1,509,702	71 %
	2021	290,000	164,500	645,000	203,435	—	26,100	8,047	1,337,082	76 %
Natacha Garoute[8] Former CFO	2023	90,385	—	—	—	—	9,870	3,029,080 [9]	3,129,335	— %
	2022	500,000	1,516,000	—	552,488	—	54,389	29,840	2,652,717	78 %
	2021	430,000	400,000	645,000	452,422	—	47,250	28,045	2,002,717	75 %

Notes:

(1) Share-based awards consist of RSUs and/or PSUs which are subject to vesting criteria. The Share-based awards value is based on the fair market value of the stock price at the time of the grant. Until and up to the financial year ended March 31, 2023, prior to completing a grant of PSUs or RSUs under the Omnibus Plan, the Board considered the annual performance for the most-recently completed financial year and took such performance into account in determining the size of such grants, which grants were made as a percentage of an NEO base salary for the most-recently completed financial year. Accordingly, grants would typically be made after the publication of the annual results for such financial year based on the VWAP per Share on the TSX during the period of five trading days immediately prior to grant. For the awards granted in the financial year ended March 31, 2023, the fair market value of the stock at the time of grant was at $6.89 and the amounts included in this column represent the value of the RSUs and PSUs granted in the year taking into consideration the financial year ended March 31, 2022. For the awards granted in the financial year ended March 31, 2022, the fair market value of the stock at the time of grant was at $6.16, and the amounts included in this column represent (i) the value of the RSUs and PSUs granted in the year taking into consideration the financial year ended March 31, 2021, and which vest over a three-year period following the date of grant, and (ii) the value of the PSUs granted in the year for which the vesting was aligned with the achievement of key milestones to successful completion of the Phase II project. For the awards granted in the financial year ended March 31, 2021, the fair market value of the stock at the time of grant was at $5.00 and the amounts included in this column represent the value of the RSUs and PSUs granted in the year taking into consideration the financial year ended March 31, 2020. Starting with the financial year ending March 31, 2024, in order to better align with generally accepted market practice followed by the Company's peers, the Board determined that RSU and PSU grants made during any financial year will relate to an NEO's compensation for that particular year and will be made as a percentage of the NEO's base salary for such year.

(2) No stock options were granted to NEOs during the years ended March 31, 2023, and March 31, 2022. Option-based awards represent the fair value of stock options granted or recognized in the year under the Company's Omnibus Plan. Grant date fair value calculations for option grants are based on the Black-Scholes Option Price Model which used the following assumptions determined on the date of grant:

Financial Year-End	Grant Date	Risk Free Interest Rate	Expected Average Life	Expected Volatility	Exercise Price ($)	Fair Value ($)
2021	February 5, 2021	0.39%	4 years	55%	5.00	2.15

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's option-based awards.

(3) Represents amounts paid to Mr. Cataford under the company's short term incentive plan for the financial year ended March 31, 2023, and the one-time bonus of $750,000 paid to Mr. Cataford in recognition for his outstanding performance during the year and the work achieved on several key projects.

(4) Mr. Tremblay was appointed as Chief Financial Officer of the Company on July 4, 2022, effective September 12, 2022. Mr. Tremblay did not earn any remuneration from the Company prior to September 12, 2022. Upon joining the Company, Mr. Tremblay was granted 125,000 RSUs with a value of $576,250.

(5) Mr. Belleau was promoted to Chief Operating Officer of the Company on July 22, 2020. Prior to that, Mr. Belleau was General Manager of Projects and Innovation of the Company since 2017 and earned remuneration from the Company in such role.

(6) Mr. Boucratie was promoted to Senior Vice-President, General Counsel and Corporate Secretary of the Company on September 9, 2021. Prior to that, Mr. Boucratie was Vice-President, General Counsel and Corporate Secretary of the Company and earned remuneration from the Company in such role.

(7) Mr. Marcotte was promoted to Senior Vice-President, Corporate Development and Capital Markets of the Company on September 9, 2021. Prior to that, Mr. Marcotte was Vice-President, Investor Relations of the Company and earned remuneration from the Company in such role.

(8) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022.

(9) Represents the lump-sum payment made to Ms. Garoute in connection with the termination of her employment with the Company. Please see "Executive Employment Agreements – Departure Arrangement" for a description of the amounts paid to Ms. Garoute pursuant to the termination provisions of her employment agreement.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory (continued)

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out the outstanding option-based and share-based awards for NEOs as at March 31, 2023, the end of the Company's most recently completed financial year.

	Option-Based Awards				Share-Based Awards[2]		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date (M/D/Y)	Value of Unexercised In-the-Money Options ($) [1]	Number of Shares or Units of Shares that Have not Vested (#)	Market or Payout Value of Share-Based Awards that Have not Vested ($)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed ($)
David Cataford CEO	300,000	5.00	February 5, 2025	456,000	1,296,374	8,452,358	931,249
Donald Tremblay[3] CFO	—	—	—	—	127,834	833,481	—
Alexandre Belleau Chief Operating Officer	300,000	5.00	February 5, 2025	456,000	409,580	2,670,464	262,644
Steve Boucratie Senior Vice-President, General Counsel and Corporate Secretary	300,000	5.00	February 5, 2025	456,000	390,361	2,545,151	250,798
Michael Marcotte Senior Vice-President, Corporate Development and Capital Markets	300,000	5.00	February 5, 2025	456,000	238,197	1,553,041	166,095
Natacha Garoute[4] Former CFO	—	—	—	—	156,778	1,022,193	—

Notes:

(1) The value of unexercised in-the-money options noted above is based on the difference between the closing market price of the Company's Shares on the TSX of $6.52 on March 31, 2023, and the exercise price of the option.

(2) Share-based awards consist of RSUs and PSUs and are settled in Shares or cash in accordance with the Company's Omnibus Plan, and include RSUs and PSUs issued as dividend equivalents. RSUs vest over a specific period of time while PSUs vest over a predetermined period of time upon meeting predetermined performance criteria. For more information regarding RSU and PSU vesting, please see Omnibus Plan Awards. The market or payout value is based on the TSX market closing price of the Shares on March 31, 2023 being $6.52.

(3) Mr. Tremblay was appointed as chief financial officer of the Company on July 4, 2022, effective September 12, 2022.

(4) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022. Following such departure, Ms. Garoute exercised all of her vested options. Ms. Garoute still holds 156,778 PSUs granted in the financial year ended March 31, 2022, for which vesting is aligned with the achievement of key milestones related to the successful completion of the Phase II project. Such PSUs continue to be held by Ms. Garoute following her departure and vested and will be paid at the same time and based on the same criteria as applicable to the other executives.

H. 2023 Executive Performance Metrics and Incentives (continued)

Omnibus Plan Awards - Value Vested or Earned During the Year

The following table discloses incentive plan awards, including annual incentive bonuses and contracted milestone bonuses, vested or awarded during the financial year ended March 31, 2023 (all dollar amounts in Canadian dollars):

Name	Value Vested During the Year ($)[1]		Value Earned During the Year ($)
	Option-Based Awards	Share-Based Awards	Non-Equity Incentive Plan Compensation
David Cataford	188,000	1,738,473	1,335,000
Donald Tremblay[2]	—	—	236,250
Alexandre Belleau	188,000	573,679	243,000
Steve Boucratie	188,000	172,659	200,000
Michael Marcotte	188,000	462,321	140,000
Natacha Garoute[3]	—	—	—

Notes:

(1) Option-based awards value vested during the year is the difference between the market price of the underlying securities at vesting date and the exercise price of the options under the option-based award. Share-based award value vested during the year is calculated using the Company's share price on the vesting date. Share-based awards consisted of RSUs and PSUs, and include RSUs and PSUs issued as dividend equivalents.

(2) Mr. Tremblay was appointed as chief financial officer of the Company on July 4, 2022, effective September 12, 2022.

(3) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022. Please see "Executive Employment Agreements – Departure Arrangement" for a description of the treatment of the option-based and share-based awards held by Ms. Garoute pursuant to the termination provisions of her employment agreement.

Agreements with Named Executive Officers (NEOs)

The Company has written employment agreements with its NEOs. These contracts, which are governed by the laws of the Province of Québec, provide for the payment and provision of other benefits triggered by a termination without cause as described below. Employment laws applicable in the province of Québec require the Company to provide employees, in the case of termination other than for cause, reasonable notice or pay in lieu thereof, and such reasonable notice period which, in the case of the NEOs, would reasonably be expected to exceed 12 months in each case. The Board believes that providing such severance entitlements upon termination without cause is advisable in order to provide NEOs with severance entitlements that are reflective of generally accepted market practices of the Company's peers and that would not reasonably be expected to be below the minimum applicable notice period required under employment laws applicable in the province of Québec in light of the applicable case law. In addition, the employment agreement of each NEO provides for the acceleration of vesting (as if vesting occurred at 100%) of incentive awards in the event a change of control occurs during the term of their employment, as further described below.

David Cataford – Chief Executive Officer

Mr. Cataford was appointed Chief Executive Officer of the Company on April 1, 2019. Mr. Cataford had been Champion's Chief Operating Officer since March 20, 2017. Mr. Cataford and Champion entered into an employment agreement under which Mr. Cataford is entitled to participate in all elements of the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mr. Cataford's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. Cataford's employment agreement, no remuneration other than remuneration earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

H. 2023 Executive Performance Metrics and Incentives (continued)

Agreements with Named Executive Officers (NEOs) (continued)

David Cataford – Chief Executive Officer (continued)

The Company may terminate the employment agreement at any time without cause by providing 60 days' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 60 days' notice period. In such scenario, the Company would pay to Mr. Cataford a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 24 months of Mr. Cataford then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Cataford in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 24, (iii) an indemnity for loss of pension plan contributions of Mr. Cataford's then current annual base salary divided by 12 and multiplied by 24, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on a 24-month period. In addition, the Company will be required to maintain Mr. Cataford's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 24 months, and all unvested stock options, RSUs or PSUs held by Mr. Cataford that would have otherwise vested during the 24 months following termination had Mr. Cataford remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. If Mr. Cataford resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Cataford's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Cataford been terminated without cause.

Donald Tremblay – Chief Financial Officer

Mr. Tremblay was appointed as chief financial officer of the Company on July 4, 2022, effective September 12, 2022. In 2022, Mr. Tremblay and Champion entered into an employment agreement under which Mr. Tremblay is entitled to participate in all elements of the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mr. Tremblay's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. Tremblay's employment agreement, no remuneration other than remuneration earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

The Company may terminate the employment agreement at any time without cause by providing 60 days' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 60 days' notice period. In such scenario, the Company would pay to Mr. Tremblay a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Tremblay's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Tremblay in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18 (if at the date of termination, Mr. Tremblay had not completed three years of employment with the Company, the indemnity for loss of STIP bonus shall be based on the STIP bonus paid to Mr. Tremblay in the year prior to the date of termination, divided by 12 and multiplied by 18), (iii) an indemnity for loss of pension plan contributions of Mr. Tremblay's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Tremblay's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Tremblay that would have otherwise vested during the 18 months following termination had Mr. Tremblay remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. If Mr. Tremblay resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Tremblay's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Tremblay been terminated without cause.

Alexandre Belleau – Chief Operating Officer

Mr. Belleau was appointed Chief Operating Officer of the Company on July 22, 2020. Mr. Belleau and Champion entered into an employment agreement under which Mr. Belleau is entitled to participate in all elements of the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mr. Belleau's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. Belleau's employment agreement, no remuneration other than remuneration earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

H. 2023 Executive Performance Metrics and Incentives (continued)

Agreements with Named Executive Officers (NEOs) (continued)

Alexandre Belleau – Chief Operating Officer (continued)

The Company may terminate the employment agreement at any time without cause by providing 60 days' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 60 days' notice period. In such scenario, the Company would pay to Mr. Belleau a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Belleau's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Belleau in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18 (if at the date of termination, Mr. Belleau had not completed three years of employment with the Company, the indemnity for loss of STIP bonus shall be based on the STIP bonus paid to Mr. Belleau in the year prior to the date of termination, divided by 12 and multiplied by 18), (iii) an indemnity for loss of pension plan contributions of Mr. Belleau's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Belleau's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Belleau that would have otherwise vested during the 18 months following termination had Mr. Belleau remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. If Mr. Belleau resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Belleau's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Belleau been terminated without cause.

Steve Boucratie – Senior Vice-President, General Counsel and Corporate Secretary

Mr. Boucratie was appointed Vice-President, General Counsel and Corporate Secretary of the Company on May 20, 2019. On September 9, 2021, Mr. Boucratie was promoted to Senior Vice-President, General Counsel and Corporate Secretary. Mr. Boucratie and Champion entered into an employment agreement under which Mr. Boucratie is entitled to participate in all elements of the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mr. Boucratie's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. Boucratie's employment agreement, no remuneration other than remuneration earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

The Company may terminate the employment agreement at any time without cause by providing 60 days' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 60 days' notice period. In such scenario, the Company would pay to Mr. Boucratie a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Boucratie's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Boucratie in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18, (iii) an indemnity for loss of pension plan contributions of Mr. Boucratie's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Boucratie's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Boucratie that would have otherwise vested during the 18 months following termination had Mr. Boucratie remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. If Mr. Boucratie resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Boucratie's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Boucratie been terminated without cause.

Michael Marcotte – Senior Vice-President, Corporate Development and Capital Markets

Mr. Marcotte was appointed Vice-President, Investor Relations of the Company on January 10, 2019. On September 9, 2021, Mr. Marcotte was promoted to Senior Vice-President, Corporate Development and Capital Markets. Mr. Marcotte and Champion entered into an employment agreement under which Mr. Marcotte is entitled to participate in all elements of the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mr. Marcotte's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. Marcotte's employment agreement, no remuneration other than remuneration earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

H. 2023 Executive Performance Metrics and Incentives (continued)

Agreements with Named Executive Officers (NEOs) (continued)

Michael Marcotte – Senior Vice-President, Corporate Development and Capital Markets (continued)

The Company may terminate the employment agreement at any time without cause by providing 60 days' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 60 days' notice period. In such scenario, the Company would pay to Mr. Marcotte a lump sum severance payment equal to (i) an indemnity in lieu of reasonable notice equal to 18 months of Mr. Marcotte's then current annual base salary, (ii) an indemnity for loss of STIP bonus calculated by taking an average of the annual STIP bonuses paid to Mr. Marcotte in the three years immediately preceding the date of termination, dividing by 12 and multiplying by 18, (iii) an indemnity for loss of pension plan contributions of Mr. Marcotte's then current annual base salary divided by 12 and multiplied by 18, and (iv) an indemnity for the loss of the annual car allowance and financial advice allowance on an 18-month period. In addition, the Company will be required to maintain Mr. Marcotte's participation in the same group insurance and/or health benefit plans as those he was entitled or participating immediately prior to termination (except for disability insurance) for a period of 18 months, and all unvested stock options, RSUs or PSUs held by Mr. Marcotte that would have otherwise vested during the 18 months following termination had Mr. Marcotte remained employed will immediately vest (as if vesting occurred at 100%), become exercisable and payable. If Mr. Marcotte resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mr. Marcotte's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. Marcotte been terminated without cause.

Executive Employment Agreements – Change of Control

The employment agreements entered into between the Company and each of the NEOs further provides that in the event a change of control (as such term is defined in the agreement) occurs during their respective term of employment (that does not involve a transfer of the whole or any part of the undertaking or property of the Company), all of their respective unvested stock options, RSUs and PSUs will immediately vest (as if vesting occurred at 100%) and become exercisable.

Executive Employment Agreements – Non-Competition, Non-Solicitation and Confidentiality Restrictions

NEOs gain strategic business knowledge during their employment. Champion ensures that this information is not used to the detriment of the Company by any executive following termination. To protect the Company's interests, the employment agreements entered into between Champion and its NEOs include customary non-competition and non-solicitation covenants applicable during the term of the agreements and for a period of twelve months following the end of employment, together with customary confidentiality clauses.

The following table sets forth the estimated incremental value that would become payable to each NEO (other than Natacha Garoute) in the event of employment termination by the Company without cause (including following a change of control) or in the event of a change of control of the Company, in each case as if the triggering event (change of control or termination without cause) had occurred on March 31, 2023.

	Termination Without Cause(1) ($)	Termination Without Cause Following Change of Control(2) ($)	Change of Control(3) ($)
David Cataford CEO	12,347,691	12,943,486	8,452,358
Donald Tremblay CFO	2,124,111	2,124,111	833,481
Alexandre Belleau Chief Operating Officer	4,271,417	4,271,417	2,670,463
Steve Boucratie Senior Vice-President, General Counsel and Corporate Secretary	4,008,701	4,008,701	2,545,151
Michael Marcotte Senior Vice-President, Corporate Development and Capital Markets	2,724,622	2,724,622	1,670,788

Notes:

(1) Amounts represent the value of the severance entitlements described under "Agreements with Named Executive Officers (NEOs)" above, and include the incremental value of the unvested stock options, RSUs or PSUs held by the NEO that would have otherwise vested during the severance period had the NEO remained employed that will immediately vest (as if vesting occurred at 100%) and become exercisable upon termination without cause (based on the TSX market closing price of the Shares on March 31, 2023 of $6.52). Amounts do not include the value of vested in-the-money options and vested and undelivered RSUs.

(2) Amounts represent the aggregate of (i) the incremental value of unvested stock options, RSUs and PSUs which will immediately vest (as if vesting occurred at 100%) and become exercisable upon a change of control of the Company (based on the TSX market closing price of the Shares on March 31, 2023 of $6.52), and (ii) the value of the severance entitlements described under "Agreements with Named Executive Officers (NEOs)" above (without duplication with respect to unvested stock options, RSU and PSUs which would have immediately vested and become exercisable upon the change of control). Amounts do not include the value of vested in-the-money options and vested and undelivered RSUs.

(3) Amounts represent the incremental value of unvested stock options, RSUs and PSUs which will immediately vest (as if vesting occurred at 100%) and become exercisable upon a change of control of the Company (based on the TSX market closing price of the Shares on March 31, 2023 of $6.52).

H. 2023 Executive Performance Metrics and Incentives (continued)

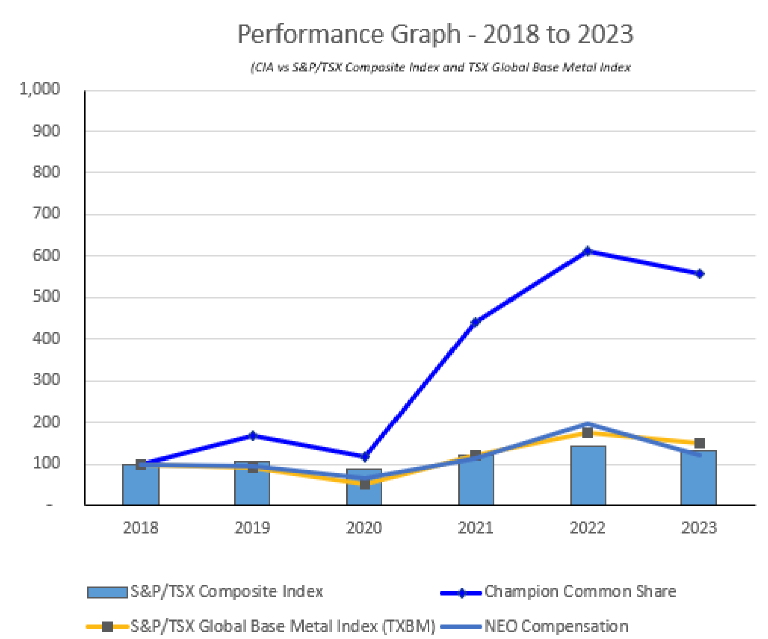
Executive Employment Agreements – Departure Arrangement

On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022. In accordance with the termination provisions of Ms. Garoute's employment agreement, Ms. Garoute was entitled to and received (i) an indemnity in lieu of reasonable notice in an amount of $750,000 representing 18 months of Ms. Garoute's salary; (ii) an indemnity for loss of STIP bonus for a period of 18 months, in the amount of $689,955, determined based on the average annual STIP bonuses paid to Ms. Garoute in the three years preceding termination; (iii) an indemnity for loss of pension plan contributions, in the amount of $78,750, representing 18 months of pension plan contributions, and (iv) an indemnity for loss of annual car allowance and other allowances in the amount of $30,000 representing 18 months of such allowances. Upon termination, an amount of $9,038 was also paid to Ms. Garoute for accrued and unpaid vacations. In addition, (i) all unvested stock options held by Ms. Garoute vested and became exercisable on the date of termination, (ii) all unvested PSUs and RSUs held by Ms. Garoute that would have otherwise vested during the 18-month severance period had Ms. Garoute remained employed with the Company (assuming vesting at 100% and based on the TSX market closing price of the Shares on July 19, 2022 of $6.85) vested and became payable on the termination date, representing 104,684 unvested PSUs and 45,965 unvested RSUs settled for an aggregate amount $1,031,486 and (iii) the remaining 51,078 unvested PSUs and 11,351 unvested RSUs that would have otherwise vested later than the 18-month severance period were vested and became payable upon termination, for an aggregate amount of $427,453. The foregoing amounts, which represented incremental benefits resulting from her termination, have been included in the All Other Compensation column for 2023 in the "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory" on page 82. Ms. Garoute also received a lump-sum payment in settlement of the PSUs and RSUs held by Ms. Garoute that had vested prior to or on the date of termination. In addition, 164,986 PSUs granted to Ms. Garoute in the financial year ended March 31, 2022, for which vesting was aligned with the achievement of key milestones related to the successful completion of the Phase II project continued to be held by Ms. Garoute following termination and vested and will be paid at the same time and based on the same criteria as applicable to the other executives.

I. Performance

i. Performance Graph

The following graph and table is a reporting requirement under Canadian securities laws, and compares the Company's five-year cumulative total shareholder return had $100 been invested in the Company on the first day of the five-year period at the closing price of the Ordinary Shares on that date (April 1, 2018), with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Global Mining Index over the five most recently completed financial years ended on March 31.



(Expressed in Canadian dollars, except where otherwise indicated - audited)

I. Performance (continued)

ii. Performance Metrics

The following table discloses key production, revenue, net income, EBITDA[1] and share price metrics for each of the financial years during the period from April 1, 2018 to March 31, 2023:

	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2019
Production (wet metric tonnes)	11,186,600	7,907,300	8,001,200	7,903,700	6,994,500
Revenue	1,395,088,000	1,460,806,000	1,281,815,000	785,086,000	655,129,000
EBITDA[1]	493,176,000	925,817,000	819,477,000	347,433,000	276,575,000
Net income	200,707,000	522,585,000	464,425,000	121,050,000	147,599,000
Share price at March 31	6.52	7.16	5.16	1.35	1.96
Share price at March 31 (A$)	7.14	7.81	5.48	1.51	2.16

From April 1, 2018 to March 31, 2023, the share price of the Company increased by 457% compared to an increase of 31% and 51% in the S&P/TSX Composite and in the S&P/TSX Global base Metal Index, respectively, during the corresponding five-year period. During the same period, the aggregate remuneration of all individuals acting as NEOs increased by 21%, from a base of $8,585,000 in 2018 to $10,397,000 in 2023.

This increase in aggregate remuneration for all NEOs over the five-year period can be attributed to several factors, including the ongoing growth in the size and complexity of the business, which resulted in the addition of new officers, along with the development of the Company as it transitioned from development to production. Additionally, the Company has been focused on executing several complex growth projects, including its Phase II expansion and ongoing studies regarding organic growth opportunities such as the DR pellet feed plant and the Kami project. As such, the Company announced in December 2022 the commercial production of its Phase II expansion ahead of schedule. The compensation of NEOs also reflects the tightening of the employment market for mining executives over that period.

Accordingly, the Company’s share price has significantly outperformed its peers since April 1, 2018, while also outpacing the growth in NEO remuneration. The Board is of the view that this has been driven by:

- management’s advancement of the Bloom Lake Mine through several stages, including acquisition, evaluation, financing, restart of operation and production ramp-up of the Phase I project, the planning and construction of the Phase II expansion throughout volatile macroeconomic environments and within budgeted constraints;
- achievement of commercial production of the Phase II concentrator in December 2022;
- the operational and financial performance generated by the Bloom Lake iron ore mine since it went into production in 2018;
- achieving record production to capture elevated Fe prices and generate record EBITDA[1] during the COVID-19 pandemic while progressing the construction of the Phase II expansion aiming at doubling the Bloom Lake iron mine's production;
- the acquisition of properties in the Labrador Trough, including the Kami project and the Lac Lamêlée project, and agreements entered into with respect to the acquisition of the Pointe-Noire Pellet Plant;
- diligent management of the Company’s financial position while deploying growth projects and implementing a shareholder return strategy; and
- sustainable management, including no significant environmental issues since the recommissioning of Bloom Lake in 2018.

As discussed above, the majority of NEO remuneration is subject to key performance indicators (“at risk”), as short-term incentive (bonus) and long-term incentive remuneration are tied directly or indirectly to Company performance, achievement of milestones relating to Phase II and relative and/or absolute shareholder returns (including performance of the Company’s Share price relative to a peer group, with a view to ensure that executives are motivated to deliver returns that are superior to what a shareholder could achieve in the broader market). As a consequence, actual NEO remuneration will increase with the outperformance of the Company’s share price compared to industry peers, but conversely decrease in the face of an underperforming share price. The Board believes this is the ultimate test of the “pay-for-performance” principle and true alignment of NEO remuneration with shareholder returns.

[1] Non-IFRS financial measure or ratio with no standard meaning under the financial reporting framework used to prepare the financial statements. Refer to section P — Non-IFRS Financial Measures and Ratios at the end of this Remuneration Report.

J. Director Remuneration

i. Remuneration Philosophy and Approach

The remuneration arrangements for non-executive directors are intended to attract highly qualified individuals with the capability to meet the challenging oversight responsibilities of a mining company and to closely align non-employee directors' interests with shareholder interests. Since the introduction of the Omnibus Plan, non-employee directors may receive equity-based remuneration in the form of DSU grants in lieu of the whole or part of their annual compensation. See "Equity Remuneration Arrangements for Directors", below for details on the Omnibus Plan.

The Remuneration, People and Governance Committee reviews director compensation periodically and makes remuneration recommendations to the Board for its review and approval. Recommendations take into consideration the directors' time commitment, duties and responsibilities, and director remuneration practices and levels at comparable companies.

ii. Remuneration Arrangements for Non-Executive Directors

In conjunction with the review of executive compensation conducted for the financial year ended March 31, 2021, the Remuneration, People and Governance Committee of the Board hired Mercer to provide an independent, third-party analysis of the Company's director compensation levels and practices. Based on the findings and recommendations of the 2021 Mercer report, the Board set the following non-executive director remuneration framework starting August 2021:

- annual cash retainer of $200,000 for non-executive directors;
- cash retainer of $60,000 for lead director;
- cash retainer of $40,000 for Chair of Audit Committee and Chair of Remuneration, People and Governance Committee;
- cash retainer of $20,000 for Chair of Sustainability and Indigenous Affairs Committee;
- no retainer for Committee members;
- no additional fees are paid for attendance at Board or committee meetings; and
- directors have all reasonable expenses covered when travelling on Company business.

At the 2021 annual meeting of shareholders of the Company, shareholders approved, for the purpose of ASX Listing Rule 10.17, Clause 10.2 of the Company's constitution and for all other purposes, that the aggregate maximum sum available for the remuneration of non-executive directors be increased by C$750,000 from C$1.0 million per year to C$1.75 million per year. The aggregate maximum sum available for the remuneration of non-executive directors has not been increased since.

Directors may elect to receive all or a portion of any of their annual fees in DSUs granted under the Omnibus Plan. The purpose of the DSU portion of the Omnibus Plan is to promote the alignment of interests between directors and Shareholders and it is an important component of non-employee director remuneration because it:

- provides a remuneration system for directors that is reflective of the responsibility, commitment and risk accompanying Board membership;
- assists the Company to attract and retain individuals with experience and ability to serve as members of the Board; and
- allows the directors to participate in the long-term success of the Company.

With respect to directors having the ability to elect to receive all or a portion of any of their annual fees in DSUs, the Board's current policy is that until directors obtain a shareholding which satisfies a share ownership level equivalent to three times their annual cash retainer (see "Share Ownership Policy" section" below), Directors must elect to receive a portion of their annual fees in DSUs. DSUs are priced based on the five-day volume weighted average price of the Shares over the last five trading days preceding the grant. DSUs issued under the Omnibus Plan may be settled in cash or in shares acquired on ASX or TSX at the time of the directors' retirement from all positions with the Company.

Mr. O'Keeffe and Mr. Cataford held management positions in the financial year ended March 31, 2023, and consequently did not receive compensation for their service as directors. In addition, Mr. Jyothish George has elected not to receive compensation and, as such, is not considered a Compensated Director.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

J. Director Remuneration (continued)

iii. Share Ownership Policy

Champion established share and share-based ownership requirements (the "Share Ownership Policy") for the non-executive directors ("NED") of Champion who are compensated in their capacity as a director of Champion (collectively the "Compensated Directors"). The policy is designed to align the interests of those subject to the policy with the long-term interests of Shareholders. Each NED is required to hold that aggregate number of Shares, and vested DSUs (collectively "Champion Equity") having an aggregate value of at least three times his or her board retainer over a five-year period. Each Compensated Director is required to hold Champion Equity having an aggregate value of at least three times the value of the annual base cash retainer paid to the director as of the date of such individual becoming a Compensated Director. The required level of ownership of Champion Equity held by Compensated Directors is referred to as the "Relevant Threshold". Neither Mr. O'Keeffe nor Mr. Cataford were compensated in the financial year ended March 31, 2023, for acting as a director by virtue of their employment with Champion. In addition, Mr. Jyothish George has elected not to receive compensation and, as such, is not considered a Compensated Director. Consequently, the Share Ownership Policy did not require either of Mr. O'Keeffe, Mr. Cataford or Mr. George to hold Shares under the Share Ownership Policy. Compensated Directors are deemed to have permanently satisfied the Share Ownership Policy following the date on which either of the following values exceeds the Relevant Threshold:

- the aggregate price paid for the Champion Equity held by the Compensated Director; or
- the fair market value of the Champion Equity held by the Compensated Director.

Compensated Directors are required to comply with the policy requirements by the later of the fifth anniversary of such individual's date of hire, appointment or election. As of the date of this Remuneration Report, all Compensated Directors have met the minimum share ownership requirements, other than Ms. Louise Grondin who joined the board in August 2020 and is in transition towards satisfying her minimum ownership requirements.

Once the applicable ownership guideline is deemed to have been satisfied, the Compensated Director is deemed to meet the applicable ownership guideline on an on-going basis, provided that such Compensated Director does not dispose of Shares which causes such individual to fail to meet the Relevant Threshold immediately following such disposition based on the Champion Equity then held or deemed to be held by such individual.

Director Remuneration Table - Non-Statutory

The following table discloses all compensation provided to directors, other than any director who is an NEO of the Company, for the Company's most recently completed financial year (ended March 31, 2023). Amounts presented under the column entitled Fees Earned in DSUs reflect the full fair values of the awards as measured at their respective grant dates. Accordingly, the amounts presented thereunder are not reflective of the related accounting expense for the period. Refer to Section K "Details of Total Statutory Remuneration for KMP (NEOs and Directors)" on page 95 for the statutory remuneration table as calculated with reference to the Corporations Act. Fees are paid on a monthly basis. All DSUs were fully vested on March 31, 2023.

Name	Fees Earned in Cash ($)	Fees Earned in DSU ($)	Other Share-Based Awards ($)	Option-Based Awards ($)	All Other Compensation ($)	Total ($)
Michael O'Keeffe[1]	—	—	—	—	—	**—**
Gary Lawler	178,360	61,640	Nil	Nil	Nil	**240,000**
Andrew Love	260,000	Nil	Nil	Nil	Nil	**260,000**
Jyothish George	Nil	Nil	Nil	Nil	Nil	**Nil**
Michelle Cormier[2]	180,000	60,000	Nil	Nil	Nil	**240,000**
Wayne Wouters	60,000	140,000	Nil	Nil	Nil	**200,000**
Louise Grondin	110,000	110,000	Nil	Nil	Nil	**220,000**

Notes:

(1) Mr. O'Keeffe was not compensated in the financial year ended March 31, 2023, for acting as a director by virtue of his employment with the Company. See the section "Remuneration of Executive Chairman".

(2) Ms. Cormier was appointed to the Board in 2016 as a nominee of Wynnchurch pursuant to certain board nomination rights granted by the Company in favour of Wynnchurch in connection with a private placement of ordinary shares completed on April 11, 2016. Following the disposition of ordinary shares by Wynnchurch that was publicly announced by Wynnchurch on August 2, 2021, Wynnchurch is no longer entitled to nominate a candidate for election or appointment to the Board such that Ms. Cormier is no longer considered to be a director nominee of Wynnchurch.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

J. Director Remuneration (continued)

iii. Share Ownership Policy (continued)

Fees Paid

The following table discloses a detailed breakdown of the fees paid to directors, other than any director who is an NEO of the Company, for the Company's most recently completed financial year (ended March 31, 2023). Fees are paid quarterly on a monthly basis. All DSUs were fully vested on March 31, 2023.

Name	Board Retainer Fee ($)	Committee Retainers ($)	Meeting Fees ($)	Total ($)	Fees Paid in Cash[1] ($)	Fees Earned in DSUs[2] ($)	Total Fees ($)
Michael O'Keeffe[3]	Nil	Nil	Nil	**Nil**	Nil	Nil	**Nil**
Gary Lawler	200,000	40,000	Nil	**240,000**	178,360	61,640	**240,000**
Andrew Love	200,000	60,000	Nil	**260,000**	260,000	Nil	**260,000**
Jyothish George	Nil	Nil	Nil	**Nil**	Nil	Nil	**Nil**
Michelle Cormier	200,000	40,000	Nil	**240,000**	180,000	60,000	**240,000**
Wayne Wouters	200,000	Nil	Nil	**200,000**	60,000	140,000	**200,000**
Louise Grondin	200,000	20,000	Nil	**220,000**	110,000	110,000	**220,000**

Notes:

(1) Portion of total fees paid to the non-executive directors in cash.

(2) Portion of the total fees paid to the non-executive directors in DSUs.

(3) Mr. O'Keeffe was not compensated in the financial year ended March 31, 2023, for acting as a director by virtue of his employment with the Company. See the section "Remuneration of Executive Chairman".

iv. Tabular Remuneration Disclosure for the Directors

Outstanding Share-Based Awards and Option-Based Awards

As at March 31, 2023, the end of the Company's most recently completed financial year, outstanding option-and share-based awards for all directors, other than any director who is an NEO of the Company, are set out in the following table:

	Option-Based Awards				Share-Based Awards		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date (M/D/Y)	Value of Unexercised In-the-Money Options ($)	Number of Shares or Units of Shares that Have not Vested (#)	Market or Payout Value of Share-Based Awards that Have not Vested ($)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed ($)
Michael O'Keeffe	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gary Lawler	Nil	Nil	Nil	Nil	Nil	Nil	545,881
Andrew Love	Nil	Nil	Nil	Nil	Nil	Nil	151,840
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michelle Cormier	Nil	Nil	Nil	Nil	Nil	Nil	577,132
Wayne Wouters	Nil	Nil	Nil	Nil	Nil	Nil	662,463
Louise Grondin	Nil	Nil	Nil	Nil	Nil	Nil	448,784

(Expressed in Canadian dollars, except where otherwise indicated - audited)

J. Director Remuneration (continued)

iv. Tabular Remuneration Disclosure for the Directors (continued)

Incentive Plan Awards - Value Vested or Earned During the Year

The following table discloses incentive plan awards to directors, other than any director who is an NEO of the Company, for the financial year ended March 31, 2023. Except for Mr. O'Keeffe, all of the share-based awards vested during the year which are referred to in the following table represent DSUs which directors elected to receive in lieu of annual fees paid in cash.

Name	Option-Based Awards Value Vested During the Year ($)	Share-Based Awards Value Vested During the Year [1] ($)	Non-Equity Incentive Plan Compensation Value Earned During the Year ($)
Michael O'Keeffe	Nil	Nil	Nil
Gary Lawler	Nil	75,096	Nil
Andrew Love	Nil	4,742	Nil
Jyothish George	Nil	Nil	Nil
Michelle Cormier	Nil	75,575	Nil
Wayne Wouters	Nil	155,966	Nil
Louise Grondin	Nil	120,409	Nil

Note:

(1) With respect to Gary Lawler, Michelle Cormier, Wayne Wouters and Louise Grondin, share-based awards value vested during the year includes DSUs related to the 2024 financial year and issued in March 2023 of $60,000, $30,000, $70,000 and $55,000, respectively, and includes DSUs issued as dividend equivalents.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

K. Details of Total Statutory Remuneration for KMP (NEOs and Directors)

The following table discloses statutory remuneration for KMPs as calculated with reference to the Corporations Act, Australian Accounting Standards and International Financial Reporting Standards, and reflects for share-based and option-based awards the related accounting expense for the current financial year. Accordingly, amounts disclosed in this section are different than amounts disclosed under the heading "Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table – Non-Statutory", which are disclosed in accordance with Canadian securities laws (which require, among other things, to include the full fair values of share-based and option-based awards as measured at their respective grant dates).

	Short-Term ($)										
Year Ended March 31, 2023	Salary	Con-sulting Fees	Bonus	Non-Monetary	Termi-nation Payments ($)	Pension ($)	Options ($)	DSUs[1] ($)	Total ($)	Perfor-mance Related	Consisting of Options
Michael O'Keeffe	571,779	—	—	35,971	—	—	(68,551)	—	539,199	— %	(12.71)%
Gary Lawler	178,360	—	—	—	—	—	—	34,821	213,181	— %	— %
Andrew Love	260,000	—	—	—	—	—	—	(8,683)	251,317	— %	— %
Michelle Cormier[2]	180,000	—	—	—	—	—	—	48,156	228,156	— %	— %
Wayne Wouters	60,000	—	—	—	—	—	—	150,764	210,764	— %	— %
Jyothish George	—	—	—	—	—	—	—	—	—	— %	— %
Louise Grondin	110,000	—	—	—	—	—	—	122,486	232,486	— %	— %
David Cataford	936,000	—	1,335,000	43,953	—	162,677	3,953,137	—	6,430,767	9.10 %	61.47 %
Donald Tremblay[3]	288,750	—	236,250	15,744	—	56,280	278,945	—	875,969	26.97 %	31.84 %
Alexandre Belleau	540,000	—	243,000	19,992	—	84,233	1,253,255	—	2,140,480	11.35 %	58.55 %
Steve Boucratie	500,000	—	200,000	30,321	—	76,338	1,202,928	—	2,009,587	9.95 %	59.86 %
Michael Marcotte	400,000	—	140,000	29,889	—	53,134	795,265	—	1,418,288	9.87 %	56.07 %
Natacha Garoute[4]	90,385	—	—	13,934	3,015,146	9,870	1,054,468	—	4,183,803	— %	25.20 %
Total	**4,115,274**	**—**	**2,154,250**	**189,804**	**3,015,146**	**442,532**	**8,469,447**	**347,544**	**18,733,997**		

Notes:

(1) Represents DSUs which directors elected to receive in lieu of annual fees paid in cash.

(2) Ms. Cormier was appointed to the Board in 2016 as a nominee of Wynnchurch pursuant to certain board nomination rights granted by the Company in favour of Wynnchurch in connection with a private placement of ordinary shares completed on April 11, 2016. Following the disposition of ordinary shares by Wynnchurch that was publicly announced by Wynnchurch on August 2, 2021, Wynnchurch is no longer entitled to nominate a candidate for election or appointment to the Board such that Ms. Cormier is no longer considered to be a director nominee of Wynnchurch.

(3) Mr. Tremblay was appointed as Chief Financial Officer of the Company on July 4, 2022, effective September 12, 2022. Mr. Tremblay did not earn any remuneration from the Company prior to September 12, 2022.

(4) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

K. Details of Total Statutory Remuneration for KMP (NEOs and Directors) (continued)

Year Ended March 31, 2022	Short-Term ($)				Termination Payments ($)	Pension ($)	Options ($)	DSUs[1] ($)	Total ($)	Performance Related	Consisting of Options
	Salary	Consulting Fees	Bonus	Non-Monetary							
Michael O'Keeffe	550,000	—	—	54,313	—	—	559,916	—	1,164,229	— %	48.09 %
Gary Lawler	146,644	—	—	—	—	—	—	178,637	325,281	— %	— %
Andrew Love	237,170	—	—	—	—	—	—	42,855	280,025	— %	— %
Michelle Cormier	144,000	—	—	—	—	—	—	148,037	292,037	— %	— %
Wayne Wouters	119,750	—	—	—	—	—	—	187,732	307,482	— %	— %
Louise Grondin	110,000	—	—	—	—	—	—	136,766	246,766	— %	— %
Jyothish George	—	—	—	—	—	—	—	—	—	— %	— %
David Cataford[3]	900,000	—	1,381,219	42,400	—	96,228	3,381,423	—	5,801,270	23.81 %	58.29 %
Donald Tremblay[2]	—	—	—	—	—	—	—	—	—	—	—
Alexandre Belleau[3]	500,000	—	552,488	17,585	—	53,344	1,267,527	—	2,390,944	23.11 %	53.01 %
Steve Boucratie[3]	480,000	—	471,456	21,999	—	51,238	1,107,713	—	2,132,406	22.11 %	51.95 %
Michael Marcotte[3]	380,000	—	326,582	21,630	—	34,990	855,498	—	1,618,700	20.18 %	52.85 %
Natacha Garoute[3]	500,000	—	552,488	29,840	—	54,389	1,578,733	—	2,715,450	20.35 %	58.14 %
Total	**4,067,564**	**—**	**3,284,233**	**187,767**	**—**	**290,189**	**8,750,810**	**694,027**	**17,274,590**		

Notes:

(1) Represents DSUs which directors elected to receive in lieu of annual fees paid in cash.

(2) Mr. Tremblay was appointed as Chief Financial Officer of the Company on July 4, 2022, effective September 12, 2022.

(3) Statutory share-based payment expense was revised down by $1,690,918 in aggregate from the figures presented in the previous remuneration report as a result of an adjustment to amortization to date of certain awards.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

L. Movement of Equity Held by Key Management Personnel (Named Executive Officers and Directors)

Stock Options as at March 31, 2023

Name	Balance April 1, 2022	Grant	Exercised	Cancelled	Held and Vested March 31, 2023	Unvested March 31, 2023
Michael O'Keeffe	—	—	—	—	—	—
David Cataford	300,000	—	—	—	300,000	—
Donald Tremblay	—	—	—	—	—	—
Alexandre Belleau	300,000	—	—	—	300,000	—
Steve Boucratie	300,000	—	—	—	300,000	—
Michael Marcotte	300,000	—	—	—	300,000	—
Natacha Garoute[1]	300,000	—	300,000	—	—	—
Gary Lawler	—	—	—	—	—	—
Andrew Love	—	—	—	—	—	—
Jyothish George	—	—	—	—	—	—
Michelle Cormier	—	—	—	—	—	—
Wayne Wouters	—	—	—	—	—	—
Louise Grondin	—	—	—	—	—	—

Note:

(1) On April 11, 2022, the Company announced that Ms. Garoute would be departing the Company following the 2022 financial year-end results. Ms. Garoute's employment with the Company terminated on June 3, 2022.

Ordinary Shares as at March 31, 2023

Name	Balance April 1, 2022	Purchased	Acquired Upon Exercise of Equity Award	Sold	Balance March 31, 2023	Value of Shares Issued During the Year[1]
Michael O'Keeffe	45,023,830	—	—	—	45,023,830	—
Gary Lawler	1,719,725	—	—	—	1,719,725	—
Andrew Love	1,660,813	—	—	—	1,660,813	—
Michelle Cormier	456,500	—	—	—	456,500	—
Wayne Wouters	440,000	—	—	—	440,000	—
Jyothish George	—	—	—	—	—	—
Louise Grondin	—	—	—	—	—	—
David Cataford	2,436,365	—	—	—	2,436,365	—
Donald Tremblay	—	—	—	—	—	—
Alexandre Belleau	260,200	—	—	—	260,200	—
Steve Boucratie	105,000	3,000	—	—	108,000	—
Michael Marcotte	128,796	34,500	—	—	163,296	—

Note:

(1) Represents value of Shares issued during the year upon exercise of option-base awards and share based-awards, calculated as at the applicable exercise date(s) based on the TSX market closing price of the Shares on the exercise date(s) multiplied by the number of options or rights exercised.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

M. Outstanding Grants of PSUs and Related Performance Periods

Name	Grant Date	Performance Period	Number of PSUs Granted	Value per PSU Granted at Grant Date ($)	Value of PSUs Granted at Grant Date ($)	Number of Additional PSUs Granted as Dividend Equivalent[1]	% of Performance Achieved, and Vested vs Forfeited PSUs
David Cataford CEO	May 28, 2020	April 1, 2020 to March 31, 2023	231,760	2.33	540,000	12,588	Will be determined in May 2023
	June 7, 2021	April 1, 2021 to March 31, 2024	146,103	6.16	899,994	7,935	Will be determined in June 2024
	June 7, 2021	June 7, 2021 to January 30, 2023	487,013	6.16	3,000,000	27,488	Will be determined in May 2023[2]
	June 6, 2022	April 1, 2022 to March 31, 2025	176,342	6.89	1,214,996	6,594	Will be determined in June 2025
Alexandre Belleau Chief Operating Officer	May 28, 2020	April 1, 2020 to March 31, 2023	60,837	2.33	141,750	3,304	Will be determined in May 2023
	June 7, 2021	April 1, 2021 to March 31, 2024	50,259	6.16	309,595	2,730	Will be determined in June 2024
	June 7, 2021	June 7, 2021 to January 30, 2023	162,338	6.16	1,000,000	9,163	Will be determined in May 2023[2]
	June 6, 2022	April 1, 2022 to March 31, 2025	56,604	6.89	390,002	2,116	Will be determined in June 2025
Steve Boucratie Senior Vice-President, General Counsel and Corporate Secretary	May 28, 2020	April 1, 2020 to March 31, 2023	58,712	2.33	136,800	3,189	Will be determined in May 2023
	June 7, 2021	April 1, 2021 to March 31, 2024	46,753	6.16	287,998	2,539	Will be determined in June 2024
	June 7, 2021	June 7, 2021 to January 30, 2023	162,338	6.16	1,000,000	9,163	Will be determined in May 2023[2]
	June 6, 2022	April 1, 2022 to March 31, 2025	50,159	6.89	345,595	1,875	Will be determined in June 2025
Michael Marcotte Senior Vice-President, Corporate Development and Capital Markets	May 28, 2020	April 1, 2020 to March 31, 2023	42,361	2.33	98,700	2,301	Will be determined in May 2023
	June 7, 2021	April 1, 2021 to March 31, 2024	24,009	6.16	147,895	1,304	Will be determined in June 2024
	June 7, 2021	June 7, 2021 to January 30, 2023	81,169	6.16	500,000	4,581	Will be determined in May 2023[2]
	June 6, 2022	April 1, 2022 to March 31, 2025	39,710	6.89	273,602	1,485	Will be determined in June 2025

Notes:

(1) Represents PSUs granted as dividend equivalent. Dividend equivalent PSUs are subject to the same terms and conditions as the PSUs and vest and are settled at the same time and in the same form as the PSUs to which such dividend equivalent PSUs relate.

(2) Represents PSUs granted in the financial year ended March 31, 2022, for which vesting was aligned with the achievement of key milestones related to the successful completion of the Phase II expansion project. See "Update on Phase II PSU Grant" under "Long-Term Incentive - Equity-Based Incentives - 2023 LTI Grant" for details with respect to the performance versus target, and related payout factor, for each milestone that was achieved during the financial year ended March 31, 2023.

(Expressed in Canadian dollars, except where otherwise indicated - audited)

N. Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as at March 31, 2023, the end of the Company's last completed financial year, information regarding outstanding options, RSUs, PSUs and DSUs granted by the Company under the Omnibus Plan. As at March 31, 2023, the number of issued and outstanding Shares of the Company was 517,193,126.

Equity Compensation Plan Information

	Number of Securities to be Issued upon Exercise of Outstanding Options, PSUs, RSUs and DSUs	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))
Plan Category	**(a)**	**(b)**	**(c)**
Equity Compensation plans approved by security holders	1,200,000 (Options) 365,966 (DSUs) 1,114,739 (RSUs) 2,580,597 (PSUs)	$5.00 (Options)	46,458,010
Equity Compensation plans not approved by security holders	Nil	N/A	N/A
Total	**5,261,302**	**$5.00 (Options)**	**46,458,010**

O. Other Information

Indebtedness of Directors and Executive Officers

As at the date of this Remuneration Report or within 30 days of this date, no executive officer, director, employee or former executive officer, director or employee of the Company or any of its subsidiaries is indebted to the Company, or any of its subsidiaries, nor are any of these individuals indebted to another entity, which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, or its subsidiaries with the exception of Mr. Cataford. On June 24, 2018, the Board of directors approved the issuance of a five-year interest free loan of $500,000 to Mr. Cataford. The loan is secured by way of mortgage over a property.

Interest of Informed Persons in Material Transactions

None of the directors or executive officers of the Company, persons beneficially owning, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year or in any proposed transaction which has or will materially affect the Company except as disclosed elsewhere in this report.

Management Contracts

Except as set out in the Remuneration Report, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

O. Other Information (continued)

Director's Attendance for the Financial Year Ended March 31, 2023

Name	Board of Directors Meetings	Audit Committee Meetings	Remuneration, People and Governance Committee Meetings	Sustainability and Indigenous Affairs Committee Meetings[1]
Michael O'Keeffe	8 of 8	N/A	N/A	N/A
David Cataford	8 of 8	N/A	N/A	N/A
Gary Lawler	7 of 8	5 of 5	5 of 5	N/A
Andrew Love[2]	8 of 8	5 of 5	4 of 5	N/A
Jyothish George	8 of 8	N/A	N/A	N/A
Michelle Cormier	8 of 8	5 of 5	5 of 5	4 of 4
Wayne Wouters	8 of 8	N/A	N/A	4 of 4
Louise Grondin[3]	8 of 8	N/A	N/A	4 of 4

Notes:

(1) In January 2023, the Board conducted a review of its committees and related policies and charters which, among other things, resulted in the Environmental, Governance and Sustainability Committee being designated as the Sustainability and Indigenous Affairs Committee in order to reflect the role and responsibilities of the committee.

(2) Since April 10, 2023, Andrew Love is no longer a member of the Remuneration, People and Governance Committee.

(3) Ms. Grondin was appointed as a member of the Remuneration, People and Governance Committee on January 26, 2023.

P. Non-IFRS Financial Measures and Ratios

This Remuneration Report contains non-IFRS financial measures and ratios such as EBITDA, FCF, cash cost and ROCE. These measures are mainly derived from the financial statements but do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies. These non-IFRS financial measures and ratios, which are representative of the Company's performance, are used to determine the executive compensation.

Additional details on EBITDA and cash cost, including reconciliations to the most directly comparable IFRS measures, have been incorporated by reference and can be found in section 20 — Non-IFRS and Other Financial Measures of the Directors' Report.

EBITDA

EBITDA is a non-IFRS financial measure which represents income (loss) before income and mining taxes, net finance costs and depreciation. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments, Phase II pre-commercial start-up costs, COVID-19-related expenditures and other income or expenses. EBITDA does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

	Year Ended March 31,				
	2023	2022	2021	2020	2019
(in thousands of dollars)					
Income before income and mining taxes	**346,545**	870,843	761,872	241,188	213,611
Net finance costs	**25,587**	11,045	22,428	84,244	48,413
Depreciation	**121,044**	43,929	35,177	22,001	14,551
EBITDA	**493,176**	925,817	819,477	347,433	276,575

P. Non-IFRS Financial Measures and Ratios (continued)

Free Cash Flow

FCF is a non-IFRS measure defined as net increase (decrease) in cash and cash equivalents plus investments in the Bloom Lake Phase II expansion project and cash flows used in or from financing activities. Phase II expenditures are composed of property, plant and equipment expenditures, long-term advance payments and deposits related to existing port, rail and transboarding infrastructure and investments related to optimizing the Phase II circuit to produce a DRPF product.

FCF reflects cost and capital management and production efficiencies. FCF does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

	Year Ended March 31, 2023
(in thousands of dollars)	
Net decrease in cash and cash equivalent	**(6,971)**
Plus: Cash flows from financing activities	**(6,904)**
Plus: Phase II capital expenditures[1]	**97,150**
Plus: Phase II advance payments[2]	**21,186**
Plus: Optimization circuit Phase II capital expenditures[3]	**917**
Plus: Phase II costs capitalized as other capital development expenditures at Bloom Lake[3]	**9,603**
Free Cash Flow	**114,981**

Notes:

(1) Phase II capital expenditures are included in *Purchase of property, plant and equipment* as per the consolidated statements of cash flows, as described in section 10 — Cash Flows set out in the Section I — Operating and Financial Review of this Directors' Report.

(2) Phase II advances payments are presented under the investing activities in the statements of cash flows as part of the line *Increase in non-current advance payments* in the consolidated financial statements for the year ended March 31, 2023, presented in the Section 07 — Financial Report of this Annual Report.

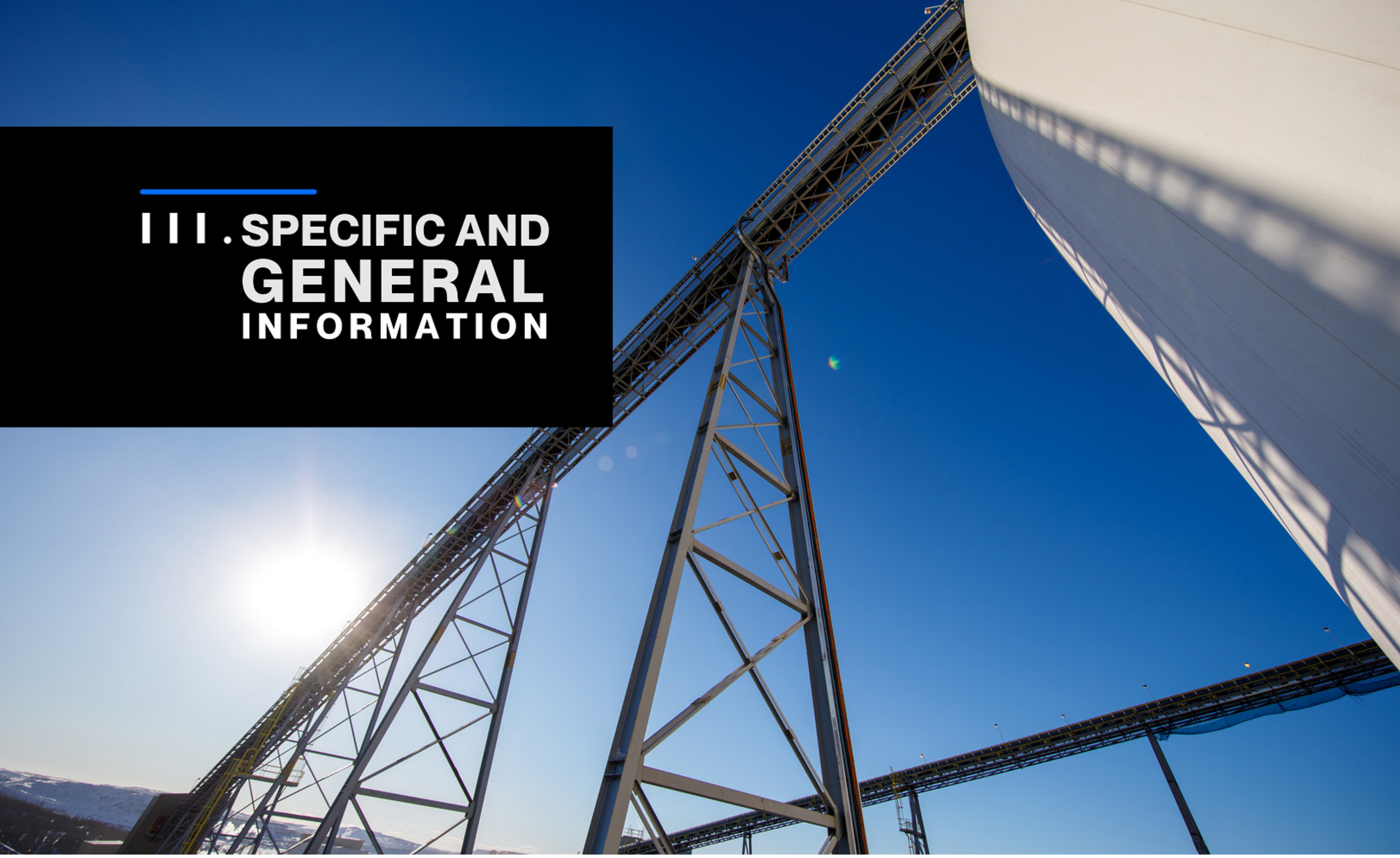
(3) Optimization circuit Phase II capital expenditures consisted of investments made to modify and upgrade the Phase II plant in respect to the DRPF Project budget. Phase II costs capitalized were pre-commissioning expenditures that respected the cost capitalization under IFRS. These expenditures were presented under the investing activities as part of the line *Purchase of property, plant and equipment* in the statements of cash flows in the consolidated financial statements for the year ended March 31, 2023, presented in the Section 07 — Financial Report of this Annual Report.

Return on Capital Employed

ROCE is a non-IFRS ratio, which was defined as EBITDA divided by capital employed, which represents capital used by the business to generate revenues and income. It includes capital funded by way of debt and equity as per consolidated statements of financial position until the financial year ended March 31, 2022. ROCE is largely used in a capital-intensive industry such as mining. ROCE does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

	Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2020	**Average 2020-2022**
(in thousands of dollars)				
EBITDA	925,817	819,477	347,433	**697,576**
Long-term debt	323,360	214,951	275,968	**271,426**
Total equity	1,161,698	853,017	376,622	**797,112**
Capital Employed	**1,485,058**	**1,067,968**	**652,590**	**1,068,538**
ROCE	**0.62**	**0.77**	**0.53**	**0.65**

The table shows the reconciliation of the actual result of 0.65 related to the payout of the PSUs granted in the financial year ended March 31, 2020, and which vested in the financial year ended March 31, 2023. Starting this year, the calculation of the ROCE changed to better align the ratio with the Company's growth objectives, as detailed in Section H - iii) Long-Term Incentive - Equity-Based Incentives.



III. SPECIFIC AND GENERAL INFORMATION

Principal Activities

Champion's principal activities include the production of high-grade iron ore concentrate and the development and exploration of its iron ore properties in Québec and Newfoundland and Labrador, in the Labrador Trough, Canada.

Operating and Financial Review

The review of operations and financials is set out in Section I and forms part of this Directors' Report.

Events Occurring After the Reporting Period

On May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), the Board declared a dividend of $0.10 per ordinary share in connection with the financial results for the period ended March 31, 2023, payable on July 5, 2023 (Montréal and Sydney time), to the Company's shareholders at the close of business in Australia and Canada on June 14, 2023 (Montréal and Sydney time).

Other than elements listed above, there are no significant matters, circumstances or events that have arisen since the end of the financial year ended March 31, 2023, that have significantly affected, or may significantly affect, in future financial years, the Company's operations, the results of those operations, or the Company's state of affairs.

Directors

The Directors of the Company in office during the year and until the date of this report, their qualifications and experience are set out in Section 03 — Corporate Governance of the Annual Report.

Company Secretary and Corporate Secretary

Bill Hundy is the Company Secretary - Australia and Steve Boucratie is the Corporate Secretary. Details of their qualifications and experience are set out in Section 01 — Overview (Management Team) of the Annual Report.

Environmental Regulation and Compliance

Champion's operations are located in Canada and, as such, it is not subject to the environmental laws or regulations of the Commonwealth of Australia or any State or Territory in Australia.

Dividends

A final unfranked dividend for the year ended March 31, 2022, in the amount of C$0.10 per ordinary share was paid on June 28, 2022. An unfranked interim dividend in the amount of C$0.10 per ordinary share, in connection with the semi-annual financial results for the period ended September 30, 2022, was paid on November 29, 2022. Additional information relating to dividends for the current and prior financial year is disclosed in note 17 — Share Capital and Reserves of the Financial Report.

Indemnification and Insurance of Directors and Officers

There are indemnities in place for Directors and Officers and insurance policies in regard to their positions. Since the end of the previous year, the Company has paid premiums to insure the Directors and Officers of Champion. No payment has been made to indemnify any director or officer during or since the year ended March 31, 2023.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of Champion, other than those disclosed in this report.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnity of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims from third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Non-Audit Services

Ernst & Young performed other services in addition to their statutory duties. The details and remuneration for these services is disclosed in note 31 to the Financial Statements (Section 07 — Financial Report of the Annual Report). The Directors have considered the non-audit services provided during the year by the auditor, and are satisfied that the provision of non-audit services by the auditor during the year is compatible, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

(a) All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and

(b) The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended March 31, 2023, has been received, as set out in Section 07 — Financial Report of the Annual Report.

Rounding

The Company is of a kind referred to in ASIC Corporation (Rounding in Financial/Directors' report) Instruments 2016/191 issued by the Australian Securities and Investments Commission. In accordance with the class order, amounts in this report and in the financial report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the Directors

/s/ Michael O'Keeffe
Michael O'Keeffe, Executive Chairman

/s/ Andrew Love
Andrew Love, Lead Director

06

MINERAL RESOURCES AND ORE RESERVES STATEMENT

MINERAL RESOURCES AND ORE RESERVES STATEMENT

Tonnage and quality information contained in the following tables have been rounded and as a result, the figures may not add up to the totals quoted.

1. Governance Arrangements and Internal Controls

Mineral reserves and resources are subject to a systematic internal peer review. As a control, external technical audits are conducted when required. The 2021 technical audit did not identify any major risks or flaws in the estimation. In general, any estimation update would be based on new information, including but not limited to, drilling information, calibration to production and changes to assumptions. Information used for an update is validated by a "qualified person" as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Tonnages and grades included in the following statement have been reviewed by the Company's internal resource and reserve working team.

2. Historical Mineral Reserves and Resources

The historical mineral reserves and resources mentioned in this Directors' Report are strictly historical in nature, are non-compliant with NI 43-101 or the Joint Ore Reserves Committee ("JORC") Code (2012 edition) and should therefore not be relied upon. Historical estimates have not been verified in accordance with the Appendix 5A (JORC Code) since their last technical report. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in the JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources, mineral reserves or ore reserves, and Champion is not treating the historical estimates as current mineral resources or reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

Certain resources mentioned are foreign estimates from an Australian perspective.

3. Bloom Lake Phase II Feasibility Study

The Phase II reserves and resources are based on the technical report entitled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to NI 43-101 and the JORC Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019, and filed on August 2, 2019 (the "Phase II Feasibility Study"). Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Phase II Feasibility Study.

The Company is not aware of any new information or data that materially affects the information included in the Phase II Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the Phase II Feasibility Study continue to apply and have not materially changed. The Phase II Feasibility Study is available under the Company's profile at www.sedar.com and on the ASX at www.asx.com.au.

4. Reserves and Resources — Bloom Lake as at March 31, 2023

During the 2023 financial year, stripping activities continued as detailed in the Phase II Feasibility Study. The Bloom Lake reserves and resources were adjusted for depletion due to iron ore mined as of March 31, 2023.

- Total Bloom Lake measured and indicated resources totalled 814 Mt as at March 31, 2023, compared to 846 Mt as at March 31, 2022;
- Bloom Lake inferred resources totalled 128 Mt as at March 31, 2023, compared to 129 Mt as at March 31, 2022; and
- Total Bloom Lake proven and probable reserves totalled 713 Mt at 28.7% Fe as at March 31, 2023, compared to 745 Mt at 28.8% Fe as at March 31, 2022.

All Bloom Lake mineral resources reported are inclusive of the Bloom Lake mineral reserves. The Bloom Lake mineral reserves and resources reported were estimated using an iron ore reference price of US$61.50/dmt (based on CFR China Index P62) and a premium of US$12.70/dmt for the 66.2% Fe concentrate. Bloom Lake proven reserves and measured resources as at March 31, 2023, include 1.1 Mt of pre-concentration stockpiles (March 31, 2022: 1.2 Mt of pre-concentration stockpiles).

The changes in resources and reserves between March 31, 2022, and March 31, 2023, are due to depletion from mining activities.

Table 1: Bloom Lake Mineral Resource Estimate (at 15% Fe Cut-Off)

	As at March 31, 2023					As at March 31, 2022
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Measured	197	30.4	1.2	1.2	0.3	219
Indicated	618	28.6	2.1	1.9	0.5	626
Total measured and indicated resources	814	29.0	1.9	1.7	0.4	846
Inferred	128	27.2	1.3	1.2	0.5	129

Table 2: Bloom Lake Phase Mineral Reserve Estimate (at 15% Fe Cut-Off)

	As at March 31, 2023					As at March 31, 2022
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Proven*	191	30.0	1.2	1.2	0.3	214
Probable	522	28.2	2.3	2.1	0.5	531
Total proven and probable	713	28.7	2.0	1.8	0.4	745

* Proven tonnage of 191 Mt includes 1.1 Mt of stockpiles.

5. Consolidated Reserves and Resources as at March 31, 2023

Bloom Lake mineral resources and reserves, as stated by the Phase II Feasibility Study, include Bloom Lake Phase I resources and reserves and do not take depletion into account. Bloom Lake mineral resources and reserves have been adjusted for depletion and calibrated with production.

The reserves and resources mentioned below (except the Bloom Lake reserves and resources) are historical estimates. The historical mineral reserves and resources mentioned in this Directors' Report are strictly historical in nature, are non-compliant with NI 43-101 or the JORC Code (2012 edition) and should therefore not be relied upon. Historical estimates have not been verified in accordance with the Appendix 5A (JORC Code) since their last technical report. A “qualified person”, as defined in NI 43-101, or a “competent person”, as defined in the JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources, mineral reserves or ore reserves, and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

5. Consolidated Reserves and Resources as at March 31, 2023 (continued)

Table 3: Consolidated Mineral Resources (million dmt)

Property	Group	Measured	Indicated	Total Measured & Indicated	Inferred
Bloom Lake	Bloom Lake	**197**	**618**	**814**	**128**
Consolidated Fire Lake North[1]	Fire Lake North[1]	27	667	694	522
	Bellechasse	—	—	—	215
	Oil Can	—	—	—	967
	Total	**27**	**667**	**694**	**1,704**
Moiré Lake[2]	Moiré Lake	**—**	**164**	**164**	**417**
Quinto Claims[3]	Peppler Lake	—	327	327	216
	Lamêlée North	—	272	272	653
	Hobdad	—	—	—	508
	Total	**—**	**599**	**599**	**1,377**
Lamêlée South[4]	Lamêlée South	**—**	**75**	**75**	**229**
Kamistiatusset[5]	Rose North	236	313	549	287
	Rose Central	250	295	545	161
	Mills Lake	51	131	182	75
	Total	**537**	**739**	**1,276**	**523**
Harvey-Tuttle[6]	Harvey-Tuttle	**—**	**—**	**—**	**947**
Penguin Lake[7]	Penguin Lake (45% Champion Iron Limited interest)	**—**	**—**	**—**	**239**
Total as at March 31, 2023		**761**	**2,862**	**3,622**	**5,564**
Total as at March 31, 2022		**783**	**2,868**	**3,651**	**5,565**

Table 4: Consolidated Mineral Reserves (million dmt)

Property / Group	Proven	Fe (%)	Probable	Fe (%)	Reserves Proven & Probable	Fe (%)
Bloom Lake*	191	30.0	522	28.2	713	28.7
Fire Lake North[8]	24	36.0	441	32.2	465	32.4
Kamistiatusset[5]	393	29.0	125	28.2	517	28.8
Total as at March 31, 2023	**608**	**29.6**	**1,088**	**29.8**	**1,695**	**29.8**
Total as at March 31, 2022	**631**	**29.6**	**1,096**	**29.8**	**1,727**	**29.8**

* Proven tonnage of 191 Mt includes 1.1 Mt of stockpiles.

1 The historical Consolidated Fire Lake resource estimates are based on the NI 43-101 technical reports entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013, and having an effective date of January 25, 2013 (as regards Fire Lake North), "Technical Report and Resource Estimate on the Bellechasse and Fire Lake North Properties, Fermont Project Area, Québec, Canada" prepared by P&E Mining Consultants Inc. dated December 23, 2009, and having an effective date of November 10, 2009 (as regards Bellechasse) and "Technical Report and Mineral Resource Estimate on the Oil Can Deposit of the Consolidated Fire Lake North Property, Fermont Area, Quebec, Canada" by P&E Mining Consultants Inc. dated August 17, 2012, and having an effective date of July 1, 2012 (as regards Oil Can). The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

2 The historical Moiré Lake resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Mineral Resource Estimate on the Moire Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012, and having an effective date of March 28, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

3 The historical Quinto resource estimates are based on the NI 43-101 technical reports entitled "Mineral Resource Technical Report, Peppler Project, Quebec" (as regards Peppler Lake), "Mineral Resource Technical Report, Lamêlée Project, Quebec" (as regards Lamêlée) and "Mineral Resource Technical Report, Hobdad Project, Quebec" (as regards Hobdad), each by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC

Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

4 The historical Lac Lamêlée resource estimates are based on the NI 43-101 technical report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017, and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

5 The historical Kami Project resource estimates are based on the NI 43-101 technical report entitled "Feasibility Study of the Rose Deposit and Resource Estimate for the Mills Lake Deposit of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Stantec and Watts, Griffis and McOuat Ltd. dated January 9, 2013, and having an effective date of December 17, 2012. The historical Kami Project reserve estimates are based on the NI 43-101 technical report entitled "Updated Feasibility Study of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Gemtec Ltd., Watts, Griffis and McOuat Ltd. and Golder Associates Ltd. dated October 31, 2018, and having an effective date of September 26, 2018. Kami Project mineral resources include Kami Project mineral reserves. The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules. As stated above, the Company has initiated work to revise the Kami Project's scope and update the feasibility study.

6 The historical Harvey-Tuttle resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011, and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition)and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

7 The historical Penguin Lake resource estimates are based on the National Instrument 43-101 technical report entitled "43-101 Technical Report and Mineral Resource Estimate on the Penguin Lake Project" by MRB & Associates dated February 3, 2014, and having an effective date of May 1, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

8 The historical Fire Lake North reserve estimates are based on the NI 43-101 technical report entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013, and having an effective date of January 25, 2013. The historical mineral reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These reserves are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

5. Consolidated Reserves and Resources (continued)

I. Bloom Lake

Bloom Lake mineral resources and reserves as stated by the Phase II Feasibility Study, include Bloom Lake Phase I resources and reserves and do not take depletion into account. Bloom Lake mineral resources and reserves presented below have been adjusted for depletion and calibrated with production.

Table 5: March 31, 2023 Bloom Lake Mineral Resource Estimate (at 15% Fe Cut-Off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al_2O_3 (%)
Measured	197	30.4	1.2	1.2	0.3
Indicated	618	28.6	2.1	1.9	0.5
Total measured and indicated	814	29.0	1.9	1.7	0.4
Inferred	128	27.2	1.3	1.2	0.5

Table 6: March 31, 2023 Bloom Lake Mineral Reserve Estimate (at 15% Fe Cut-Off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al_2O_3 (%)
Proven*	191	30.0	1.2	1.2	0.3
Probable	522	28.2	2.3	2.1	0.5
Total proven and probable	713	28.7	2.0	1.8	0.4

* Proven tonnage of 191 Mt includes 1.1 Mt of stockpiles.

In addition to the Bloom Lake Mine, the Company owns interests in 13 other iron ore deposits (total of 14 deposits) located in the Labrador Trough, some 300 km north of the City of Sept-Îles and ranging from 6 to 80 km west and south-west of Fermont. The other projects with historical reserves and resources are as follows:

II. Consolidated Fire Lake North

The consolidated Fire Lake North project includes three deposits, the Fire Lake North, Bellechasse and Oil Can deposits. All deposits are located north of ArcelorMittal's Fire Lake mine.

Table 7: Fire Lake North Historical Mineral Resource Estimate at Cut-Off 15% Fe[9]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	27	35.2
Indicated	667	31.4
Total measured and indicated resources	694	31.5
Inferred	522	30.1

Table 8: Fire Lake North Historical Mineral Reserve Estimate at Cut-Off 15% Fe[9]

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	Weight Recovery (%)
Proven	24	36.0	0.5	45.0
Probable	441	32.2	2.8	39.6
Total proven and probable	465	32.4	1.3	39.9

[9] The historical Fire Lake North resource and reserve estimates are based on the NI 43-101 technical report entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013, and having an effective date of January 25, 2013. The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These reserves and resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

5. Consolidated Reserves and Resources (continued)

II. Consolidated Fire Lake North (continued)

Table 9: Historical Inferred Resources for Other Consolidated Fire Lake North Deposits at Cut-Off 15% Fe[10]

Deposit	Mt Tonnage (dmt)	Fe (%)
Bellechasse	215	28.7
Oil Can	967	33.2

III. Moiré Lake

Moiré Lake is a stand-alone deposit located approximately 6 km west from the city of Fermont and it is the far extension of ArcelorMittal's Mont-Wright Mine. While ArcelorMittal's ore is hematite-rich, the Moiré Lake deposit is a mix of hematite and magnetite.

Table 10: Moiré Lake Historical Resource Estimate at Cut-Off 15% Fe[11]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	164	30.5
Total measured and indicated resources	164	30.5
Inferred	417	29.4

IV. Quinto Claims

The Quinto holding is composed of 435 claims with several iron ore deposits and occurrences. The property is adjacent to the Consolidated Fire Lake North project. All the deposits have more magnetite than hematite with small amounts of iron silicates. The Peppler Lake and Lamêlée projects are part of the Quinto Claims.

Table 11: Peppler Lake Historical Resource Estimate at Cut-Off 18% Fe[12]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	327	28.0
Total measured and indicated resources	327	28.0
Inferred	216	27.5

10 The historical Consolidated Fire Lake North resource estimates are based on the NI 43-101 technical reports entitled "Technical Report and Resource Estimate on the Bellechasse and Fire Lake North Properties, Fermont Project Area, Québec, Canada" prepared by P&E Mining Consultants Inc. dated December 23, 2009, and having an effective date of November 10, 2009 (as regards Bellechasse) and "Technical Report and Mineral Resource Estimate on the Oil Can Deposit of the Consolidated Fire Lake North Property, Fermont Area, Quebec, Canada" by P&E Mining Consultants Inc. dated August 17, 2012, and having an effective date of July 1, 2012 (as regards Oil Can). The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

11 The historical Moiré Lake resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Mineral Resource Estimate on the Moire Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012, and having an effective date of March 28, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

12 The historical Peppler Lake resource estimates are based on the NI 43-101 technical report entitled "Mineral Resource Technical Report, Peppler Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

5. Consolidated Reserves and Resources (continued)

IV. Quinto Claims (continued)

Table 12: Lamêlée North Historical Resource Estimate at Cut-Off 18% Fe[13]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	272	29.4
Total measured and indicated resources	272	29.4
Inferred	653	30.5

Table 13: Hobdad Historical Resource Estimate at Cut-Off 18% Fe[14]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	—	—
Total measured and indicated resources	—	—
Inferred	508	27.4

V. Lamêlée South

Table 14: Lamêlée South Historical Resource Estimate at Cut-Off 18% Fe[15]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	75	31.6
Total measured and indicated resources	75	31.6
Inferred	229	30.5

[13] The historical Lamêlée North resource estimates are based on the NI 43-101 technical report entitled "Mineral Resource Technical Report, Lamêlée Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

[14] The historical Hobdad resource estimates are based on the NI 43-101 technical reports entitled "Mineral Resource Technical Report, Hobdad Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013, and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

[15] The historical Lac Lamêlée South resource estimates are based on the NI 43-101 technical report entitled "NI 43-10 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017, and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

5. Consolidated Reserves and Resources (continued)

VI. Kami

On April 1, 2021, the Company acquired the mining properties of the Kami Project and is currently revising the Kami Project's scope and updating its previously completed feasibility study. The historical mineral reserves and resources of the Kami Project are as follows:

Table 15: Kami Project Historical Mineral Resource Estimate (at 15% Fe Cut-Off)[16]

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	HmFe (%)	Mn (%)
Measured	537	29.9	15.9	10.9	1.2
Indicated	739	29.5	15.8	10.3	1.1
Total measured and indicated	1,276	29.7	15.8	10.5	1.1
Inferred	523	29.5	15.0	11.1	1.0

Table 16: Kami Project Historical Mineral Reserve Estimate (at 15% Fe Cut-Off)[16]

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	Mag (%)	Weight Recovery (%)
Proven	393	29.0	15.0	1.2	34.7
Probable	125	28.2	11.1	1.1	32.0
Total proven and probable	517	28.8	14.1	1.2	34.1

VII. Harvey-Tuttle

The Harvey-Tuttle property is located northwest of the Quinto Claims. It holds several small deposits, although one of them, Turtleback Mountain, holds significant historical resources. As a whole, the Harvey-Tuttle property has 947 Mt of inferred historical resources at 23.2% Fe.[17]

VIII. Cluster 3

A series of 111 claims located near the closed Lac Jeannine Mine, identified as Cluster 3, was optioned to Cartier Iron Corporation. Champion Limited holds 45% of the property. The main asset in Cluster 3 is the Penguin Lake deposit. It has a total of 535 Mt of inferred historical resources (239 Mt attributable to the Company) at 33.1% Fe with a cut-off at 15% Fe.[18] Cluster 3 also includes a series of small deposits near Round Lake (north-west of Penguin Lake).

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[16] The historical Kami Project resource estimates are based on the NI 43-101 technical report entitled "Feasibility Study of the Rose Deposit and Resource Estimate for the Mills Lake Deposit of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Stantec and Watts, Griffis and McOuat Ltd. dated January 9, 2013 and having an effective date of December 17, 2012. The historical Kami Project reserve estimates are based on the NI 43-101 technical report entitled "Updated Feasibility Study of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Gemtec Ltd., Watts, Griffis and McOuat Ltd. and Golder Associates Ltd. dated October 31, 2018 and having an effective date of September 26, 2018. Kami Project mineral resources include Kami Project mineral reserves. The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules. As stated above, the Company has initiated work to revise the Kami Project's scope and update the feasibility study.

[17] The historical Harvey-Tuttle resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011, and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

[18] The historical Penguin Lake resource estimates are based on the NI 43-101 technical report entitled "43-101 Technical Report and Mineral Resource Estimate on the Penguin Lake Project (Round Lake Property), NTS 23C/01, Quebec" by Geochryst Geological Consulting and MRB & Associates Geological Consultants dated February 3, 2014 and having an effective date of May 1, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition) and Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). These resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

6. Material Changes

There were no material changes in the year ended March 31, 2023, other than depletion by the Bloom Lake Mine.

7. Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at Quebec Iron Ore ("QIO"), the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in this report and has confirmed that the relevant information is an accurate representation of the available data and studies for the relevant projects, except Section 4 "Reserves and Resources — Bloom Lake as at March 31, 2023". Mr. Blanchet's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Phase II Feasibility Study. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

Mr. Brandon Wilson, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in Section 4 "Reserves and Resources — Bloom Lake as at March 31, 2023" of this report. Mr. Wilson's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Phase II Feasibility Study. Mr. Wilson is a member of the *Ordre des ingénieurs du Québec*.

07

FINANCIAL REPORT

DIRECTORS' DECLARATION

1) In the opinion of the Directors:

    a. The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

        - giving a true and fair view of the Company's financial position as at March 31, 2023, and of its performance for the year ended on that date; and

        - complying with Australian Accounting Standards and the Corporations Act 2001.

    b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

    c. the audited remuneration disclosure set out in the Remuneration Report of the Directors' Report for the year ended March 31, 2023, complies with section 300A of the Corporations Act 2001.

2) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended March 31, 2023.

3) The Company has included in the notes to the financial statements a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

/s/ Michael O'Keeffe

Michael O'Keeffe, Executive Chairman

/s/ Andrew Love

Andrew Love, Lead Director

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of Champion Iron Limited

As lead auditor for the audit of the financial report of Champion Iron Limited for the financial year ended March 31, 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Champion Iron Limited and the entities it controlled during the financial year.

Ernst & Young

Scott Nichols
Partner
Sydney, Australia
May 31, 2023

Champion Iron Limited

(ACN: 119 770 142)

Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022

(Expressed in thousands of Canadian dollars)

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which includes making significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the consolidated financial statements, selecting appropriate accounting principles and methods, and making decisions that affect the measurement of transactions.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Ernst & Young, the independent auditors, has been appointed by the shareholders to audit the consolidated financial statements as at March 31, 2023 and 2022 and for the years then ended and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

/s/ David Cataford
David Cataford
Chief Executive Officer

/s/ Donald Tremblay
Donald Tremblay
Chief Financial Officer

May 31, 2023

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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHAMPION IRON LIMITED

Opinion

We have audited the consolidated financial statements of Champion Iron Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of equity and consolidated statements of cash flows for the years ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2023 and 2022 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key Audit Matter	How our audit addresses the key audit matter
Revenue from iron ore sales	
The Group recognised revenues of $1,395 million from the sale of iron ore for the year ended March 31, 2023. The amount of revenue recognised is impacted by the Group's provisional pricing arrangements, where the final sales price is determined based on iron ore prices subsequent to a shipment arriving at the port of discharge. The Group initially recognises sales revenue at the consideration received or expected to be received on the shipment date and re-estimates the consideration to be received using forecast iron ore prices at the end of each reporting period. The impact of iron ore price movements until final settlement is recorded as an adjustment to sales revenue. This was considered to be a key audit matter due to the estimation involved in re-measuring receivables on sales that remain provisional at period-end.	Our audit procedures included the following: ▸ Understood the Group's process relating to the initial recognition of revenue and the re-measurement of receivables. ▸ For a sample of provisional and final sales, agreed volumes, quality and pricing to shipping documentation and invoices and agreed cash receipts to bank statements. ▸ For the sample referred to above, assessed whether the timing of recognition of revenue was appropriate. ▸ Re-performed the measurement of receivables for which final pricing remained outstanding as at March 31, 2023, including assessing the appropriateness of forecast iron ore prices used in forming the estimate. ▸ Considered the adequacy of the disclosures included within the financial report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's discussion and analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going

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concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Nichols.

Ernst & Young

Ernst & Young
Sydney, Australia
May 31, 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Champion Iron Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Champion Iron Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at March 31, 2023, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at March 31, 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Revenue from Iron Ore Sales

Why significant	How our audit addressed the key audit matter
The Group recognised revenues of $1,395 million from the sale of iron ore for the year ended March 31, 2023. The amount of revenue recognised is impacted by the Group's provisional pricing arrangements, where the final sales price is determined based on iron ore prices subsequent to a shipment arriving at the port of discharge. The Group initially recognises sales revenue at the consideration received or expected to be received on the shipment date and re-estimates the consideration to be received using forecast iron ore prices at the end of each reporting period. The impact of iron ore price movements until final settlement is recorded as an adjustment to sales revenue. This was considered to be a key audit matter due to the estimation involved in re-measuring receivables on sales that remain provisional at period-end.	Our audit procedures included the following: ▸ Understood the Group's process relating to the initial recognition of revenue and the re-measurement of receivables. ▸ For a sample of provisional and final sales, agreed volumes, quality and pricing to shipping documentation and invoices and agreed cash receipts to bank statements. ▸ For the sample referred to above, assessed whether the timing of recognition of revenue was appropriate. ▸ Re-performed the measurement of receivables for which final pricing remained outstanding as at March 31, 2023, including assessing the appropriateness of forecast iron ore prices used in forming the estimate. ▸ Considered the adequacy of the disclosures included within the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended March 31, 2023.

In our opinion, the Remuneration Report of Champion Iron Limited for the year ended March 31, 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Scott Nichols
Partner
Sydney, Australia
May 31, 2023

Champion Iron Limited

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars - audited)

	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Current			
Cash and cash equivalents	**3**	**326,806**	321,892
Short-term investments	**4**	**312**	30,777
Receivables	**5**	**162,268**	124,137
Income and mining taxes receivable	**24**	**37,912**	—
Prepaid expenses and advances	**6**	**43,051**	20,272
Inventories	**7**	**167,670**	98,861
		738,019	595,939
Non-current			
Restricted cash	**14**	**—**	43,736
Non-current investments	**8**	**14,751**	14,158
Advance payments	**9**	**166,943**	149,012
Intangible assets	**10**	**7,866**	8,545
Property, plant and equipment	**11**	**1,261,968**	1,070,030
Exploration and evaluation assets	**12**	**117,127**	107,810
Other non-current assets	**14**	**8,595**	—
Total assets		**2,315,269**	1,989,230
Liabilities			
Current			
Accounts payable and other	**13**	**178,578**	192,151
Income and mining taxes payable	**24**	**—**	22,744
Current portion of long-term debt	**14**	**27,080**	71,995
		205,658	286,890
Non-current			
Long-term debt	**14**	**448,201**	251,365
Deferred grant	**14**	**10,614**	8,727
Lease liabilities	**15**	**73,430**	51,689
Rehabilitation obligation	**16**	**85,508**	86,021
Other long-term liabilities	**17**	**13,427**	17,848
Deferred tax liabilities	**24**	**215,727**	124,992
Total liabilities		**1,052,565**	827,532
Shareholders' equity			
Share capital	**17**	**401,282**	398,635
Contributed surplus		**22,796**	21,339
Warrants	**17**	**22,288**	22,473
Foreign currency translation reserve		**430**	539
Retained earnings		**815,908**	718,712
Total equity		**1,262,704**	1,161,698
Total liabilities and equity		**2,315,269**	1,989,230
Commitments and contingencies	**29**		
Subsequent event	**34**		

Should be read in conjunction with the notes to the consolidated financial statements

Approved on May 31, 2023 on behalf of the Directors

/s/ Michael O'Keeffe
Executive Chairman

/s/ Andrew Love
Lead Director

Champion Iron Limited

Consolidated Statements of Income

(Expressed in thousands of Canadian dollars, except per share amounts - audited)

		Year Ended March 31,	
	Notes	**2023**	2022
Revenues	**18**	**1,395,088**	1,460,806
Cost of sales	**19**	**(822,762)**	(458,678)
Depreciation	**32**	**(121,044)**	(43,929)
Gross profit		**451,282**	958,199
Other expenses			
Share-based payments	**17**	**(8,662)**	(12,818)
General and administrative expenses	**20**	**(41,514)**	(31,769)
Sustainability and other community expenses	**21**	**(17,933)**	(16,983)
Innovation and growth initiative expenses[1]		**(11,863)**	(5,549)
Bloom Lake Phase II start-up costs		**—**	(17,752)
Operating income		**371,310**	873,328
Net finance costs	**22**	**(25,587)**	(11,045)
Other income	**23**	**822**	8,560
Income before income and mining taxes		**346,545**	870,843
Current income and mining taxes	**24**	**(55,103)**	(306,480)
Deferred income and mining taxes	**24**	**(90,735)**	(41,778)
Net income		**200,707**	522,585
Earnings per share			
Basic	**25**	**0.39**	1.03
Diluted	**25**	**0.38**	1.00
Weighted average number of ordinary shares outstanding			
Basic		**517,046,000**	507,591,000
Diluted		**527,666,000**	524,108,000

Should be read in conjunction with the notes to the consolidated financial statements

[1] Innovation and growth initiative expenses were previously labelled Product research and development expenses in the consolidated financial statements for the year ended March 31, 2022. Growth initiatives are diversifying and as a result, the Company changed the heading to better reflects the nature of the expenses.

Champion Iron Limited

Consolidated Statements of Comprehensive Income

(Expressed in thousands of Canadian dollars - audited)

	Year Ended March 31,	
	2023	2022
Net income	**200,707**	522,585
Other comprehensive income (loss)		
Item that may be reclassified subsequently to the consolidated statements of income:		
Net movement in foreign currency translation reserve	**(109)**	9
Total other comprehensive income (loss)	**(109)**	9
Total comprehensive income	**200,598**	522,594

Should be read in conjunction with the notes to the consolidated financial statements

Champion Iron Limited

Consolidated Statements of Equity

(Expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

		Attributable to Champion Shareholders								
		Share Capital								
		Ordinary Shares		Preferred Shares						
	Note	Shares[1]	$	Shares	$	Contributed Surplus	Warrants	Foreign Currency Translation	Retained Earnings	Total
Balance - March 31, 2022		**516,612,000**	**398,635**	**—**	**—**	**21,339**	**22,473**	**539**	**718,712**	**1,161,698**
Net income		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**200,707**	**200,707**
Other comprehensive loss		**—**	**—**	**—**	**—**	**—**	**—**	**(109)**	**—**	**(109)**
Total comprehensive income (loss)		**—**	**—**	**—**	**—**	**—**	**—**	**(109)**	**200,707**	**200,598**
Exercise of warrants	**17**	**281,000**	**502**	**—**	**—**	**—**	**(185)**	**—**	**—**	**317**
Exercise of stock options	**17**	**300,000**	**2,145**	**—**	**—**	**(645)**	**—**	**—**	**—**	**1,500**
Dividends on ordinary shares	**17**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(103,344)**	**(103,344)**
Dividend equivalents	**17**	**—**	**—**	**—**	**—**	**167**	**—**	**—**	**(167)**	**—**
Share-based payments	**17**	**—**	**—**	**—**	**—**	**1,935**	**—**	**—**	**—**	**1,935**
Balance - March 31, 2023		**517,193,000**	**401,282**	**—**	**—**	**22,796**	**22,288**	**430**	**815,908**	**1,262,704**
Balance - March 31, 2021		502,116,000	356,463	185,000,000	159,507	22,309	29,973	530	284,235	853,017
Net income		—	—	—	—	—	—	—	522,585	522,585
Other comprehensive income		—	—	—	—	—	—	9	—	9
Total comprehensive income		—	—	—	—	—	—	9	522,585	522,594
Exercise of warrants	**17**	10,000,000	18,750	—	—	—	(7,500)	—	—	11,250
Exercise of stock options	**17**	220,000	1,205	—	—	(402)	—	—	—	803
Release of restricted share units	**17**	76,000	167	—	—	(358)	—	—	(252)	(443)
Issuance of ordinary shares for the acquisition of the Kami Project[2]	**17**	4,200,000	22,050	—	—	—	—	—	—	22,050
Redemption of preferred shares	**17**	—	—	(185,000,000)	(159,507)	—	—	—	(25,493)	(185,000)
Dividends	**17**	—	—	—	—	—	—	—	(57,093)	(57,093)
Dividends equivalents	**17**	—	—	—	—	77	—	—	(77)	—
Share-based payments, net of tax of $1,319	**17**	—	—	—	—	(287)	—	—	(5,193)	(5,480)
Balance - March 31, 2022		516,612,000	398,635	—	—	21,339	22,473	539	718,712	1,161,698

Should be read in conjunction with the notes to the consolidated financial statements

[1] All issued ordinary shares are fully paid and have no par value.
[2] Kamistiatusset iron ore project (the "Kami Project").

Champion Iron Limited

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars - audited)

	Notes	Year Ended March 31, 2023	2022
Cash provided by (used in)			
Operating Activities			
Net income		**200,707**	522,585
Adjustments for non-cash items			
Depreciation	**32**	**121,044**	43,929
Share-based payments	**17**	**8,662**	12,818
Unrealized (gain) loss on derivative liabilities	**23, 26**	**(176)**	176
Change in fair value of non-current investments and related gain on disposal	**26**	**(593)**	(9,488)
Unrealized foreign exchange loss		**7,867**	524
Deferred income and mining taxes	**24**	**90,735**	41,778
Other		**5,527**	2,355
		433,773	614,677
Changes in non-cash operating working capital	**32**	**(197,789)**	(144,242)
Net cash flow from operating activities		**235,984**	470,435
Investing Activities			
Purchase of property, plant and equipment	**11, 32**	**(282,892)**	(519,322)
Increase in non-current advance payments	**9**	**(30,001)**	(97,067)
Purchase of intangible assets	**10**	**(2,455)**	(1,357)
Decrease of restricted cash	**14**	**43,736**	—
Decrease (increase) of short-term investments	**4**	**31,070**	(3,598)
Acquisition of the Kami Project	**17**	**—**	(15,444)
Acquisition of non-current investments	**8**	**—**	(4,434)
Disposal of non-current investments	**8**	**—**	9,468
Investment in exploration and evaluation assets	**12**	**(9,317)**	(3,711)
Net cash flow used in investing activities		**(249,859)**	(635,465)
Financing Activities			
Issuance of long-term debt	**14**	**219,167**	120,874
Repayment of long-term debt	**14**	**(100,126)**	(2,116)
Transaction costs on long-term debt	**14**	**(4,606)**	(4,373)
Exercise of warrants	**17**	**317**	11,250
Exercise of stock options	**17**	**1,500**	803
Withholding taxes paid pursuant to the settlement of RSUs	**17**	**—**	(443)
Redemption of preferred shares	**17**	**—**	(185,000)
Dividends paid on preferred and ordinary shares	**17**	**(103,344)**	(57,093)
Payment of lease liabilities	**15**	**(6,004)**	(2,043)
Net cash flow from (used in) financing activities		**6,904**	(118,141)
Net decrease in cash and cash equivalents		**(6,971)**	(283,171)
Cash and cash equivalents, beginning of the year		**321,892**	609,316
Effects of exchange rate changes on cash and cash equivalents		**11,885**	(4,253)
Cash and cash equivalents, end of the year		**326,806**	321,892
Interest paid		**26,138**	12,248
Interest received		**6,291**	1,711
Net income and mining taxes paid		**115,759**	475,278

Should be read in conjunction with the notes to the consolidated financial statements

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

1. Description of Business

Champion Iron Limited ("Champion" or the "Company") was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA) and the Australian Securities Exchange (ASX: CIA) and trades on the OTCQX Best Market (OTCQX: CIAFF). The Company is domiciled in Australia and its principle administrative office is located on 1155 René-Lévesque Blvd. West, Suite 3300, Montreal, QC, H3B 3X7, Canada.

Champion, through its wholly-owned subsidiary Quebec Iron Ore Inc. ("QIO"), owns and operates the Bloom Lake Mining Complex ("Bloom Lake" or "Bloom Lake Mine"), located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The two concentrators have a combined nameplate capacity of 15 million tonnes per annum and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with the proven ability to produce a 67.5% Fe direct reduction quality concentrate. In January 2023, the Company announced the positive findings of a feasibility study evaluating upgrading half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore and approved an initial budget to advance the project. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has sold its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset Project located a few kilometres south-east of Bloom Lake, and the Consolidated Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake.

2. Summary of Significant Accounting Policies and Future Accounting Changes

A. Basis of preparation

The Company's consolidated financial statements are for the group consisting of Champion Iron Limited and its subsidiaries.

The financial report is a general purpose financial report which has been prepared for a for-profit enterprise in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards ("AAS") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities as well as derivatives which have been measured at fair value.

The nature of the operations and principal activities of the Company are described in the Directors' Report for the year ended March 31, 2023.

B. Statement of compliance

These audited consolidated financial statements have been prepared in accordance with AAS and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has consistently applied the accounting policies used in the preparation of its IFRS consolidated financial statements with the exception of those arising from new accounting standards issued and adopted by the Company as described in this note. These consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") on May 31, 2023.

C. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Basis of consolidation and functional currency
The consolidated financial statements include the accounts of the Company and its significant subsidiaries listed below:

	Ownership Percentage	Country of Incorporation	Functional Currency
Champion Innovations Limited	100.0%	Canada	Canadian dollars
Champion Iron Mines Limited	100.0%	Canada	Canadian dollars
Québec Iron Ore Inc.	100.0%	Canada	Canadian dollars
12364042 Canada Inc.	100.0%	Canada	Canadian dollars
Lac Bloom Railcars Corporation Inc.	100.0%	Canada	United States ("U.S.") dollars

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Consolidation
Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, and which has been identified as the management team that makes strategic decisions.

Cash and cash equivalents
Cash and cash equivalents consist of cash in bank, cash held in trust and short-term deposits with a maturity of less than three months.

Inventories
Inventories of ore and concentrate are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrates in the ordinary course of business based on the prevailing metal prices on the reporting date, less estimated costs to complete production and to bring concentrates to sale. Production costs that are capitalized as inventory include the costs directly related to bringing the inventory to its current condition and location, such as materials, labour and manufacturing overhead costs, based on normal capacity of the production facilities.

Supplies and spare parts are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Property, plant and equipment
Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Depreciation is calculated on the following basis over the estimated useful lives of property, plant and equipment:

Mining and processing equipment	Straight-line over 1 to 15 years or units-of-production basis over the recoverable reserves
Locomotives, railcars and rails	Straight-line over 24 years
Tailings dykes	Straight-line over 7 years or units-of-production basis over the recoverable reserves
Mining development and stripping asset	Straight-line over 5 years or units-of-production basis over the recoverable reserves
Asset rehabilitation obligation and other	Straight-line over 10 to 24 years or units-of-production basis over the recoverable reserves
Right-of-use assets	Straight-line over 1 to 23 years

Acquisition of a group of assets
The Company determines whether it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. If the set of activities do not constitute a business, the Company accounts for the acquisition of a group of assets including intangible assets and liabilities assumed based on their relative fair values at the date of acquisition. The cost of acquisition, including directly attributable acquisition-related costs, is measured as the aggregate of the consideration transferred measured at the acquisition date fair value.

If the acquisition of a group of assets comprises a variable contingent consideration that varies according to future activities such as future production, then the contingent consideration is expensed when incurred. Contingent considerations related to the initial value of the assets are capitalized when the contingency is crystallized.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired separately are carried at cost. Intangible assets acquired through an acquisition of a group of assets are recognized initially at their fair value at the acquisition date. Subsequently, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on finite-life intangible assets is recognized on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The estimated useful life and depreciation method are reviewed at least at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis. Depreciation is calculated on the following basis over the economic lives of the intangible assets with a finite useful life:

Port access	Straight-line over 20 years
Software	Straight-line over 3 years

Innovation and growth initiative expenses
Innovation and growth initiative expenses are recognized in profit or loss as incurred, except if the expenditures are related to the development and setup of new products, processes and systems and satisfy generally accepted conditions for capitalization, including reasonable assurance that they will be recovered. Capitalized development expenditures are measured at cost less accumulated depreciation, using the straight-line method, and accumulated impairment losses.

Bloom Lake Phase II start-up costs
During the year ended March 31, 2023, the Bloom Lake Phase II facility was commissioned and, as a result, all start-up costs incurred beginning April 1, 2022, were recorded as cost of sales. Start-up costs are pre-commercial expenses and mainly include abnormal operational costs attributable to the facility not having reached the normalized level of output. Bloom Lake Phase II start-up costs incurred in the period from September 30, 2021 to March 31, 2022 were presented on a separate line as operating expenses on the consolidated statements of income in the comparative year, and included mainly costs related to staff mobilization and training.

Production stripping (waste removal) costs
Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a production stripping asset, if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable;
b) The component of the ore body for which access will be improved can be accurately identified; and
c) The costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs in cost of sales as they are incurred.

The stripping ratio varies depending on the stage of the mine life. All costs related to a stripping ratio higher than the life of mine ratio are capitalized and all costs related to a stripping ratio lower than the life of mine ratio results in amortization of the stripping activity asset. The capitalized expenses are recalculated on a monthly basis. Stripping costs incurred in the pre-production period have also been capitalized using the same methodology. The life of mine stripping ratio for Bloom Lake Phase I was initially estimated at 0.5 based on the National Instrument 43-101 Technical report on the Bloom Lake mine re-start feasibility study (the "Feasibility Study"). As part of the mineral reserves review of Phase II, on December 15, 2021, the Company revised the stripping ratio at a weighted average of 0.99 for two separate open-pits concurrent with the commencement of Phase II operations. Refer to the Significant accounting judgements, estimates and assumptions section below.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Assets under construction

i) Property, plant and equipment in the course of construction or use for its own purposes

The cost comprises their purchase price and any costs directly attributable to bringing them into working condition for their intended use. Assets under construction are carried at cost less any recognized impairment loss and are not subject to depreciation. Assets under construction are classified to the appropriate category of property, plant and equipment and the depreciation of these assets commences when the assets are ready for their intended used. In December 2022, the Company declared commercial production at the Bloom Lake Phase II plant. Consequently, Phase II assets were reclassified from assets under construction to other categories under property, plant and equipment. Those assets also started to be depreciated in December 2022.

ii) Mineral properties under development

Costs incurred subsequent to the establishment of the technical feasibility and commercial viability of the extraction of resources from a particular mineral property are capitalized. Capitalized costs, including mineral property acquisition costs and certain mine development and construction costs, are not depreciated until the related mining property has reached a level of operating capacity pre-determined by management, often referred to "as commercial production" or expected capacity. The date of transition from construction to commercial production or expected capacity accounting is based on both qualitative and quantitative criteria such as substantial physical project completion, sustained level of mining, sustained level of processing activity, and passage of a reasonable period of time. Upon completion of mine construction activities (based on the determination of commercial production or expected capacity), costs are removed from assets under development and incorporated into the appropriate categories of property, plant and equipment and supplies inventories.

Borrowing costs

Borrowing costs attributable to the acquisition, development or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use. Interests on long-term debt are capitalized in assets under construction until substantially all the activities necessary to prepare the asset for its intended use are complete. Otherwise, borrowing costs are expensed as incurred in profit or loss.

Exploration and evaluation assets

Exploration and evaluation assets, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Mining tax credits earned in respect to costs incurred in Québec are recorded as a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company’s ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation assets do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets are first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the consolidated statements of income to the extent of any impairment.

Impairment of non-financial assets

The Company's non-financial assets, such as property, plant and equipment, intangible assets and exploration and evaluation assets are reviewed for indicators of impairment at each reporting date and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. If indication of impairment exists, the asset’s recoverable amount is estimated.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognized in the consolidated statements of income when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected cash flows of the relevant assets or CGUs). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. However, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Long-term debt

The long-term debt are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

Rehabilitation obligation

The Company records a rehabilitation obligation for legal and constructive asset retirement obligations. Rehabilitation obligation is recorded for an amount that represent the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the Company will adjust the amount of the provision which will be the present value of the expenditures expected to be required to settle the obligation, discounted by the number of years between the reporting date and the rehabilitation date, using a discount rate that reflects current market assessments of the time value and risks at the reporting period. The unwinding of the discount is recognized as finance cost.

Share capital and issuance costs

Share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Proceeds from issuance of share capital are allocated between shares capital and ordinary share purchase warrants by calculating the fair value of the warrants using the Black-Scholes option pricing model and recording the share capital portion using the residual method as the difference between the fair value of the warrants and the proceeds received. Issuance costs are allocated pro rata between the share capital and warrants and netted against each component.

Dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized by the Board, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company's entities using the exchange rates prevailing at the dates of the transactions or an appropriate average exchange rate. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Functional and presentation currency

Items included in the financial statements of each consolidated entity of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements of entities that have a functional currency different from the Company are translated into Canadian dollars as follows: assets and liabilities are translated at the closing rate at the reporting date, and income and expenses are translated at the average rate during an appropriate year. Equity transactions are translated using the exchange rate at the date of the transaction.

Exchange differences relating to the translation of the results and net assets of the Company's operations from their functional currency to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve with the exception of those balances that are within the scope of AASB 9 (IFRS 9) Financial Instruments.

Share-based payments

i) Stock option plan

The Company offers a stock option plan for its directors and employees. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based payments and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based payments associated with the unvested portion of the stock options forfeited is reversed.

ii) Other awards

As part of the remuneration plan, the Company offers performance share unit ("PSU") awards, restricted share unit ("RSU") awards and deferred share unit ("DSU") awards. Recipient of these share-based awards are entitled to receive a dividend equivalent.

For equity-settled share-based awards, share-based payments are measured at fair value and the awards expected to vest are accrued on a straight-line basis over the vesting period with a corresponding increase in contributed surplus. The grant date fair value of equity-settled share-based awards is determined using the share price of the Company on the TSX at the grant date. At a dividend record date, if any, the dividend equivalent is recognized directly as an increase in contributed surplus with a corresponding amount in retained earnings based on the vesting period, measured at the grant date fair value of the dividend equivalent.

Cash-settled share-based payments are measured at fair value at the grant date with a corresponding liability. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in net income. The grant date fair value of the compensation is measured based on the closing share price of the Company on the TSX adjusted to take into account the terms and conditions upon which the shares were granted, if any, and the awards that are expected to vest. At a dividend record date, if any, the dividend equivalent is recognized as a liability for cash-settled awards with a corresponding amount as share-based payments in profit or loss.

When terms of an equity-settled share-based award are modified to be being cash-settled award, at the date of modification, a liability is recognized based on the fair value of the cash–settled award as at that date and the extent to which the vesting period has expired with a corresponding decrease in contributed surplus. Subsequently, the fair value of the liability is remeasured at the end of each reporting period with any changes in fair value recognized in net income.

iii) Share-based payment transactions

The fair value of share-based payment transactions to non-employees and other share-based payments are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recorded as a deferred credit and recognized as income or recorded against the expenditure, as the related costs for which it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the cost of the related asset. The Company presents grants received related to an expense item within operating activities whereas grants received related to an asset within the investing activities against the purchase of property, plant and equipment in the consolidated statements of cash flows.

Interest-bearing loans from government at a below-market interest rate are treated as government grants and are recognized at fair value measured at the present value of all future cash flows discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value of the loan and the consideration received is recognized as a government grant. After initial recognition, the interest-bearing loan is subsequently measured at amortized cost using the effective interest rate method. The government grant is amortized over the estimated useful life of the assets financed by the interest-bearing loan.

Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Derivative financial instruments

Derivative financial instruments are classified as fair value through profit and loss ("FVTPL"), unless they are designated as hedging instruments for which hedge accounting is applied. The Company has no hedging instrument. Changes in the fair value of derivative financial instruments not designated in a hedging relationship are recognized in other income (expense), based on the nature of the exposure.

Derivative financial instruments include forward foreign exchange contracts used to manage the Company's exposure to foreign exchange.

Derivative financial instruments also include derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Embedded derivatives of the Corporation include prepayment options and subscription right to purchase equity instruments. Prepayment options that are not closely related to the host contract are measured at fair value, with the initial value recognized as an increase of the related long-term debt and amortized to income using the effective interest method. Subscription right to purchase equity instruments are recorded as a derivative asset when the market value of the underlying equity instrument becomes higher than the Company's subscription price. Subsequent changes in fair value of embedded derivatives are recorded either in net finance costs or other income (expense), depending on the nature of the derivative.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Derivative financial instruments (continued)
Embedded derivatives for which economic characteristics and risks are closely related to the host contracts are not accounted as a separate derivative. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Financial assets
i) Initial recognition
Financial assets are either classified and measured at amortized cost, FVTPL or fair value through other comprehensive income ("FVOCI").

In order for financial assets to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at FVTPL
Financial assets at FVTPL include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at FVTPL, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the solely payments of principal and interest test. Financial assets at FVTPL include the Company's trade receivables, convertible loans, equity investments and derivative assets.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the solely payments of principal and interest test are required to be classified and measured at FVTPL, irrespective of the business model. Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

The Company's trade receivables subject to provisional pricing relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotation period stipulated in the contract. The embedded derivative related to this exposure to the commodity price causes such trade receivables to fail the solely payments of principal and interest test. As a result, these receivables are measured at FVTPL in its entirety from the date of recognition of the corresponding sale, with subsequent movements being recognized as provisional pricing adjustments within revenues in the consolidated statements of income.

The Company's convertible loans and equity investments are also measured at FVTPL based on the underlying entity's fair value with subsequent movements being recognized in the consolidated statements of income .

iii) Financial assets at amortized cost
Financial assets at amortized cost include the Company's cash and cash equivalents, short-term investments, other receivables and restricted cash which are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is recognized within net finance cost in the statements of income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

iv) Impairment of financial assets
The Company recognizes an allowance for expected credit loss ("ECL") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Financial assets (continued)

iv) Impairment of financial assets (continued)

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or as amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

ii) Loans and accounts payable and other at amortized cost

After initial recognition, interest-bearing loans and borrowings as well as accounts payable and other are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of income.

iii) Cash-settled share-based payment liability at FVTPL

After grant date, changes in fair value of cash-settled share-based payment arrangements are recognized in the consolidated statements of income based on the Company's share price at each reporting date.

iv) Derecognition

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Leases

Leases are recognized as a right-of-use asset in property, plant and equipment and a corresponding liability in lease liabilities at the date at which the leased asset is available for use by the Company. The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the Company; and
- restoration costs.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies (continued)

Leases (continued)
After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation. The right-of use asset is depreciated either on a straight-line basis over the lease term, taking into account any extensions that are likely to be exercised (or longer if a purchase option is reasonably certain to be exercised) or the units-of-production basis over the recoverable reserves. Right-of-use assets are subject to impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the Company's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable in which case the latter is used. Each lease payment is allocated between the repayment of the principal portion of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Payments associated with short-term leases, leases of low value assets and certain variable lease payments are recognized on a straight-line basis as an expense in profit or loss.

At a full lease termination, the Company derecognizes the right-of-asset and lease liability. A gain or loss for any difference between the carrying amounts of the right-of-use asset and lease liability as of the date of termination is recognized under other income (expense) in the consolidated statements of income.

D. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Judgement on production start date
The Company assessed the stage of its mining asset construction project to determine when it has reached the commercial production phase. Commercial production is achieved when the project is substantially completed and ready for its intended use. The Company considers various relevant criteria to assess when the commercial production phase is considered to have commenced including, but not limited to:

- Level of capital expenditure incurred compared to original budget;
- Majority of the assets making up the mining project are substantially complete and ready for use;
- Completion of a reasonable period of testing of the mine plant and equipment; and
- Ability to produce concentrate in saleable form (within specifications) and to sustain ongoing production of iron ore concentrate.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineral reserve development. It is also at this point that depreciation commences.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

D. Significant accounting judgements, estimates and assumptions (continued)

Judgement on production start date (continued)
In December 2022, the Company declared commercial production at the Bloom Lake Phase II plant. Consequently, Phase II assets were reclassified from assets under construction to other categories under property, plant and equipment. Those assets also started to be depreciated in December 2022.

Estimates of mineral reserves and resources
Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by qualified persons relating to geological and technical data, on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Recovery of reserves is based on factors such as estimated future prices, expected future production and production costs and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. Such an analysis requires complex geological judgements and estimates. Estimates of mineral reserves and resources have an impact on the following items:

- Capitalized stripping costs recognized as inventory or charged as cost of sales in profit or loss as it may change due to changes in stripping ratios. Refer to note 11 — Property, Plant and Equipment;
- Depreciation charge as changes in estimates of mineral reserves and resources may affect the useful life or units-of-production method calculation for depreciation;
- Rehabilitation obligation as changes in estimates may affect the expected date to settle the obligation; and
- Carrying value of non-financial assets as changes in estimates may affect estimated future cash flows and therefore impact impairment analysis.

The Company expects that, over time, its reserve and resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Judgement on what defines separate open-pits
Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, initial stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping of the second and subsequent pits is considered to be production phase stripping. There is judgment as to whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances.

The following factors would point towards the initial stripping costs for the individual pits being accounted for separately:
– If mining of the second and subsequent pits is conducted consecutively following that of the first pit, rather than concurrently;
– If separate investment decisions are made to develop each pit, rather than a single investment decision being made at the outset;
– If the pits are operated as separate units in terms of mine planning and the sequencing of overburden removal and ore mining, rather than as an integrated unit; and
– If the pits extract ore from separate and distinct ore bodies, rather than from a single ore body.

If the designs of the second and subsequent pits are significantly influenced by opportunities to optimize output from several pits combined, including the co-treatment or blending of the output from the pits, then this would point to treatment as an integrated operation for the purposes of accounting for initial stripping costs. The relative importance of each of the above factors is considered in each case. The Company operates three open-pits at the Bloom Lake Mine. The Company assessed that two open-pits are integrated. As such, the Company uses two stripping ratios.

Judgements and estimates on depreciation of non-current assets
Property, plant and equipment is depreciated over its useful life, or over the remaining life of the mine if that is shorter and there is no reasonable alternative use for the asset by the Company. The useful lives of the major assets of a CGU are often dependent on the life of the mine to which they relate. Where this is the case, the lives of mining properties, plant, concentrators and other long-lived processing equipment are generally limited to the expected life of mine, which is estimated on the basis of the mining plan. Where the major assets of a CGU are not dependent on the life of mine, management applies judgment in estimating the remaining service potential of long-lived assets.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

D. Significant accounting judgements, estimates and assumptions (continued)

Judgements and estimates on recovery of exploration and evaluation assets

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which the Company has the right to explore in a specific area, actual and planned expenditures, and results of exploration. Management judgment is also applied in determining whether an economically-viable operation can be established or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, significant negative industry or economic trends, CGUs, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest. Refer to note 12 — Exploration and Evaluation Assets.

Estimate of rehabilitation obligation

The rehabilitation obligation is based on the best estimate of the expenditures required to settle the present obligation at the end of the reporting period, including but not limited to dismantling and removing infrastructure and operating facilities as well as restoring water pond and vegetating affected areas. The estimate of the expenditure required to settle the present obligation is the amount that the Company would rationally pay to settle obligation at the end of the reporting period or to transfer it to a third party. The rehabilitation obligation has been determined based on the Company's best internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed at each reporting period to take into account any material changes to the assumptions, including regulatory changes and cost increases associated with site areas used for tailings and waste. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the time. Furthermore, the timing of rehabilitation is likely to depend on when Bloom Lake ceases to produce at economically viable rates. This, in turn, will depend upon future iron ore prices, which are inherently uncertain. A rehabilitation obligations study was completed in the year ended March 31, 2022. Refer to note 16 — Rehabilitation Obligation.

Estimates on revenue recognition

The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon loading. Incoterm used by the Company is Free On Board, where the Company has no responsibility for freight or insurance once control of the concentrate has passed at the loading port. Thus, the performance obligation is satisfied at a point in time. At the time the concentrate is loaded, the Company has transferred the significant risks and rewards to the customer, including the legal title and the Company has physically transferred the concentrate.

Revenue is recognized at an amount that reflects the consideration to which the Company received or expects to receive in exchange for the goods transferred and are recorded net of sale taxes to the extent that the revenue can be reliably measured.

For sales contracts structured on a provisional pricing basis, the sales price is determined provisionally at the date of sale, with the final pricing generally determined at a mutually agreed date (generally between 2 to 3 months from the date of the sale), at a quoted market price at that time. This provisional pricing arrangement fails the solely payments of principal and interest test and the receivable is recorded at fair value based on the forward iron concentrate prices for the relevant contract period. All subsequent mark-to-market adjustments are recorded in sales revenue up to the date of final settlement and identified as provisional pricing adjustments.

Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues. As at March 31, 2023, there was US$224,807,000 (March 31, 2022: US$106,708,000) in revenues that were awaiting final pricing.

Estimates of lease liabilities and right-of-use assets

The application of IFRS 16, Leases, requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include determining contracts in scope of IFRS 16, determining the contract term, determining the interest rate used for discounting future cash flows, assessing purchase option and separating components of a contract. The lease term determined by the Company generally comprises a non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets. Lease payments include the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The separation of components of a contract requires estimates and judgments for allocating the consideration in the contract to each lease component and non-lease component. Refer to notes 11 — Property, Plant and Equipment and 15 — Lease Liabilities.

2. Summary of Significant Accounting Policies and Future Accounting Changes (continued)

E. New accounting amendments issued and adopted by the Company

The following amendments to existing standards have been adopted by the Company on April 1, 2022:

Amendments to AASB 3 (IFRS 3), Business Combinations ("IFRS 3")
Amendments to IFRS 3 are designed to: i) update its reference to the 2018 Conceptual Framework instead of the 1989 Framework; ii) add a requirement that, for obligations within the scope of AASB 137 (IAS 37), *Provisions, Contingent Liabilities and Contingent Assets*, ("IAS 37") an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of AASB Interpretation 21 (IFRIC 21), *Levies*, ("IFRIC 21") the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date; and iii) add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to AASB 116 (IAS 16), Property, Plant and Equipment ("IAS 16")
Amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The Company applied this amendment during the Phase II project.

Amendments to AASB 137 (IAS 37), Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")
Amendments to IAS 37 specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to AASB 9 (IFRS 9), Financial Instruments ("IFRS 9")
Amendments to IFRS 9 clarify which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The Company applied this amendment in the analysis of the refinancing agreement. Refer to note 14 — Long-Term Debt.

The adoption of the amendments listed above did not have a significant impact on the Company's financial statements.

F. New accounting amendments issued to be adopted at a later date

The following amendments to a standard have been issued and are applicable to the Company for its annual period beginning on April 1, 2023 and thereafter, with an earlier application permitted:

Amendments to AASB 101 (IAS 1), Presentation of Financial Statements ("IAS 1")
Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.

Amendments to IAS 1 also clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

Amendments to AASB 108 (IAS 8), Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")
Amendments to IAS 8 replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Amendments to AASB 112 (IAS 12), Income Taxes ("IAS 12")
The amendments specify how entities should account for deferred income taxes on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognizing deferred income taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations and that entities are required to recognize deferred income taxes on such transactions.

The Company is currently evaluating the impact of adopting the amendments on the Company's financial statements.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

3. Cash and Cash Equivalents

As at March 31, 2023, cash and cash equivalents totalling $326,806,000 (March 31, 2022: $321,892,000) consisted of cash in bank and short-term deposits. As at March 31, 2023, the Company’s cash balance is comprised of $162,905,000 U.S. dollars ($220,460,000), $106,274,000 Canadian dollars and $79,000 Australian dollars ($72,000).

4. Short-Term Investments

During the year ended March 31, 2023, various term deposits used as security deposits were released. As at March 31, 2023, the short-term investments amounted to $312,000 (March 31, 2022: $30,777,000).

5. Receivables

		As at March 31,	As at March 31,
	Note	**2023**	2022
Trade receivables		**131,786**	93,527
Sales tax		**21,290**	23,981
Grant receivable	**11**	**7,075**	3,298
Other receivables		**2,117**	3,331
		162,268	124,137

As at March 31, 2023, the trade receivables, associated with revenues subject to provisional pricing, amounted to a total balance of $76,984,000 (March 31, 2022: $26,504,000).

For information about the Company's exposure to credit risk, refer to note 26 — Financial Instruments.

6. Prepaid Expenses and Advances

		As at March 31,	As at March 31,
	Note	**2023**	2022
Rail transportation	**9**	**35,665**	10,331
Port advance payments	**9**	**3,685**	3,206
Insurance		**1,794**	2,167
Other		**1,907**	4,568
		43,051	20,272

The rail transportation prepaid amount of $35,665,000 as at March 31, 2023, included the current portion of railway and port facilities agreements of $14,469,000 and credits on monthly payments based on estimated costs and projected quantities of material transported exceeding actual costs and tonnage.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

7. Inventories

	As at March 31, 2023	As at March 31, 2022
Stockpiled ore	**37,955**	28,523
Concentrate inventories	**51,704**	26,386
Supplies and spare parts	**78,011**	43,952
	167,670	98,861

For the year ended March 31, 2023, the amount of inventories recognized as an expense totalled $904,647,000 (year ended March 31, 2022: $502,607,000). For the year ended March 31, 2023, no specific write-down was recorded on any of the Company's inventories (year ended March 31, 2022: nil).

8. Non-Current Investments

	As at March 31, 2023	As at March 31, 2022
Convertible loans - at FVTPL	**2,799**	7,960
Equity investments in private entity - at FVTPL	**8,972**	3,445
Derivative asset - at FVTPL	**2,971**	2,744
Equity investments in publicly listed entities - at FVTPL	**9**	9
	14,751	14,158

	As at March 31, 2023 (twelve-month period)	As at March 31, 2022 (twelve-month period)
Opening balance	**14,158**	9,704
Change in fair value during the period	**593**	9,488
Acquisition	**—**	4,434
Disposal	**—**	(9,468)
Ending balance	**14,751**	14,158

For the year ended March 31, 2022, the Company acquired equity instruments in an European-based private entity for an amount of $4,434,000 (US$3,500,000) and sold the majority of its shares of publicly listed equity investments for proceeds of $9,468,000 and a net gain of $176,000. During the year ended March 31, 2023, the Company converted one of its convertible loans to equity instruments.

An unrealized gain in fair value on non-current investments of $593,000 has been recorded for the year ended March 31, 2023 (year ended March 31, 2022: An unrealized gain of $5,005,000 and a realized gain of $4,483,000). Refer to notes 26 — Financial Instruments and 23 — Other Income.

9. Advance Payments

	As at March 31, 2023	As at March 31, 2022
Railway and port facilities	**122,704**	111,102
Port	**18,541**	21,365
Other long-term advance	**25,698**	16,545
	166,943	149,012

9. Advance Payments (continued)

Railway and port facilities

On October 12, 2017, the Company entered into a railway and stockyard facilities access agreement with Société Ferroviaire et Portuaire de Pointe-Noire ("SFPPN") for the transportation, unloading, stockpiling and loading of iron ore concentrate from Sept-Îles to Pointe-Noire, Québec. In connection with the agreement, the Company makes annual advance payments of $3,750,000 to SFPPN to guarantee access to the yard. As at March 31, 2023, the related advance payments amounted to $11,268,000 (March 31, 2022: $9,359,000). In addition, the Company entered into a construction agreement with SFPPN and made advances to increase the transshipment capacity and support the Company's plans to increase production with the Phase II project, which totalled $83,464,000 as at March 31, 2023 (March 31, 2022: $62,278,000). These advance payments will be reclassified to property, plant and equipment as a right-of-use asset once the work is completed and the related additional transshipment capacity is available.

On April 16, 2021, the Company also entered into an agreement to expand an existing long-term rail contract to accommodate the anticipated increased Phase II production volumes. In connection with this agreement, remaining advance payments totalled $27,972,000 as at March 31, 2023 (March 31, 2022: $39,465,000).

In addition, the current portion of the railway and port facilities advances related to these agreements totalled $14,469,000 and is included under Prepaid expenses and advances in the consolidated statements of financial position as at March 31, 2023 (March 31, 2022: $10,331,000).

Port

Pursuant to the agreement which the Company entered with the Sept-Îles Port Authority ("Port"), the Company made an advance payment on its future shipping, wharfage and equipment fees. As at March 31, 2023, the remaining advance payment amounted to $18,541,000 (March 31, 2022: $21,365,000).

The current portion of the port advances totalled $3,685,000 and is included under Prepaid expenses and advances in the consolidated statements of financial position as at March 31, 2023 (March 31, 2022: $3,206,000).

Other long-term advance

The other long-term advance relates mainly to amounts paid to SFPPN annually and are recoverable from SFPPN under the guarantee access agreement if certain conditions are met as well as amounts prepaid for capital maintenance expenditures on SFPPN's assets.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

10. Intangible Assets

	Port Access	Software	Total
Cost			
March 31, 2022	**3,513**	**10,767**	**14,280**
Additions	**—**	**2,455**	**2,455**
March 31, 2023	**3,513**	**13,222**	**16,735**
Accumulated depreciation			
March 31, 2022	**—**	**5,735**	**5,735**
Depreciation	**61**	**3,073**	**3,134**
March 31, 2023	**61**	**8,808**	**8,869**
Net book value - March 31, 2023	**3,452**	**4,414**	**7,866**

	Port Access	Software	Total
Cost			
March 31, 2021	—	9,410	9,410
Additions	3,513	1,357	4,870
March 31, 2022	3,513	10,767	14,280
Accumulated depreciation			
March 31, 2021	—	3,153	3,153
Depreciation	—	2,582	2,582
March 31, 2022	—	5,735	5,735
Net book value - March 31, 2022	3,513	5,032	8,545

Additions for the year ended March 31, 2022, were comprised of rights and entitlements to reserve annual loading capacity related to a port agreement acquired of $3,513,000 in connection with the acquisition of the Kami Project.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

11. Property, Plant and Equipment

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dikes	Assets under Construction (i)(ii)(iii)	Mining Development and Stripping Asset (iv)	Asset Rehabilitation Obligation and Other	Subtotal	Right-of-use Assets	Total
Cost									
March 31, 2022	**222,915**	**54,476**	**143,932**	**531,785**	**111,965**	**73,139**	**1,138,212**	**66,368**	**1,204,580**
Additions	**94,316**	**—**	**—**	**162,203**	**20,390**	**12,613**	**289,522**	**34,819**	**324,341**
Transfers, disposals and lease termination	**508,652**	**6,725**	**58,210**	**(664,724)**	**—**	**48,627**	**(42,510)**	**(3,225)**	**(45,735)**
Foreign exchange and other	**—**	**3,538**	**—**	**—**	**—**	**(10,016)**	**(6,478)**	**—**	**(6,478)**
March 31, 2023	**825,883**	**64,739**	**202,142**	**29,264**	**132,355**	**124,363**	**1,378,746**	**97,962**	**1,476,708**
Accumulated depreciation									
March 31, 2022	**89,760**	**8,891**	**13,637**	**—**	**10,780**	**6,436**	**129,504**	**5,046**	**134,550**
Depreciation	**51,793**	**2,524**	**8,153**	**—**	**49,560**	**4,002**	**116,032**	**8,073**	**124,105**
Transfers, disposals and lease termination	**(41,468)**	**—**	**—**	**—**	**—**	**(218)**	**(41,686)**	**(2,989)**	**(44,675)**
Foreign exchange and other	**—**	**760**	**—**	**—**	**—**	**—**	**760**	**—**	**760**
March 31, 2023	**100,085**	**12,175**	**21,790**	**—**	**60,340**	**10,220**	**204,610**	**10,130**	**214,740**
Net book value - March 31, 2023	**725,798**	**52,564**	**180,352**	**29,264**	**72,015**	**114,143**	**1,174,136**	**87,832**	**1,261,968**

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dikes	Assets under Construction (ii)	Mining Development and Stripping Asset (iv)	Asset Rehabilitation Obligation and Other	Subtotal	Right-of-use Assets	Total
Cost									
March 31, 2021	172,460	43,663	81,549	176,079	67,831	32,223	573,805	10,335	584,140
Additions	24,658	6,959	—	449,228	44,134	44,674	569,653	57,138	626,791
Transfers, disposals and lease termination	25,797	4,123	62,383	(93,522)	—	—	(1,219)	(1,105)	(2,324)
Foreign exchange and other	—	(269)	—	—	—	(3,758)	(4,027)	—	(4,027)
March 31, 2022	222,915	54,476	143,932	531,785	111,965	73,139	1,138,212	66,368	1,204,580
Accumulated depreciation									
March 31, 2021	56,018	6,967	8,212	—	1,799	3,519	76,515	2,640	79,155
Depreciation	34,482	1,972	5,425	—	8,981	2,917	53,777	2,406	56,183
Transfers, disposals and lease termination	(740)	—	—	—	—	—	(740)	—	(740)
Foreign exchange and other	—	(48)	—	—	—	—	(48)	—	(48)
March 31, 2022	89,760	8,891	13,637	—	10,780	6,436	129,504	5,046	134,550
Net book value - March 31, 2022	133,155	45,585	130,295	531,785	101,185	66,703	1,008,708	61,322	1,070,030

(i) In December 2022, the Company declared commercial production at the Bloom Lake Phase II plant. Consequently, Phase II assets were reclassified from assets under construction to other categories under property, plant and equipment. Those assets also started to be depreciated in December 2022.

(ii) During the development period of the Bloom Lake Phase II project, the amount of borrowing costs capitalized for the year ended March 31, 2023, was $14,367,000 (year ended March 31, 2022: $15,040,000). Borrowing costs consisted of interest expense and the amortization of transaction costs on the long-term debt. Refer to note 14 — Long-Term Debt. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the year ended March 31, 2023 was 5.0% (year ended March 31, 2022: 5.4%).

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

11. Property, Plant and Equipment (continued)

(iii) The Company qualified for a government grant up to $21,817,000, payable in multiple advances, in relation to energy consumption reduction initiatives under certain conditions. The Company must reach gas emissions reduction targets over a period of 10 years and must complete the construction before August 5, 2025. The grant was recognized as a reduction of property, plant and equipment. The additions of property, plant and equipment for the year ended March 31, 2023 are net of government grants of $8,972,000, of which $7,075,000 was receivable as at March 31, 2023 (year ended March 31, 2022: $9,532,000, of which $3,298,000 was receivable as at March 31, 2022). Refer to note 5 — Receivables.

(iv) For the year ended March 31, 2023, the addition to the stripping asset includes: i) production expenses capitalized amounting to $6,873,000 (year ended March 31, 2022: $29,353,000) and ii) allocated depreciation of property, plant and equipment amounting to $1,089,000 (year ended March 31, 2022: $5,845,000).

Right-of-use assets consist of the following:

	Building	Mining and Processing Equipment	Locomotives, Railcars and Rails	Total
March 31, 2022	**93**	**2,506**	**58,723**	**61,322**
Additions	**8,860**	**17,220**	**8,739**	**34,819**
Lease termination	**—**	**(236)**	**—**	**(236)**
Depreciation	**(257)**	**(4,809)**	**(3,007)**	**(8,073)**
March 31, 2023	**8,696**	**14,681**	**64,455**	**87,832**

	Building	Mining and Processing Equipment	Locomotives, Railcars and Rails	Total
March 31, 2021	1,419	298	5,978	7,695
Additions	—	3,557	53,581	57,138
Lease termination	(1,105)	—	—	(1,105)
Depreciation	(221)	(1,349)	(836)	(2,406)
March 31, 2022	93	2,506	58,723	61,322

Refer to note 15 — Lease Liabilities for more details.

12. Exploration and Evaluation Assets

	Labrador Trough	Newfoundland	Total
March 31, 2022	**104,636**	**3,174**	**107,810**
Additions	**8,366**	**951**	**9,317**
March 31, 2023	**113,002**	**4,125**	**117,127**

	Labrador Trough	Newfoundland	Total
March 31, 2021	73,423	2,683	76,106
Additions	31,213	491	31,704
March 31, 2022	104,636	3,174	107,810

Exploration and evaluation assets mainly comprise mining rights and exploration and evaluation expenditures which typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies.

Additions for the year ended March 31, 2022, were comprised of mining property rights acquired for $27,993,000 in connection with the acquisition of the Kami Project.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

13. Accounts Payable and Other

	Notes	As at March 31, 2023	As at March 31, 2022
Trade payable and accrued liabilities		**135,318**	160,097
Wages and benefits		**20,711**	22,275
Cash-settled share-based payment liability	**17**	**9,138**	7,313
Derivative liabilities	**26**	**—**	176
Current portion of lease liabilities	**15**	**13,411**	2,290
		178,578	192,151

14. Long-Term Debt

	As at March 31, 2023	As at March 31, 2022
Revolving Facility	**243,593**	217,336
IQ Loan	**55,369**	51,432
FTQ Loan	**73,537**	28,257
CAT Financing	**102,782**	26,335
	475,281	323,360
Less current portion	**(27,080)**	(71,995)
	448,201	251,365

	As at March 31, 2023	As at March 31, 2022
Face value of long-term debt	**487,654**	343,178
Unamortized transaction costs and other	**(12,373)**	(19,818)
Long-term debt, net of transaction costs	**475,281**	323,360

Revolving Facility

In December 2020, QIO entered into a lending arrangement with various lenders to fund the completion of Phase II, which was comprised of a US$350,000,000 non-revolving credit facility and a US$50,000,000 revolving credit facility (collectively the "Senior Debt"), maturing on December 23, 2025 and December 23, 2023, respectively. On May 24, 2022, the Company completed the refinancing of the Senior Debt with a US$400,000,000 general purpose revolving facility (the "Revolving Facility") with various lenders maturing on May 24, 2026. The Company converted the US$180,000,000 outstanding balance under the Senior Debt to the Revolving Facility. The restricted cash covenant of US$35,000,000 (March 31, 2022: $43,736,000) to cover potential cost overruns of Phase II under the Senior Debt was lifted concurrent with the refinancing. Transaction costs of $3,903,000 were incurred for this refinancing.

Given that the Senior Debt was replaced by the Revolving Facility with substantially the same terms, the Company treated the refinancing as a non-substantial modification. The Company reclassified its unamortized transaction costs on the Senior Debt at the modification date to Other non-current assets in the consolidated statements of financial position. Unamortized transaction costs totalled $8,595,000 as at March 31, 2023 and are amortized on a straight-line basis over the term of the Revolving Facility.

During the year ended March 31, 2023, the Company drew $77,604,000 (US$60,000,000) and then repaid $81,399,000 (US$60,000,000).

The Revolving Facility is based on Secured Overnight Financing Rate ("SOFR"), plus a credit spread adjustment and a financial margin that fluctuates from 2.0% to 3.0% depending on whether the net debt to EBIDTA ratio is below 0.5 or greater than 2.5. As at March 31, 2023, the undrawn portion of the Revolving Facility totalled US$220,000,000. The Revolving Facility is payable anytime at the discretion of the Company or at maturity. Collaterals are comprised of all of the present and future undertakings, properties and assets of QIO and Lac Bloom Railcars Corporation Inc. The Company guaranteed all the obligations of QIO and Lac Bloom Railcars Corporation Inc. and pledged all of the shares it holds in QIO and Lac Bloom Railcars Corporation Inc.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

14. Long-Term Debt (continued)

IQ Loan

On July 21, 2021, QIO entered into an unsecured loan agreement with Investissement Québec ("IQ Loan") to finance the Company's share of the increase in transshipment capacity by SFPPN for an amount up to $70,000,000 maturing on April 1, 2032. The repayment commences on April 1, 2022 in ten equal annual installments of the principal balance outstanding. The agreement comprises an option to prepay the loan at any time without penalty. The loan bearing interest at 3.70% was determined to be at below-market rate. The fair value of the total advances of $70,000,000 was estimated at $59,386,000 and was determined based on the prevailing market interest rate for a similar instrument at the time the advances were made. The residual amount of $10,614,000 was recognized as a government grant and presented as a deferred grant in the consolidated statements of financial position. The deferred grant is amortized straight-line over the life of mine starting when SFPPN's new infrastructure are available for use. During the year ended March 31, 2023, the Company drew $10,000,000 of the IQ Loan and repaid $6,000,000. The remaining balance was $64,000,000 as at March 31, 2023 (March 31, 2022: $60,000,000).

FTQ Loan

On May 21, 2021, QIO entered into an unsecured loan agreement with Fonds de Solidarité des Travailleurs du Québec ("FTQ Loan") to fund the completion of Phase II for an amount up to $75,000,000, maturing on May 21, 2028. During the year ended March 31, 2023, the Company drew the remaining $45,000,000, resulting in a balance of $75,000,000 as at March 31, 2023 (March 31, 2022: $30,000,000). The FTQ Loan includes an option to prepay in whole or in part at any time, but not prior to the second anniversary by paying a premium that varies from 2% to 6% based on the prepayment date.

CAT Financing

On April 1, 2021, the Company signed an agreement with Caterpillar Financial Services Limited ("CAT Financing") to finance Phase II mining equipment for a facility of up to US$75,000,000 and available until March 31, 2023. In January 2023, the undrawn portion of the facility was increased by US$50,000,000 with the availability period extended to March 31, 2024. Transaction costs of $703,000 were incurred for this increase. During the year ended March 31, 2023, the Company drew $86,563,000 (US$64,617,000) and repaid $12,727,000 (US$9,591,000), resulting in a balance of US$77,633,000 as at March 31, 2023 (March 31, 2022: US$22,607,000). The CAT Financing matures between 3 to 6 years depending on the equipment and is collateralized by all of the financed equipment. The CAT Financing includes an option to prepay the loan without penalty at any time. The carrying value of the financed equipment is $101,650,000 as at March 31, 2023 (March 31, 2022: $31,518,000)

During the year ended March 31, 2023, the weighted average interest rate for all long-term debt was 5.5% (year ended March 31, 2022: 4.5%).

The Revolving Facility, FTQ Loan and the CAT Financing are subject to operational and financial covenants, all of which have been met as at March 31, 2023. The undrawn portion of the Revolving Facility, FTQ Loan and the CAT Financing is subject to standby commitment fees varying from 0.35% to 1.38% before commercial production date and 0.35% to 0.50% thereafter.

15. Lease Liabilities

	Note	**As at March 31, 2023** (twelve-month period)	As at March 31, 2022 (twelve-month period)
Opening balance		**53,979**	1,902
New lease liabilities		**34,493**	56,159
Payments		**(6,004)**	(2,043)
Lease termination		**(236)**	(1,285)
Foreign exchange loss (gain)		**4,609**	(754)
		86,841	53,979
Less current portion classified in "Accounts payable and other"	13	**(13,411)**	(2,290)
Ending balance		**73,430**	51,689

During the year ended March 31, 2023, QIO received the remaining railcars related to a master lease agreement for 450 railcars for a term of 20 years to support the Phase II production volume. The lease liability is guaranteed by Champion and QIO is not subject to any financial covenants under the master lease agreement and cannot assign or sublease any railcars. New lease liabilities for the year ended March 31, 2023 were mainly comprised of these railcars and additional equipment.

15. Lease Liabilities (continued)

For the year ended March 31, 2023, new lease liabilities were discounted using an average incremental borrowing rate of 5.1% (year ended March 31, 2022: 5.0%).

The expenses related to short-term leases, low-value leases and variable leases were $792,000, $609,000 and $5,565,000, respectively, for the year ended March 31, 2023 (March 31, 2022: $2,514,000, $571,000 and $2,128,000, respectively). These expenses were included in cost of sales. The total cash outflow for leases was $16,576,000 for the year ended March 31, 2023 (March 31, 2022: $8,168,000).

16. Rehabilitation Obligation

	As at March 31, 2023 (twelve-month period)	As at March 31, 2022 (twelve-month period)
Opening balance	**86,021**	45,074
Increase due to reassessment of the rehabilitation obligation	**8,649**	44,605
Accretion expense	**854**	100
Effect of change in discount rate	**(10,016)**	(3,758)
Ending balance	**85,508**	86,021

The accretion of the rehabilitation obligation was evaluated as the amount of the expenditure required to settle the present obligation at the end of the reporting period, discounted by the number of years between the reporting date and the rehabilitation date using a discount rate of 1.34% as at March 31, 2023 (March 31, 2022: 0.54%). The undiscounted amount related to the rehabilitation obligation is estimated at $104,358,000 as at March 31, 2023 (March 31, 2022: $93,706,000).

17. Share Capital and Reserves

a) Authorized

The Company's share capital consists of authorized:

- Unlimited number of ordinary shares, without par value; and
- Unlimited number of preferred shares, without par value, issuable in series.

b) Ordinary share issuances

	Year Ended March 31,	
	2023 (in thousands)	2022 (in thousands)
Shares		
Opening balance	**516,612**	502,116
Shares issued for exercise of warrants	**281**	10,000
Shares issued for exercise of options - incentive plan	**300**	220
Shares issued for release of restricted share units - incentive plan	**—**	76
Shares issued for the acquisition of the Kami Project	**—**	4,200
Ending balance	**517,193**	516,612

On April 1, 2021, the Company issued 4,200,000 ordinary shares and paid $15,000,000 in cash in addition to $444,000 in transaction costs for the acquisition of the mining properties of the Kami Project located in the Labrador Trough geological belt in southwestern Newfoundland, near the Québec border, and certain related contracts.

17. Share Capital and Reserves (continued)

b) Ordinary share issuances (continued)

In June 2022, the Company paid a dividend of $0.10 per ordinary share of the Company in respect to the annual results for the period ended March 31, 2022 to registered shareholders for a total amount of $51,658,000. In November 2022, the Company paid a dividend of $0.10 per ordinary share of the Company in respect to the semi-annual results for the period ended September 30, 2022 to registered shareholders for a total amount of $51,686,000. During the year ended March 31, 2022, the Company declared and paid a dividend of $0.10 per ordinary share of the Company in respect to the semi-annual results for the period ended September 30, 2021 to registered shareholders for a total amount of $50,623,000.

c) Preferred share issuances

	Year Ended March 31,	
	2023 (in thousands)	2022 (in thousands)
Shares		
Opening balance	**—**	185,000
Redemption of preferred shares	**—**	(185,000)
Ending balance	**—**	—

On August 16, 2019, QIO issued preferred shares for consideration of $185,000,000 to CDP Investissements Inc. ("CDPI"). Transaction costs of $3,205,000 were incurred for this transaction, resulting in net proceeds of $181,795,000. The preferred shares accumulated dividends, if and when declared by QIO. During the 21-month construction period of Phase II, the applicable dividend rate was locked in at 9.25% and fluctuated thereafter based on the gross realized iron ore price.

During the year ended March 31, 2022, the Company declared and paid dividends on the preferred shares amounting to $6,470,000 or $0.03 per preferred share which represented the accumulated dividends for the April 1, 2021 to August 16, 2021 period, inclusively. QIO also redeemed 185,000,000 of its preferred shares. The redemption was settled for $185,000,000 and the excess of the repurchase price over the book value of $25,493,000 was recorded in retained earnings for the year ended March 31, 2022.

d) Share-based payments

The Company has various share-based compensation plans for eligible employees and directors. The objective of the Omnibus incentive plan is to enhance the Company's ability to attract and retain talented employees and to provide alignment of interests between such employees and the shareholders of the Company. Under the Omnibus incentive plan, the Company grants stock option awards, RSU awards, PSU awards and DSU awards. If and when cash dividends are paid, the holders of RSUs, PSUs and DSUs are entitled to receive a dividend equivalent.

Stock option and RSU awards vest annually in three equal tranches from the date of grant. PSU awards vest i) at the end of three years from the date of grant or ii) over a 32-month period for Phase II construction. Vesting is subject to key performance indicators established by the Board. A portion of the PSUs granted with performance criteria based on Phase II milestones is settled in cash. DSU awards vest at the date of the grant.

A summary of the share-based payments expense is detailed as follows:

	Year Ended March 31,	
	2023	2022
Stock option	**403**	1,263
RSU	**1,675**	2,988
PSU	**6,236**	7,873
DSU	**348**	694
	8,662	12,818

17. Share Capital and Reserves (continued)

d) Share-based payments (continued)

For the year ended March 31, 2023, the amount recognized as share-based payment expense related to equity-settled awards was $1,935,000 (year ended March 31, 2022: $4,008,000). For the year ended March 31, 2023, the amount recognized as share-based payment related to cash-settled awards was $6,727,000 (year ended March 31, 2022: $8,810,000). On July 28, 2021, the Company modified some of the RSUs, PSUs and DSUs to allow the holders to elect the form of settlement for vested share-based units granted under the Omnibus incentive plan, which resulted in a decrease in contributed surplus of $4,295,000 and retained earnings of $6,512,000 ($5,193,000 net of tax of $1,319,000).

The following table summarizes the carrying amount of the Company's cash-settled share-based payment liability in the consolidated statements of financial position for PSUs, RSUs and DSUs.

	As at March 31, 2023	As at March 31, 2022
Accounts payable and other	**9,138**	7,313
Other long-term liabilities	**8,234**	12,304
	17,372	19,617

e) Stock options

As at March 31, 2023, the Company is authorized to issue 51,719,000 stock options and share rights (March 31, 2022: 51,661,000) equal to 10% (March 31, 2022: 10%) of the issued and outstanding ordinary shares for issuance under the Omnibus incentive plan. The stock options granted will vest over a three-year period.

The following table details the stock options activities of the share incentive plan:

	Year Ended March 31, 2023		2022	
	Number of Stock Options (in thousands)	**Weighted Average Exercise Price**	**Number of Stock Options** (in thousands)	**Weighted Average Exercise Price**
Opening balance	**1,500**	**5.00**	1,920	4.85
Exercised	**(300)**	**5.00**	(220)	3.65
Forfeited	**—**	**—**	(200)	5.00
Ending balance	**1,200**	**5.00**	1,500	5.00
Options exercisable - end of the year	**1,200**	**5.00**	1,000	5.00

During the year ended March 31, 2023, no new stock options were granted to executive officers of the Company (year ended March 31, 2022: nil). During the year ended March 31, 2023, a total of 300,000 stock options were exercised and the weighted average share price at the exercise date was $6.84. During the year ended March 31, 2022, a total of 220,000 stock options were exercised and the weighted average share price at the exercise date was $5.81.

A summary of the Company’s outstanding and exercisable stock options as at March 31, 2023 is presented below:

		Number of Stock Options	
Exercise Price	**Weighted Average Remaining Life (Years)**	**Outstanding** (in thousands)	**Exercisable** (in thousands)
$5.00	1.85	1,200	1,200
		1,200	**1,200**

17. Share Capital and Reserves (continued)

f) Restricted share units

The following table details the RSU activities of the share incentive plan:

	Year Ended March 31, 2023		2022	
	Number of RSUs	**Weighted Average Share Price**	**Number of RSUs**	**Weighted Average Share Price**
	(in thousands)		(in thousands)	
Opening balance	**1,142**	**3.37**	1,010	2.24
Granted	**488**	**6.31**	316	6.16
Dividend equivalents	**39**	**5.33**	18	6.13
Settled through cash payment	**(535)**	**2.50**	—	—
Forfeited	**(19)**	**6.71**	(40)	2.87
Released through the issuance of ordinary shares	**—**	**—**	(76)	2.21
Withheld as payment of withholding taxes	**—**	**—**	(86)	2.21
Ending balance	**1,115**	**5.08**	1,142	3.37
Vested - end of the year	**326**	**3.58**	435	2.28

During the year ended March 31, 2023, 488,000 RSUs were granted to key management personnel (year ended March 31, 2022: 316,000). They will vest annually in three equal tranches from the date of grant.

During the year ended March 31, 2023, 535,000 RSUs were settled in exchange for cash consideration based on a share price of $6.88. The cash consideration is included under the changes in non-cash operating working capital in the consolidated statements of cash flows.

During the year ended March 31, 2022, the Company issued 76,000 ordinary shares to an executive at a weighted average share price of $2.21. Withholding taxes of $443,000 were paid pursuant to the issuance of these aforementioned ordinary shares resulting in the Company not issuing an additional 86,000 RSUs.

g) Performance share units

The Company assesses each reporting period if performance criteria on share-based units will be achieved in measuring the share-based payments. The actual share-based payment and the period over which the expense is being recognized may vary from the estimate.

The following table details the PSU activities of the share incentive plan:

	Year Ended March 31, 2023		2022	
	Number of PSUs	**Weighted Average Share Price**	**Number of PSUs**	**Weighted Average Share Price**
	(in thousands)		(in thousands)	
Opening balance	**2,842**	**4.55**	1,272	2.25
Granted	**610**	**6.89**	1,635	6.16
Dividend equivalents	**100**	**5.39**	45	6.13
Settled through cash payment	**(769)**	**2.51**	—	—
Forfeited	**(202)**	**7.02**	(110)	2.60
Ending balance	**2,581**	**5.59**	2,842	4.55
Vested - end of the year	**—**	**—**	—	—

During the year ended March 31, 2023, 610,000 PSUs were granted to key management personnel (year ended March 31, 2022: 1,635,000).

During the year ended March 31, 2023, 769,000 PSUs were settled in exchange for cash consideration based on a share price of $6.88. The cash consideration is included under the changes in non-cash operating working capital in the consolidated statements of cash flows.

17. Share Capital and Reserves (continued)

h) Warrants

	Year Ended March 31,			
	2023		2022	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
	(in thousands)		(in thousands)	
Opening balance	**15,281**	**2.43**	25,281	1.91
Exercised	**(281)**	**1.13**	(10,000)	1.13
Ending balance	**15,000**	**2.45**	15,281	2.43

A summary of the Company's outstanding and exercisable warrants as at March 31, 2023 and 2022 is presented below:

		Outstanding and Exercisable	
Exercise Price	**Expiry Date**	**As at March 31,**	As at March 31,
		2023	2022
		(in thousands)	(in thousands)
$1.125	October 16, 2022	**—**	281
$2.45	August 16, 2026	**15,000**	15,000
		15,000	15,281

All ordinary share warrants were accounted for as warrants in the consolidated statements of equity.

Long-term debt with Sprott Private Resource Lending ("Sprott") and CDPI
In connection with a previous debt with Sprott and CDPI, on October 16, 2017, the Company issued 3,000,000 ordinary share purchase warrants to Sprott, entitling the holder to purchase 3,000,000 ordinary shares of the Company for $1.125 until October 16, 2022. During the year ended March 31, 2023, the remaining 281,000 warrants were exercised for total proceeds of $317,000 (year ended March 31, 2022: 10,000,000 warrants issued to CDPI were exercised for total proceeds of $11,250,000).

Preferred share offering with CDPI
On August 16, 2019, in connection with a preferred share offering with CDPI, the Company issued 15,000,000 ordinary share purchase warrants to CDPI, entitling the holder to purchase 15,000,000 ordinary shares of the Company for $2.45 until August 16, 2026. All warrants were outstanding as at March 31, 2023 and 2022. Refer to note 17 c).

18. Revenues

	Year Ended March 31,	
	2023	2022
Iron ore revenue	**1,422,567**	1,389,837
Provisional pricing adjustments	**(27,479)**	70,969
	1,395,088	1,460,806

Provisional pricing adjustments represent any difference between the revenue recognized at the end of the previous period and the final settlement price. As at March 31, 2023, 2.0 million tonnes of iron ore sales remained subject to provisional pricing, with the final price to be determined in the subsequent reporting periods (March 31, 2022: 0.7 million tonnes).

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

19. Cost of Sales

	Year Ended March 31,	
	2023	2022
Mining and processing costs	**532,117**	291,534
Land transportation and port handling	**250,341**	159,301
Incremental costs related to COVID-19	**1,145**	7,843
Bloom Lake Phase II start-up costs	**39,159**	—
	822,762	458,678

For the year ended March 31, 2023, the amount recognized as an expense for defined contribution plans was $10,010,000 (year ended March 31, 2022: $6,928,000) and is included in mining and processing costs.

20. General and Administrative Expenses

	Year Ended March 31,	
	2023	2022
Salaries, benefits and other employee expenses	**20,484**	13,880
Public company and administrative expenses	**12,931**	10,975
Professional fees	**5,865**	5,576
Travel expenses	**2,234**	1,338
	41,514	31,769

21. Sustainability and Other Community Expenses

	Year Ended March 31,	
	2023	2022
Property and school taxes	**7,116**	5,842
Impact and benefits agreement	**6,726**	5,241
Salaries, benefits and other employee expenses	**633**	2,348
Other expenses	**3,458**	3,552
	17,933	16,983

22. Net Finance Costs

	Year Ended March 31,	
	2023	2022
Standby commitment fees on long-term debt	**2,177**	5,031
Interest on long-term debt	**10,482**	623
Amortization of transaction costs	**4,677**	1,503
Realized and unrealized foreign exchange loss	**7,220**	359
Interest expense on lease liabilities	**3,606**	912
Other	**(2,575)**	2,617
	25,587	11,045

During the development period of the Bloom Lake Phase II expansion project, the amount of borrowing costs capitalized for the year ended March 31, 2023 was $14,367,000 (year ended March 31, 2022: $15,040,000). Borrowing costs consisted of interest expense and transaction costs on the long-term debt.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

23. Other Income

		Year Ended March 31,	
	Note	**2023**	2022
Unrealized gain on non-current investments	**26**	**593**	5,005
Realized gain of non-current investments	**26**	**—**	4,483
Unrealized gain (loss) on derivative liabilities	**26**	**176**	(176)
Net gain (loss) on non-financial assets		**53**	(752)
		822	8,560

24. Income and Mining Taxes

a) Deferred tax assets and liabilities

	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	**54,904**	49,376
Deferred income tax liability	**(199,152)**	(126,011)
Deferred mining tax liability	**(71,479)**	(48,357)
	(270,631)	(174,368)
Net deferred tax liabilities	**(215,727)**	(124,992)

The movement in deferred tax asset during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Operating losses carried forward	Capital losses carried forward	Rehabilitation obligation	Transaction costs	Mining tax deduction and other	Total
As at April 1, 2021	9,005	1,079	11,944	670	9,419	32,117
Credited to statements of equity	—	—	—	—	1,319	1,319
Credited (charged) to statements of income	(430)	873	10,851	(527)	5,173	15,940
As at March 31, 2022	**8,575**	**1,952**	**22,795**	**143**	**15,911**	**49,376**
Credited (charged) to statements of income	877	(1,952)	(136)	(143)	6,882	5,528
As at March 31, 2023	**9,452**	**—**	**22,659**	**—**	**22,793**	**54,904**

The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Property, plant and equipment	Mining tax	Exploration and evaluation assets	Other	Total
As at April 1, 2021	73,472	33,836	7,175	2,167	116,650
Charged to statements of income	38,370	14,519	559	4,270	57,718
As at March 31, 2022	**111,842**	**48,355**	**7,734**	**6,437**	**174,368**
Charged (credited) to statements of income	74,511	23,124	262	(1,634)	96,263
As at March 31, 2023	**186,353**	**71,479**	**7,996**	**4,803**	**270,631**

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

24. Income and Mining Taxes (continued)

a) Deferred tax assets and liabilities (continued)

As at March 31, 2023, the Company had $8,648,000 (March 31, 2022: $9,013,000) of net deductible temporary differences, other than Canadian exploration expenses, cumulative Canadian development expenses and tax losses, for which no deferred tax assets have been recognized.

As at March 31, 2023, the Company had $18,230,000 (March 31, 2022: $13,008,000) of operating losses carried forward that were not recognized and that can be carried forward indefinitely against future taxable income. As at March 31, 2023, the Company also had $47,559,000 (March 31, 2022: $44,607,000) of operating losses that can be carried forward against future taxable income and that will expire from 2030 to 2042. Out of those losses, $11,786,000 (March 31, 2022: $12,160,000) were not recognized.

As at March 31, 2023, the Company had $21,752,000 (March 31, 2022: $17,957,000) of net capital losses that can be carried forward indefinitely against future capital gains. Out of those capital losses, $21,752,000 (March 31, 2022: $3,229,000) were not recognized. Net capital losses can be carried forward indefinitely and can only be used against future taxable capital gains.

As at March 31, 2023, the Company had cumulative Canadian exploration expenses of $35,339,000 (March 31, 2022: $35,225,000) and cumulative Canadian development expenses of $16,342,000 (March 31, 2022: $14,175,000) which may be carried forward indefinitely to reduce taxable income in future years.

As at March 31, 2023, the Company had $1,778,000 (March 31, 2022: $1,778,000) of unrecognized investment tax credit that can be carried forward against future income tax payable and that will expire from 2033 to 2035.

As at March 31, 2023, the Company had $1,058,744,000 (March 31, 2022: $957,003,000) of taxable temporary differences related to investments in subsidiaries for which a deferred tax liabilities were partially recorded for an amount of $2,750,000 (March 31, 2022: $2,800,000). The deferred tax liabilities related to the remaining balance were not recognized as the Company controls the decisions affecting the realization of such liabilities and does not expect this temporary differences to be reverse in the foreseeable future. Upon distribution of these earnings in the form of dividends or otherwise, the Corporation may be subject to income taxes and/or withholding taxes.

b) Tax expense

The tax expense is applicable as follows:

	Year Ended March 31,	
	2023	2022
Current income and mining taxes		
Current income tax on profits for the year	**24,146**	170,873
Current mining tax on profits for the year	**30,957**	135,607
Total current income and mining taxes	**55,103**	306,480
Deferred income and mining taxes		
Deferred income tax for the year	**67,613**	27,256
Deferred mining tax for the year	**23,122**	14,522
Total deferred income and mining taxes	**90,735**	41,778
Income and mining taxes expense	**145,838**	348,258

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

24. Income and Mining Taxes (continued)

b) Tax expense (continued)

The tax on the Company's income before income and mining taxes differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year Ended March 31,			
		2023		2022
	Amount	**%**	**Amount**	**%**
Income before income and mining taxes	**346,545**		870,843	
Canadian combined income tax rate for Champion		**26.50 %**		26.50 %
Expected income tax calculated at Canadian combined tax rate	**91,834**		230,773	
Increase (decrease) resulting from the tax effects of:				
Mining tax, net of tax benefit	**38,661**	**11.16 %**	110,330	12.67 %
Other taxes included in income tax expense, net of tax benefits	**5,728**	**1.65 %**	5,947	0.68 %
(Income) expenses not (taxable) deductible for tax purposes	**2,830**	**0.82 %**	689	0.08 %
Unrecorded tax benefits	**4,923**	**1.42 %**	1,613	0.19 %
Non-deductible capital losses	**503**	**0.15 %**	408	0.05 %
Difference in tax rate	**(222)**	**(0.06)%**	(608)	(0.07)%
Adjustment in respect of prior years	**1,677**	**0.48 %**	(17)	— %
Other	**(96)**	**(0.03)%**	(877)	(0.10)%
Income and mining taxes expense at effective tax rate	**145,838**	**42.08 %**	**348,258**	**39.99 %**

c) Income and mining taxes payable (receivable)

The reconciliation of income and mining taxes payable (receivable) is presented as follows:

	Mining Tax	**Income Tax**	**Total**
As at April 1, 2021	86,607	104,935	191,542
Current tax on profit for the year	135,607	170,873	306,480
Tax paid during the year	(217,256)	(258,022)	(475,278)
As at March 31, 2022	**4,958**	**17,786**	**22,744**
Current tax on profit for the year	30,957	24,146	55,103
Tax paid during the year	(49,500)	(68,316)	(117,816)
Reimbursement received during the year	—	2,057	2,057
As at March 31, 2023	**(13,585)**	**(24,327)**	**(37,912)**

25. Earnings per Share

Earnings per share amounts are calculated by dividing the net income attributable to Champion shareholders for the years ended March 31, 2023 and March 31, 2022 by the weighted average number of shares outstanding during the period.

	Year Ended March 31,	
	2023	2022
Net income	**200,707**	522,585
Weighted average number of common shares outstanding - Basic	**517,046,000**	507,591,000
Dilutive share options, warrants and equity settled awards	**10,620,000**	16,517,000
Weighted average number of outstanding shares - Diluted	**527,666,000**	524,108,000
Basic earnings per share	**0.39**	1.03
Diluted earnings per share	**0.38**	1.00

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

26. Financial Instruments

Measurement Categories

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the profit or loss or in other comprehensive income. These categories are financial assets and financial liabilities at FVTPL, financial assets at amortized cost, and financial liabilities at amortized cost. The following tables show the carrying values and the fair value of assets and liabilities for each of these categories as at March 31, 2023 and March 31, 2022:

As at March 31, 2023		Financial instruments at FVTPL	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount and Fair Value
Assets					
Current					
Cash and cash equivalents	Level 1	**—**	**326,806**	—	**326,806**
Short-term investments	Level 1	**—**	**312**	—	**312**
Trade receivables	Level 2	**131,786**	**—**	—	**131,786**
Other receivables (excluding sales tax and grant)	Level 2	**—**	**2,117**	**—**	**2,117**
Non-current					
Equity investment in publicly listed entity (included in non-current investments)	Level 1	**9**	**—**	—	**9**
Convertible loan, derivative and equity investment in private entity (included in non-current investments)	Level 3	**14,742**	**—**	—	**14,742**
		146,537	**329,235**	**—**	**475,772**
Liabilities					
Current					
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	Level 2	**—**	**—**	**156,029**	**156,029**
Cash-settled share-based payment liability (included in accounts payable and other)	Level 1	**9,138**	**—**	**—**	**9,138**
Current portion of long-term debt	Level 2	**—**	**—**	**27,080**	**27,080**
		9,138	**—**	**183,109**	**192,247**
Non-current					
Long-term debt	Level 2	**—**	**—**	**448,201**	**448,201**
Cash-settled share-based payment liability (included in other long-term liabilities)	Level 1	**8,234**	**—**	**—**	**8,234**
		17,372	**—**	**631,310**	**648,682**

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

26. Financial Instruments (continued)

Measurement Categories (continued)

As at March 31, 2022		Financial instruments at FVTPL	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount and Fair Value
Assets					
Current					
Cash and cash equivalents	Level 1	—	321,892	—	321,892
Short-term investments	Level 1	—	30,777	—	30,777
Trade receivables	Level 2	93,527	—	—	93,527
Other receivables (excluding sales tax and grant)	Level 2	—	3,331	—	3,331
Non-current					
Restricted cash	Level 1	—	43,736	—	43,736
Equity investment in publicly listed entity (included in non-current investments)	Level 1	9	—	—	9
Convertible loans, derivative and equity investment in private entity (included in non-current investments)	Level 3	14,149	—	—	14,149
		107,685	399,736	—	507,421
Liabilities					
Current					
Accounts payable and other (excluding the current portion of lease liabilities and cash-settled share-based payment liability)	Level 2	176	—	182,372	182,548
Cash-settled share-based payment liability (included in accounts payable and other)	Level 1	7,313	—	—	7,313
Current portion of long-term debt	Level 2	—	—	71,995	71,995
		7,489	—	254,367	261,856
Non-current					
Long-term debt	Level 2	—	—	251,365	251,365
Cash-settled share-based payment liability (included in other long-term liabilities)	Level 1	12,304	—	—	12,304
		19,793	—	505,732	525,525

Financial Risk Factors

a) Market

i. Fair Value

Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities; this includes cash and cash equivalents, short-term investments, other receivables and accounts payable and other (excluding current portion of lease liabilities). The fair value of restricted cash approximated its carrying amount. Long-term debt was accounted for at amortized cost using the effective interest method, and its fair value approximates its carrying value.

Fair Value Measurement Hierarchy

Subsequent to initial recognition, the Company uses a fair value hierarchy to categorize the inputs used to measure the financial instruments at fair value grouped into the following levels based on the degree to which the fair value is observable.

- Level 1: Inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs derived from other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2023 (year ended March 31, 2022: nil).

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

26. Financial Instruments (continued)

a) Market (continued)

i. Fair Value (continued)

Financial Instruments Measured at FVTPL

Trade Receivables

The trade receivables are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. The measurement of the trade receivables is impacted by the Company's provisional pricing arrangements, where the final sales price is determined based on iron ore prices subsequent to a shipment arriving at the port of discharge. The Company initially recognizes sales trade receivables at the contracted provisional price on the shipment date and re-estimates the consideration to be received using forecast iron ore prices at the end of each reporting period. The impact of iron ore price movements until final settlement is recorded as an adjustment to sales trade receivables.

Equity Instruments Publicly Listed

Equity instruments publicly listed are classified as a Level 1 in the fair value hierarchy. Their fair values are a recurring measurement and are estimated using the closing share price observed on the relevant stock exchange. No adjustment in the fair value was recorded in the consolidated statements of income in the year ended March 31, 2023 (year ended March 31, 2022: a gain of $474,000). During the year ended March 31, 2022, the Company sold the majority of its shares of its publicly listed equity investments for proceeds of $9,468,000 and a net gain of $176,000.

Convertible Loans and Equity Instruments in Private Entity and Derivative Asset

The Company holds convertible loans and equity instruments in an European-based private entity which collaborates with the Company in industrial trials related to cold pelletizing technologies. Loans are convertible at the discretion of the Company and automatically convertible at maturity, varying from October 25, 2025 and December 16, 2026. During the year ended March 31, 2023, the Company converted one of its convertible loans to equity instruments. The Company also has the right to subscribe equity instruments of this European-based private entity at any time prior to June 2023 at a subscription price below the current market value. As such, as at March 31, 2023, the Company had a derivative asset of $2,971,000 (March 31, 2022: $2,744,000). As at March 31, 2023, convertible loans and equity instruments totalled $11,771,000 (March 31, 2022: $11,405,000).

The fair value of the convertible loans and equity instruments is a recurring measurement and it is classified as Level 3. The determination of fair value is conducted on a quarterly basis and it is based on the entity's financial performance from latest financial statements as well as enterprise values used in financing, if any. The change in fair value also reflects the foreign exchange gains or losses.

The change in fair value on the convertible loan, equity instruments and derivative asset for the year ended March 31, 2023 amounted to a gain of $593,000 and was attributable to the changes in exchange rates (year ended March 31, 2022: a gain of $8,838,000 attributable to changes in exchange rates and changes in enterprise values of the invested entities). During the year ended March 31, 2022, the Company acquired its equity instruments in this European-based private entity for an amount of $4,434,000.

The following table shows a breakdown of the changes in fair value recognized on non-current investments per fair value hierarchy.

		Year Ended March 31,	
		2023	2022
Change in fair value included in Other Income			
Unrealized (loss) gain on public equity investments	Level 1	**—**	(3,833)
Unrealized gain on private equity investments	Level 3	**287**	2,196
Unrealized gain on convertible loans	Level 3	**79**	3,898
Unrealized gain on derivative asset	Level 3	**227**	2,744
Total change in fair value		**593**	5,005
Realized gain on disposal of public equity investments	Level 1	**—**	4,483

26. Financial Instruments (continued)

a) Market (continued)

i. Fair Value (continued)

Financial Instruments Measured at FVTPL (continued)

Derivative Liabilities

From the time, the Company had forward foreign exchange contracts to sell U.S. dollars to reduce the risk of variability of future cash flows resulting from forecasted sales. The fair value of forward exchange contracts is categorized as Level 2 in the fair value hierarchy and were presented under Accounts payable and other in the consolidated statements of financial position as at March 31, 2022. Fair value of derivative financial instruments generally reflects the estimated amounts that the Corporation would receive or pay taking into consideration the counterparty credit risk or the Corporation's credit risk, at the reporting dates. The Corporation uses market data such as credit spreads and foreign exchange spot rates to estimate the fair value of forward agreements. The Company did not apply hedge accounting on these contracts.

During the year ended March 31, 2023, the last forward exchange contract of the Company of US$5,000,000 matured and as such, as at March 31, 2023, there were no remaining forward exchange contracts (March 31, 2022: forward exchange contract of US$5,000,000 with a fair value of $1.25 resulting in a derivative liability of $176,000). The change in fair value of these contracts amounted to a gain of $176,000 for the year ended March 31, 2023 in the other income of the consolidated statements of income (year ended March 31, 2022: a loss of $176,000).

Cash-Settled Share-Based Payment Liability

Cash-settled share-based liability is classified as a Level 1 in the fair value hierarchy. The fair value of the cash-settled share-based payment liability is measured based on the closing share price of the Company on the TSX at each reporting date until the liability is settled with any changes in the fair value measurement of the liability recognized under share-based payments in the consolidated statements of income.

ii. Interest Rate Risk

Interest risk is the risk that the value of assets and liabilities will change when the related interest rates change. The Company is exposed to interest rate risk primarily on its long-term debt bearing interest at variable rates and does not take any particular measures to protect itself against fluctuations in interest rates. With the exception of its long-term debt, the Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or because they are non-interest bearing.

Regulators announced that the USD London Interbank Offered Rate ("LIBOR") rate will cease on June 30, 2023. The Company already agreed with the relevant lenders to replace LIBOR with SOFR where applicable. The interest rate benchmark reform did not have any financial impact for the year ended March 31, 2023.

The long-term debt bearing interest at variable rates is subject to interest based on SOFR (March 31, 2022: LIBOR). The following table illustrates a financing rate sensitivity analysis calculating the impact on net income and equity over a 12-month horizon:

	Year Ended March 31,	
(in thousands of U.S. dollars)	**2023**	2022
Increase in net income and equity with a 1% decrease in the SOFR rate	**2,576**	2,026
Decrease in net income and equity with a 1% increase in the SOFR rate	**(2,576)**	(2,026)

iii. Commodity Price Risk

Commodity price risk arises from fluctuations in market prices of iron ore. The Company is exposed to the commodity price risk, as its iron ore sales are predominantly subject to prevailing market prices. The Company has limited ability to directly influence market prices of iron ore. The Company has sought to establish strategies that mitigate its exposure to iron ore price volatility in the short-term. The strategy of utilizing renowned brokers is aimed at providing some protection against decreases in the iron ore price while maintaining some exposure to pricing upside.

However, the Company's iron ore sales contracts are structured using the iron ore price indexes. These are provisionally priced sales volumes for which price finalization is referenced to the relevant index at a future date or the valuation is prescribed in some of the contracts. The estimated consideration in relation to the provisionally priced contracts is marked to market using the spot iron ore price at the end of each reporting period with the impact of the iron ore price movements recorded as an adjustment to revenue.

26. Financial Instruments (continued)

a) Market (continued)

iii. Commodity Price Risk (continued)

The following table sets out the Company's exposure, as at March 31, 2023 and 2022, in relation to the impact of movements in the iron ore price for the provisionally invoiced sales volume:

	Year Ended March 31,	
(in thousands of U.S. dollars)	**2023**	2022
Dry metric tonnes subject to provisional pricing adjustments	**1,987,800**	691,100
10% increase in iron ore prices	**28,047**	12,831
10% decrease in iron ore prices	**(28,047)**	(12,831)

The sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars, net income and equity resulting from a 10% increase and 10% decrease in gross realized selling prices at each reporting date, while holding all other variables constant, including foreign exchange rates. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact net realized FOB selling price in Canadian dollars. The above sensitivities should therefore be used with caution.

iv. Foreign Exchange Risk

Foreign currency risk is the risk that the Company financial performance could be affected by fluctuations in the exchange rates between currencies. The Company's sales, sea freight costs, Revolving Facility and CAT Financing are denominated in U.S. dollars. The Company also has lease liabilities financed in U.S. dollars. As such, the Company benefits from a natural hedge between its revenues and its sea freight, long-term debt and some of its lease liabilities. Despite this natural hedge, the Company is exposed to foreign currency fluctuations as its mining operating expenses and other expenses are mainly incurred in Canadian dollars.

The Company has no hedging contracts in place and therefore has exposure to the foreign exchange rate fluctuations. The strengthening of the U.S. dollar would positively impact the Company's net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows.

The following table indicates the foreign currency exchange risk as at March 31, 2023 and 2022:

	As at March 31,	As at March 31,
(in thousands of U.S. dollars)	**2023**	2022
Current assets		
Cash and cash equivalents	**162,905**	129,840
Short-term investments	**—**	9,856
Receivables (excluding sales tax)	**97,381**	74,846
Non-current assets		
Restricted cash	**—**	35,000
Current liabilities		
Accounts payable and other	**(11,217)**	(4,593)
Current portion of long-term debt	**(15,281)**	(52,813)
Non-current liabilities		
Lease liabilities	**(46,018)**	(40,624)
Long-term debt	**(242,351)**	(149,794)
Total foreign currency net liabilities in U.S. dollars	**(54,581)**	1,718
Canadian dollar equivalents	**(73,864)**	2,147

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

26. Financial Instruments (continued)

a) Market (continued)

iv. Foreign Exchange Risk (continued)

The following table is a currency risk sensitivity analysis calculating the impact on net income and equity for the years ended March 31, 2023 and 2022, based on the Company's net assets denominated in U.S. dollars at the end of the reporting period:

	As at March 31 2023	As at March 31 2022
Increase (decrease) in net income and equity with a 10% depreciation in the U.S. dollar	**7,386**	(215)
Increase (decrease) in net income and equity with a 10% appreciation in the U.S. dollar	**(7,386)**	215

The sensitivity analysis above assumes that all other variables remain constant. The Company's exposure to other currencies is not significant.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents, short-term investments, trade receivables and restricted cash.

Cash and cash equivalents, short-term investments and restricted cash
With respect to credit risk arising from cash and cash equivalents, short-term investments and restricted cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure corresponding to the carrying amount of these instruments. The Company limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent.

Trade receivables
The Company's credit risk on trade receivables relates to two customers having similar activities and economic characteristics, representing a significant portion of sales with a maximum exposure corresponding to the carrying value. Trade receivable credit risk is mitigated through established credit monitoring activities. These include conducting financial and other assessments to establish and monitor a customer's credit worthiness, setting customer limits, monitoring exposure against these limits. There is no assurance that customers will remain solvent over time and in the event a significant customer is unable to accept contracted volumes, the volumes may then be sold on a spot basis to traders, sold under renegotiated contractual volumes with existing customers, or sold under contracts with new customers.

Loss allowance on receivables is based on actual credit loss experience over the past years and current economic conditions. Receivables are generally settled within six months and are historically collectable. The Company has no receivables past due as at March 31, 2023 (March 31, 2022: nil). For the year ended March 31, 2023, no provision was recorded on any of the Company's receivables (year ended March 31, 2022: nil).

The Company holds no collateral for any receivable amounts outstanding as at March 31, 2023 (March 31, 2022: nil).

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities and lease liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, through budgeting and cash forecasting, that it will have sufficient liquidity to meet its liabilities as they come due.

The following are the contractual maturities of financial liabilities and gross lease liabilities (non-financial liabilities) with estimated future interest payments as at March 31, 2023:

	Less than a year	**1 to 5 years**	**More than 5 years**	**Total**
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	**156,029**	**—**	**—**	**156,029**
Long-term debt, including interest	**60,061**	**426,258**	**117,561**	**603,880**
Cash-settled share-based payment liability	**9,138**	**8,234**	**—**	**17,372**
Lease liabilities, including interest	**17,263**	**29,083**	**82,998**	**129,344**
	242,491	**463,575**	**200,559**	**906,625**

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

27. Capital Risk Management

The Company's main objective when managing its capital is to maintain an adequate balance between having sufficient capital to invest in growth opportunities including exploring and developing mineral resource properties and investing in new product development as well as maintaining a satisfactory return on equity to ordinary shareholders.

The Company defines its capital as long-term debt, lease liabilities and share capital. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. Dividend payments are discretionary and depends on financial circumstances. The Company is not subject to externally imposed capital requirements other than certain restrictions under the terms of its lending agreements for which the Company complied as at March 31, 2023. In order to facilitate the management of its capital requirements, the Company prepares long-term cash flow projections that consider various factors, including successful capital deployment, general industry conditions and economic factors. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital for the years ended March 31, 2023 and 2022 was as follows:

	As at March 31, 2023	As at March 31, 2022
Long-term debt	**475,281**	323,360
Lease liabilities	**86,841**	53,979
Share capital	**401,282**	398,635
	963,404	775,974

28. Key Management Compensation

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Year Ended March 31,	
	2023	2022
Short-term benefits		
Salaries	**4,115**	4,068
Bonus	**2,154**	3,284
	6,269	7,352
Termination benefits	**3,015**	—
Share-based payments	**7,126**	11,136
All other remuneration	**633**	478
	17,043	18,966

The Company has employment agreements with five executive officers, which include termination remuneration and benefits varying according to different scenarios. Had all these officers been terminated on March 31, 2023, the Company would have paid an amount of approximately $14,048,000, in addition to amounts in the table above.

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

29. Commitments and Contingencies

The Company's future minimum payments of commitments as at March 31, 2023 are as follows:

	Less than a year	1 to 5 years	More than 5 years	Total
Impact and Benefits Agreement with the Innu community	**7,115**	**30,661**	**125,884**	**163,660**
Take-or-pay fees related to the Port agreement	**7,486**	**32,257**	**108,055**	**147,798**
Capital expenditure obligations	**22,803**	**—**	**—**	**22,803**
Service commitment	**12,195**	**36,990**	**—**	**49,185**
Spare parts purchase commitment	**48,332**	**—**	**—**	**48,332**
	97,931	**99,908**	**233,939**	**431,778**

The Company has obligations for services related to fixed charges for the use of infrastructure over a defined contractual period of time. The service commitment is excluded in the above figure as the service is expected to be used by the Company. To the extent that this changes, the commitment amount may change.

In relation to the acquisition of the Kami Project and contingent upon it advancing to commercial production, the Company is subject to:

- A gross sales royalty on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products;
- Finite production payments to the Receiver on future production;
- Education and training fund for the local communities; and
- Special tax payment to the Minister of Finance of Newfoundland and Labrador.

The Company is also subject to a limited production payment on its Consolidated Fire Lake North, Lac Lamêlée, Moiré Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

30. Parent Entity Information

The following table is an AAS requirement and presents the information relating to Champion Iron Limited:

	As at March 31, 2023	As at March 31, 2022
Current assets	**9,875**	42,119
Non-current assets	**169,833**	143,063
Total assets	**179,708**	185,182
Current liabilities	**9,515**	8,045
Non-current liabilities	**5,603**	11,455
Total liabilities	**15,118**	19,500
Net assets	**164,590**	165,682
Share capital	**271,889**	269,242
Warrants	**22,288**	22,473
Contributed surplus	**13,811**	12,354
Accumulated deficit	**(143,398)**	(138,387)
Total equity	**164,590**	165,682
Net loss of the parent entity	**10,282**	20,827
Comprehensive loss of the parent entity	**10,282**	20,827

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

31. Auditor's Remuneration

The following table is an AAS requirement and presents the total of all remuneration received or due and receivable by the auditors in connection with:

	Year Ended March 31,	
	2023	2022
E&Y Canada		
Audit fees	**667**	688
Audit-related fees	**8**	—
Tax fees	**97**	86
All other non-audit fees	**—**	2
	772	776
E&Y Australia		
Audit fees	**79**	73
Tax fees	**2**	—
	81	73
	853	849

Other non-audit fees are mainly comprised of consulting services.

32. Financial Information Included in the Consolidated Statements of Cash Flows

a) Changes in non-cash operating working capital

	Year Ended March 31,	
	2023	2022
Receivables	**(34,123)**	(18,773)
Prepaid expenses and advances	**(22,779)**	(14,818)
Inventories	**(63,703)**	(23,056)
Advance payments	**12,070**	1,352
Accounts payable and other	**(19,275)**	78,470
Income and mining taxes receivable or payable	**(60,656)**	(168,798)
Other long-term liabilities	**(9,323)**	1,381
	(197,789)	(144,242)

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

32. Financial Information Included in the Consolidated Statements of Cash Flows (continued)

b) Reconciliation of additions presented in the property, plant and equipment schedule to the net cash flow used in investing activities

	Year Ended March 31,	
	2023	2022
Additions of property, plant and equipment as per note 11	**324,341**	626,791
Right-of-use assets	**(34,819)**	(57,138)
Depreciation of property, plant and equipment allocated to stripping activity asset	**(1,089)**	(5,845)
Non-cash increase of the asset rehabilitation obligation	**(8,649)**	(44,605)
Government grant recognized	**8,969**	9,532
Government grant received	**(5,195)**	(6,234)
Capitalized amortization of transaction costs	**(666)**	(3,179)
Net cash flow used in investing activities - purchase of property, plant and equipment	**282,892**	519,322

The additions of property, plant and equipment for the year ended March 31, 2023 are net of government grants of $8,969,000, of which $7,075,000 was receivable as at March 31, 2023. The net cash flow from purchase of property, plant and equipment as presented in the statements of cash flows is net of government grants totalling $5,195,000 for the year ended March 31, 2023 (year ended March 31, 2022: $6,234,000).

c) Reconciliation of depreciation presented in the property, plant and equipment schedule to the consolidated statements of income

	Year Ended March 31,	
	2023	2022
Depreciation of property, plant and equipment as per note 11	**124,105**	56,183
Depreciation of property, plant and equipment allocated to stripping activity asset	**(1,089)**	(5,845)
Depreciation of intangible assets	**3,134**	2,582
Net effect of depreciation of property, plant and equipment allocated to inventory	**(5,106)**	(8,991)
Depreciation as per consolidated statements of income	**121,044**	43,929

(Tabular figures are expressed in thousands of Canadian dollars, except where otherwise indicated - audited)

33. Segmented Information

The Company is conducting mining operations and exploration and evaluation activities in Canada. The business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment operating income, as defined below. The Bloom Lake mine site, which is comprised of two facilities in operation, was identified as a segment, namely Iron Ore Concentrate. Exploration and Evaluation and Corporate were identified as separate segments due to their specific nature.

Year Ended March 31, 2023	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	**1,395,088**	**—**	**—**	**1,395,088**
Cost of sales	**(822,762)**	**—**	**—**	**(822,762)**
Depreciation	**(120,759)**	**—**	**(285)**	**(121,044)**
Gross profit (loss)	**451,567**	**—**	**(285)**	**451,282**
Share-based payments	**—**	**—**	**(8,662)**	**(8,662)**
General and administrative expenses	**—**	**—**	**(41,514)**	**(41,514)**
Sustainability and other community expenses	**(7,113)**	**—**	**(10,820)**	**(17,933)**
Innovation and growth initiative expenses	**—**	**—**	**(11,863)**	**(11,863)**
Operating income (loss)	**444,454**	**—**	**(73,144)**	**371,310**
Net finance costs, other income and taxes expenses				**(170,603)**
Net income				**200,707**
Segmented total assets	**2,165,413**	**117,127**	**32,729**	**2,315,269**
Segmented total liabilities	**(1,026,116)**	**—**	**(26,449)**	**(1,052,565)**
Segmented property, plant and equipment	**1,253,622**	**—**	**8,346**	**1,261,968**

Year Ended March 31, 2022	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	1,460,806	—	—	1,460,806
Cost of sales	(458,678)	—	—	(458,678)
Depreciation	(43,671)	—	(258)	(43,929)
Gross profit (loss)	958,457	—	(258)	958,199
Share-based payments	—	—	(12,818)	(12,818)
General and administrative expenses	—	—	(31,769)	(31,769)
Sustainability and other community expenses	(5,840)	—	(11,143)	(16,983)
Innovation and growth initiative expenses	—	—	(5,549)	(5,549)
Bloom Lake Phase II start-up costs	(17,752)	—	—	(17,752)
Operating income (loss)	934,865	—	(61,537)	873,328
Net finance costs, other expense and taxes expenses				(350,743)
Net income				522,585
Segmented total assets	1,827,085	107,810	54,335	1,989,230
Segmented total liabilities	(800,206)	—	(27,326)	(827,532)
Segmented property, plant and equipment	1,069,580	—	450	1,070,030

34. Subsequent Event

On May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), the Board declared a dividend of $0.10 per ordinary share of the Company in connection with the semi-annual results for the period ended March 31, 2023, payable on July 5, 2023, to registered shareholders at the close of business in Australia and Canada on June 14, 2023 (Montréal time).

08 ADDITIONAL STOCK EXCHANGE INFORMATION

STOCK EXCHANGE INFORMATION

The additional information set out below relates to the ordinary shares of the Company as at April 29, 2023. The Company does not hold other class of equity securities, which excludes shares held by it subsidiaries.

1. Distribution of Equity Security Holders as at April 29, 2023

Size of Holding	Number of Holders	Number of Ordinary Shares	% of issued Capital
1 to 1,000	1,746	691,280	0.13 %
1,001 to 5,000	1,140	2,776,199	0.54 %
5,001 to 10,000	264	2,045,816	0.40 %
10,001 to 100,000	300	9,619,518	1.86 %
100,000 and over	110	502,060,313	97.07 %
	3,560	517,193.126	100.00 %

2. Substantial Shareholders as at April 29, 2023

The Company has received substantial shareholder notifications from the shareholders below. The following table sets out the shareholding of each substantial shareholder from these substantial shareholder notifications with the percentage of issued share capital updated for the current issued share capital of the Company.

Name of Shareholder	Date of Notice	Number of Ordinary Shares	% of issued Capital
Mr Michael O'Keeffe (and associates)	12/9/2020	45,023,830	8.71 %
Investissement Québec	7/4/2022	43,500,000	8.41 %
WC Strategic Opportunity LP	8/2/2021	41,944,444	8.11 %
Blackrock Group	7/4/2022	27,944,212	5.40 %

3. Marketable Parcels as at April 29, 2023

211 shareholders held less than a marketable parcel of ordinary shares as at April 29, 2023.

4. Voting Rights

All ordinary shares issued by the Company carry one vote per share without restriction.

STOCK EXCHANGE INFORMATION

5. Twenty Largest Shareholders as at April 29, 2023

The following table lists the 20 largest registered holders of the Company's shares, together with the number of shares and the percentage of the issued capital each holds, as of April 29, 2023, being the last practicable date.

Many of the 20 largest shareholders shown below hold shares as a nominee or custodian. In accordance with the reporting requirements, the tables reflect the legal ownership of shares and not the details of the underlying beneficial holders.

	Name of Shareholder	Number of Ordinary Shares	% of issued Capital
1	HSBC Custody Nominee Aust Ltd	76,890,710	14.87 %
2	Investissement Québec	43,500,000	8.41 %
3	JP Morgan Nom Aust PL	42,555,992	8.23 %
4	WC Strategic Opportunity LP	41,944,444	8.11 %
5	Citicorp Nom PL	39,934,629	7.72 %
6	Prospect AG Trading PL	34,762,930	6.72 %
7	Metech Super PL	10,700,000	2.07 %
8	BNP Paribas Nominees PTY LTD	9,982,166	1.93 %
9	National Nominees LTD	9,412,206	1.82 %
10	Mr Michael O'Keeffe	6,751,900	1.31 %
11	HSBC Custody Nominees Aust Ltd (Commonwealth Super Corp)	6,439,824	1.25 %
12	BNP Paribas Nominees PTY LTD Custodial Serv LTD DRP	4,200,523	0.81 %
13	Eastbourne DP PL	3,500,000	0.68 %
14	Warbont Nominees PTY LTD	2,337,262	0.45 %
15	Mr David Cataford	2,222,080	0.43 %
16	Bass Family Foundation PTY LTD	1,730,000	0.33 %
17	BNP Paribas Nominees PTY LTD ACF Clearstream	1,337,812	0.26 %
18	HSBC Custody Nominees Aust Ltd (GSCO Customers)	1,017,912	0.20 %
19	Citicorp Nominees PTY (Colonial First State Inv)	981,399	0.19 %
20	Fareast Enterprises PTY (Peter Rifici Family)	942,965	0.18 %

Shareholder information sourced from transfer agents reports, ASX filings and System for Electronic Disclosure by Insiders (SEDI). The twenty largest shareholder list is based on the registered holdings, which does not include underlying beneficial holdings, and as such may not reflect all shareholders of the Company.

09

RISK FACTORS

RISK FACTORS

An investment in securities of the Company is highly speculative and involves significant risks. If any of the events contemplated in the risk factors described below actually occurs, the Company's business may be materially and adversely affected and its financial condition and results of operation may suffer significantly. In that event, the trading price of the Ordinary Shares could decline and purchasers of Ordinary Shares may lose all or part of their investment. The risks described herein are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

Iron Ore Prices

The Company's principal business is the exploration, development and production of iron ore. The Company's future profitability is largely dependent on movements in the price of iron ore, over which the Company has no control. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply/demand balance. Given the historical volatility of iron ore prices and the increased volatility experienced in recent years, there are no assurances that the iron ore price will remain at economically attractive levels. An increase in iron ore supply without a corresponding increase in iron ore demand would be expected to result in a decrease in the price of iron ore. Similarly, a decrease in iron ore demand without a corresponding decrease in the supply of iron ore would be expected to result in a decrease in the price of iron ore. A continued decline in iron ore prices would adversely impact the business of the Company and could affect the feasibility of the Company's projects. A continued decline in iron ore prices would also be expected to adversely impact the Company's ability to attract financing. Iron ore prices are also affected by numerous other factors beyond the Company's control, including the exchange rate of the United States dollar with other major currencies, the overall state of the economy and expectations for economic growth (including as a result of global and regional demand, pandemics or epidemics (such as COVID-19), extreme seasonal weather conditions, geopolitical events such as the current conflict between Russia and Ukraine or the increased tensions between China and other countries, global economic conditions, including trade protection measures such as tariffs and import and export restrictions, production levels and costs and transportation costs in major iron ore producing regions). The Company cannot predict the future impact of those factors on iron ore prices, nor whether those factors will continue or if other factors that may negatively affect iron ore prices and high-grade iron ore premiums will emerge. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and if warranted, could be discontinued.

Fluctuating Mineral Prices

Factors beyond the control of the Company may affect the marketability of any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company's control. These factors include market fluctuations, inflationary pressures impacting costs to extract minerals, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital, and a loss of all or part of an investment in securities of the Company may result.

Freight Costs and Inflation

The Company uses external sea freight to ship most of its iron ore concentrate. Global sea freight capacity issues, which have from time to time been exacerbated by factors beyond the Company's control, including port congestions globally and, in the last few years, the COVID-19 pandemic, in addition to high fuel prices and ongoing inflationary pressure, continue to persist worldwide. Such dynamics in tandem with limited capacity and equipment, has resulted in the past and may continue to result in longer shipping times and price increases. Although the Company is seeking to manage and reduce its freight premium volatility, including through freight contracts, the Company remains exposed to fluctuations in freight costs. Adverse fluctuations in freight costs, including as a result of general economic conditions, rising fuel prices, decreased vessel availability or otherwise, could affect the Company's business, results of operations and profitability.

Infrastructure and Reliance on Third Parties for Transportation of the Company's Iron Ore Concentrate

Some of the Company's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, the Company has entered into various agreements for various infrastructure requirements, including for rail transportation, power and port access with various industry participants, including external service and utility providers. These are important determinants affecting capital and operating costs. The Company has concluded agreements with the relevant rail companies, loading and port authorities necessary for the transportation and handling of production of Bloom Lake iron ore, including from the Phase II expansion, and disruptions in their services could affect the operation and profitability of the Company.

In addition, the Company's mining operations and facilities are intensive users of energy, electricity, diesel and other consumables that are essential to its business and there is no certainty that the Company will be able to continue to access sources of power on economically feasible terms, or that such sources of power will be available in sufficient quantities, for all of its projects and requirements. Inability for the Company to secure sufficient power for all of its projects and requirements or to do so on economically favourable terms could have a material adverse effect on the Company's results of operations and financial condition.

Liquidity / Financing Risk

In addition to the capital expenditures required to maintain its operations, the execution of the Company's growth strategy will require the Company to incur significant capital expenditures in the future, including in connection with the projected modifications to the Phase II Plant and infrastructure required to upgrade the Company's current production to DRPF grade iron ore (which is expected, pending final investment decision, to require $470.7 million in capital expenditures over 30 months), the contemplated re-commissioning of the Pellet Plant, the development of the Kami Project and the Company's other strategic initiatives to participate in the efforts to decarbonize the iron and steel industry. To do so, the Company may need to raise additional capital. No assurance can be given that additional financing will be available for further exploration and development of the Company's properties when required, upon terms acceptable to the Company or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties which could in turn materially affect the Company's business, results of operations and profitability.

As of March 31, 2023, the Company had cash and cash equivalents of approximately $326.8 million and face value of long-term debt of approximately $487.7 million. Although the Company has been successful in repaying debt in the past and restructuring its capital structure with a lower cost of capital, there can be no assurance that it can continue to do so. In addition, the Company may in the future assume additional debt or reduce its holdings of cash and cash equivalents in connection with funding future growth initiatives, existing operations, capital expenditures or in pursuing other business opportunities. The Company's level of indebtedness could have important consequences for its operations, and the Company's ability to finance its operations, capital expenditures and working capital needs could also be impacted by a rise in interest rates as any such increase in interest rates would lead to higher costs of borrowing for the Company. In particular, the Company may need to use a large portion of its cash flows to repay principal and pay interest on its debt as well as payment under lease liabilities, which will reduce the amount of funds available to finance its operations and other business activities. The Company's debt level may also limit its ability to pursue other business opportunities, borrow money for operations or capital expenditures or implement its business strategy.

As of March 31, 2023, the Company had (i) an undrawn amount of US$220.0 million on the Revolving Facility, with the debt outstanding being in the amount of US$180.0 million, (ii) an undrawn amount of US$36.1 million on the Equipment Financing Facility, with the debt outstanding being in the amount of US$77.6 million, (iii) a fully drawn IQ Loan, with the debt outstanding being in the amount of $64.0 million, and (iv) a fully drawn FTQ Loan, with the debt outstanding being in the amount of $75.0 million. Accordingly, as of March 31, 2023, the Company had a total $346.6 million of undrawn available financing.

The Company's ability to reduce its indebtedness and meet its payment obligations will depend on its future financial performance and ability to raise additional capital if and when needed, which will in each case be impacted by factors beyond the Company's control, including the overall state of capital markets and investor appetite for investments in the Company's securities as well as global financial, business, economic and other factors. There is no certainty that the Company's existing capital resources and future cash flows from operations will be sufficient to allow it to pay principal and interest on its debt, lease liabilities and other financial instruments and meet its other obligations. If these amounts are insufficient or if the Company is not able to comply with financial covenants under the Revolving Facility or its other financial instruments, the Company may be required to refinance all or part of its existing debt, sell assets, borrow more money or issue additional equity.

The ability of the Company to access the bank, public debt or equity capital markets on an efficient basis may be constrained by a disruption in the credit markets or capital or liquidity constraints in the banking, debt or equity markets at the time of such refinancing. The Company is also exposed to liquidity and various counterparty risks including, but not limited to: (i) the Company's lenders and other banking and financial counterparties; (ii) the Company's insurance providers; (iii) financial institutions that hold the Company's cash; (iv) companies that have payables to the Company, including concentrate customers; and (v) companies that have received deposits from the Company for the future delivery of equipment. In the event that such counterparties were affected by a business disruption, insolvency or similar event, the Company's liquidity or access to funds could be adversely affected, which could limit its ability to pursue other business opportunities or implement its business strategy.

Global Financial Conditions and Capital Markets

As future capital expenditures of the Company are expected to be financed out of funds generated from operations, borrowings and possible future equity sales, the Company's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the Company's securities.

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008, 2009 and the first half of 2020. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2019, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery. Similarly, in recent years, the COVID-19 pandemic and the conflict between Russia and Ukraine have resulted in slowdowns and increased volatility in world economies. Recently, the banking crisis in the United States that began with solvency concerns at Silicon Valley Bank has had a destabilizing effect on financial markets with unknown future consequences. Global financial markets could suddenly and rapidly destabilize in response to future events. Global capital markets have continued to display increased volatility in response to global events. In addition, increasing geopolitical tensions could have multiple unforeseen implications for the global financial markets. Future crises may be precipitated by any number of causes, including natural disasters, pandemics (including the COVID-19 pandemic), geopolitical instability, changes to energy prices or sovereign defaults.

These factors may impact the ability of the Company to obtain equity or debt financing in the future on favourable terms or in a timely manner. Additionally, these factors, as well as other related factors, may impair the Company's ability to make capital investments and may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, the Company's operations could be adversely impacted and the trading price of its Ordinary Shares may be adversely affected.

Operating Costs

The Company's financial performance is affected by its ability to achieve production volumes at certain cash operating costs. The Company's expectations with respect to cash operating costs of production are based on the mine plan that reflects the expected method by which the Company will mine Mineral Reserves at the Bloom Lake Mine and the expected costs associated with the plan. Actual iron ore production and cash operating costs may differ significantly from those the Company has anticipated for a number of reasons, including variations in the volume of ore mined and ore grade, which could occur because of changing mining rates, ore dilution, varying metallurgical and other ore characteristics and short-term mining conditions that require different sequential development of ore bodies or mining in different areas of the mine. Mining rates are impacted by various risks and hazards inherent at the operation, including natural phenomena, such as inclement weather conditions, and unexpected labour shortages or strikes or availability of mining fleet. Cash operating costs are also affected by ore characteristics that impact recovery rates, as well as labour costs, the cost of mining supplies and services, maintenance and repair costs of mining equipment and installations, foreign currency exchange rates and stripping costs incurred during the production phase of the mine, and some of these costs have in the past and may continue in the future to be exacerbated by inflationary pressure and other factors. In the normal course of operations, the Company manages each of these risks to mitigate, where possible, the effect they have on operating results. However, any significant change in any of the foregoing could have a negative impact on the Company's operating costs, which could in turn materially affect the Company's business, results of operations and profitability.

Foreign Exchange

Iron ore is sold in U.S. dollars and thus revenue generated by the Company from production on its properties are received in U.S. dollars, while operating and capital costs are incurred primarily in Canadian dollars (a notable exception includes sea freight costs, which are usually incurred in U.S. dollars). The Company is therefore subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. However, historical fluctuations in the U.S. dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. A decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact the Company's financial performance. In addition, the Company's functional and reporting currency is Canadian dollars, while the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. Therefore, as the exchange rate between the Canadian dollar and the U.S. dollar fluctuates, the Company will experience foreign exchange gains and losses, which can have a significant impact on its consolidated operating results.

Interest Rates

The Company is exposed to interest rate risk, mainly as a result of certain of its borrowings being at variable rates of interest. As of March 31, 2023, US$257.6 million of the Company's borrowings was at variable rates. In order to manage inflation risks in accordance with their mandates, the central banks of several jurisdictions including Canada have increased their benchmark rates and may continue to increase their benchmark rates in the short to medium term. A significant, prolonged increase in interest rates could have a material adverse impact on the interest payable under the Company's long-term debt, long-term leases and other financial instruments, which could reduce the profitability of the Company and affect the trading prices of its Ordinary Shares.

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. The Chinese market is a significant source of global demand for commodities, including steel and iron ore. Chinese demand has been a major driver in global commodities markets for a number of years. A slowing in China's economic growth or the establishment by China of trade protection measures such as tariffs and import and export restrictions could result in lower prices and demand for iron ore. For example, in the financial year ended March 31, 2023, China's zero-COVID policy resulted in a decrease in industrial activity in China which had a negative impact on the price of iron ore. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Company's ability to obtain financing, to achieve production and on its financial performance. See also "*Global Financial Conditions and Capital Markets*" above.

Structural Shift in the Steel Industry's Production Methods

With an increased focus on decarbonizing the steel industry and reducing greenhouse gas emissions in the steelmaking processes, the steel industry is experiencing a structural shift in its production methods. This dynamic is expected to create additional demand for higher-purity iron ore products, as the industry transitions towards DRI. However, DR grade quality iron ore represents a niche product in the iron ore industry, and while it is expected that an increasing number of customers will seek to participate in the iron and steel industry's decarbonization, it is not possible to predict how the demand and pricing (which currently tends to be directly negotiated between producers and sellers without an available global pricing index) for DR grade quality iron will evolve in the future, or whether producing DR grade quality iron ore will be more profitable than other production methods, including other production methods that are expected to favor the green steel supply chain. In addition, developments in alternative or analogous technologies or improvements in current production methods may harm the Company's competitive position and growth prospects or materially and adversely affect the Company's business, results of operations or financial condition, including in ways which it currently does not anticipate. Even if the steel industry and the Company's customers adopt DR grade quality iron, the Company may be unable to maintain or improve its competitive position, which could adversely affect its business, results of operations or financial condition. While the Company has completed the DRPF Feasibility Study and Bloom Lake is one of the few iron-ore deposits in the world capable of upgrading its product to DRPF quality iron ore, final investment decisions in respect of the DRPF Project have not been made and there are significant risks associated with the DRPF Project. See also "*Development and Expansion Projects Risks*" below.

Carbon Emissions, Global Carbon Tax and Carbon Import Duties

There continues to be an increasing focus on carbon (also referred to as "greenhouse gas" or GHG) emissions produced by the mining and other industries. Legislation and regulations in various jurisdictions aimed at reducing domestic greenhouse gas emissions, implementing systems to prevent the import of goods with embedded emissions or reporting requirements on the matter continue to be considered or adopted. While we expect that carbon taxes will increase over time, it is not yet possible to reasonably estimate the nature, extent, timing and cost or other impacts of any future taxes or other programs that may be enacted, including the impact on demand for iron ore products from traditional steel producers and other customers, and the impact on the Company's ability to sell its products to customers. Additionally, as countries attempt to implement systems to prevent the import of goods with embedded emissions, carbon import duties may impact the Company's historical trade partners, sales and financial performance. See also "*Climate Change and ESG Matters*" below.

Additionally, the Company has committed to certain GHG emission reduction targets. Achieving these targets is subject to several risks and uncertainties, and there can be no certainty that the Company will achieve these targets within the stated timeframe, or that achieving any of these targets will meet all of the expectations of its stakeholders or applicable legal requirements. Also, the implementation of these objectives may expose the Company to certain additional heightened financial and operational risks, and is expected to require additional costs, which may be higher than anticipated. If the Company is unable to achieve its GHG emission reduction targets or satisfy the expectations of its stakeholders, its reputation could be adversely affected, which could materially adversely affect the Company's business and financial results.

Mineral Exploration, Development and Operating Risks

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and is frequently non-productive. Resource acquisition, exploration, development and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices, which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations), social acceptance by the local communities and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company's not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Company will result in the establishment or expansion of resources or reserves or the economically viable exploitation thereof.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of iron ore and other minerals, including, but not limited to, environmental hazards (including hazards relating to the discharge of pollutants), industrial accidents, labor force disruptions, health crises (including pandemics and epidemics), adjacent or adverse land or mineral ownership rights or claims that may result in constraints on current or future mining operations, unavailability of materials and equipment, equipment failures, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical conditions or formations, unanticipated ground and water conditions, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls or tailings dams, pit flooding, fire, explosions and natural phenomena and "acts of God" such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in, among other things, damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays in mining, limited mine site access, difficulty selling concentrate to customers, reputational loss, monetary payments and losses and possible legal liability. As a result, production may fall below historic or estimated levels and the Company may incur significant costs or experience significant delays that could have a material adverse effect on its financial performance, liquidity and results of operations. The Company maintains insurance to cover some of these risks and hazards; however, such insurance may not provide sufficient coverage in certain circumstances or may not be available or otherwise adequate for the Company's needs. See also "*Insurance and Uninsured Risks*" below.

Mineral Exploration, Development and Operating Risks (continued)

The Company's processing facility is dependent on continuous mine feed to remain in operation. Insofar as the Bloom Lake Mine does not maintain material stockpiles of ore or material in process, any significant disruption in either mine feed or processing throughput, whether due to equipment failures, adverse weather conditions, supply interruptions, export or import restrictions, labour force disruptions or other causes, may have an immediate adverse effect on the results of its operations. A significant reduction in mine feed or processing throughput at the mine could cause the unit cost of production to increase to a point where the Company could determine that some or all of its reserves are or could be uneconomic to exploit.

The Company periodically reviews mining schedules, production levels and asset lives in its LoM planning for all of its operating and development properties. Significant changes in the LoM plans can occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investment in new equipment and technology, iron ore price assumptions and other factors. Based on this analysis, the Company reviews its accounting estimates and, in the event of impairment, may be required to write-down the carrying value of one or more of its long-lived assets. This complex process continues for the entire duration of the LoM. See also "*Ability to Support the Carrying Value of Non-Current Assets*" below.

In addition, any current and future mining operations are and will be subject to the risks inherent in mining, including adverse fluctuations in commodity prices, fuel prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy, access and transportation costs, supply chain cost increases and disruption, delays and repair costs resulting from equipment failure, changes in the regulatory environment, industrial accidents and labour actions or unrest. The occurrence of any of these events could materially and adversely affect the development of a project or the operations of a facility, including the DRPF Project, which could have a material adverse impact on the Company.

Furthermore, risks may arise with respect to the management of tailings and waste rock, mine closure, rehabilitation and management of closed mine sites (regardless of whether the Company operated the mine site or acquired it after operations were conducted by others). Financial assurances may also be required with respect to closure and rehabilitation costs, which may increase significantly over time and reserved amounts may not be sufficient to address actual obligations at the time of decommissioning and rehabilitation.

As a result of the foregoing risks, and in particular, where a project is in a development stage, expenditures on any and all projects, actual production quantities and rates, and cash costs may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs. In addition, estimated production dates may be delayed materially, in each case especially to the extent development projects are involved. Any such events can materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

Although the Mineral Resource and Mineral Reserve estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of Mineral Resources and Mineral Reserves can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to Mineral Resources and Mineral Reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in Mineral Resources and Mineral Reserves, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral Resources and Mineral Reserves are reported as general indicators of LoM. Mineral Resources and Mineral Reserves should not be interpreted as assurances of potential LoM or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of Mineral Resources and Mineral Reserves and corresponding grades. Until ore is actually mined and processed, Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on mineral prices. Any material change in resources, Mineral Resources or Mineral Reserves, or grades or stripping ratios, in particular those of the Bloom Lake Mine, will affect the economic viability of the Company's projects.

Uncertainties and Risks Relating to Feasibility Studies

Feasibility Studies are used to determine the economic viability of a deposit, as are Pre-Feasibility Studies and preliminary economic assessments. Feasibility Studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. Generally accepted levels of confidence are plus or minus 15% for Feasibility Studies, plus or minus 25-30% for Pre-Feasibility Studies and plus or minus 35-40% for preliminary economic assessments. While the DRPF Feasibility Study as well as the Kami Project Feasibility Study and the feasibility study to evaluate the re-commissioning of the Pellet Plant are based on the best information available to the Company, it cannot be certain that actual costs under each feasibility study will not significantly exceed the estimated cost. While the Company incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory Mineral Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future mineral and metal prices.

In addition, ongoing mining operations at the Bloom Lake Mine are dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralization, favourable geological conditions, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unplanned or prolonged maintenance shutdowns, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. Actual operating results may differ from those anticipated in the relevant feasibility studies, including the Phase II Feasibility Study and the DRPF Feasibility Study.

The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, pandemics or epidemics, government-imposed restrictions on operations, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. There is no certainty that metallurgical recoveries obtained in bench scale or pilot plant scale tests will be achieved in ongoing or future commercial operations. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties. Therefore, the Company cannot give any assurance that results of the feasibility studies, including the Phase II Feasibility Study and the DRPF Feasibility Study, will not be subject to change and revisions.

Dependence on the Bloom Lake Mine

While the Company may invest in additional mining and exploration projects in the future, the Bloom Lake Mine is currently the Company's sole producing asset providing all of the Company's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Bloom Lake Mine, would materially and adversely affect the financial condition and financial sustainability of the Company. In addition, the results of operations of the Company could be materially and adversely affected by any events which cause the Bloom Lake Mine to operate at suboptimal capacity, including, among other things, equipment failure, unplanned or prolonged maintenance shutdowns, outages, adverse weather, serious environmental, public health and safety issues, any permitting or licensing issues and any failure to produce expected amounts of iron ore. See also "*Liquidity / Financing Risk*" above.

Development and Expansion Projects Risks

The Company's ability to meet development and production schedules and cost estimates for its development and expansion projects cannot be assured. Construction and development of these projects are subject to numerous risks, including, without limitation, risks relating to: significant cost overruns due to, among other things, delays, changes to inputs or changes to engineering; delays in construction and technical and other problems, including adverse geotechnical conditions and other obstacles to construction; ability to obtain regulatory approvals or permits, on a timely basis or at all; ability to comply with any conditions imposed by regulatory approvals or permits, maintain such approvals and permits or obtain any required amendments to existing regulatory approvals or permits; accuracy of reserve and resource estimates; accuracy of engineering and changes in scope; adverse regulatory developments, including the imposition of new regulations; significant fluctuations in iron ore and other commodity prices, fuel and utilities prices, which may affect the profitability of the projects; community action or other disruptive activities by stakeholders; adequacy and availability of a skilled workforce; labour disruptions; difficulties in procuring or a failure to procure required supplies and resources to construct and operate a mine; availability, supply and cost of water and power; weather or severe climate impacts; litigation; dependence on third parties for services and utilities; development of required infrastructure; a failure to develop or manage a project in accordance with the planning expectations or to properly manage the transition to an operating mine; the reliance on contractors and other third-parties for management, engineering, construction and other services, and the risk that they may not perform as anticipated and unanticipated disputes may arise between them and the Company; and the effects of the COVID-19 pandemic or other potential pandemics or epidemics, including regulatory measures intended to address the pandemic or operating restrictions imposed to protect workers, supply chain impacts and other factors.

Development and Expansion Projects Risks (continued)

These and other risks could lead to delays in developing certain properties or delays in current mining operations, and such delays could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

In addition, while the Company has conducted the DRPF Feasibility Study in order to evaluate flowsheet modifications to the Phase II Plant and infrastructure required to upgrade the Company's current production to DRPF, and that the Board has approved a cumulative initial budget of $62 million to secure the DRPF Project timeline, a final investment decision in respect of the Project has not been made. There is no assurance that the Company will proceed with the DRPF Project. Further, if the Company were to proceed with the DRPF Project, there is no assurance that the Company will be able to complete the DRPF Project in a cost-effective or timely manner, or that it will realize, in full or in part, the anticipated benefits it expects to generate from the DRPF Project. Furthermore, the integration of the DRPF Project with Bloom Lake's existing infrastructure would be expected to require additional onsite work programs, including modifications and tie-ins to the Phase II Plant, a modification to its access road and an upgrade to the site's electricity transport and distribution systems as well as potentially requiring modifications to SFPPN facilities, all of which could increase the risk of shutdowns, outages or other events which would cause the Bloom Lake Mine to operate at less than optimal capacity and negatively impact production, which could in turn have a material adverse effect on the Company's business, results of operations or financial condition. See "*Structural Shift in the Steel Industry's Production Methods*" above.

Replacement of Mineral Reserves

The Bloom Lake Mine is currently the Company's only source of production. The Company's ability to maintain, past the current LoM at the Bloom Lake Mine, or increase its annual production will depend on its ability to bring new mines into production and to expand Mineral Reserves at the Bloom Lake Mine. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish Mineral Reserves and to construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current or future exploration programs may be successful. There is a risk that depletion of reserves will not be offset by discoveries. As a result, the reserve base of the Company may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current LoM, based on current production rates, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Environmental Risks and Hazards

The operations of the Company are subject to environmental laws and regulations relating to the protection of the environment (including living things), occupational health and safety, hazardous or toxic substances, wastes, pollutants, contaminants or other regulated or prohibited substances or dangerous goods (collectively, "Environmental Laws"), as adopted and amended from time to time. Environmental Laws provide for, among other thing, restrictions and prohibitions on spills, releases and emissions of various substances produced in association with, or resulting from, mining industry operations, such as seepage from tailings disposal areas that result in environmental pollution. A breach of Environmental Laws may result in the imposition of fines, penalties, restrictive orders or other enforcement actions. In addition, certain types of operations require the submission and approval of environmental impact assessments or other environmental authorizations.

Environmental Laws are evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with such changes to Environmental Laws has a potential to adversely impact the Company's future cash flows, earnings, results of operations and financial condition.

The Company's operation is subject to environmental regulations which are enforced primarily by the Ministry of Natural Resources and Forests and the Ministry of the Environment, the Fight Against Climate Change, Wildlife and Parks (Québec), the Department of Environment, Climate Change and Municipalities and the Department of Industry, Energy and Technology (Newfoundland and Labrador), Fisheries and Oceans Canada, and Environment and Climate Change Canada.

Reclamation Costs and Related Liabilities

The Company is required to submit for government approval a reclamation plan in connection with certain mining sites, to submit financial warranties covering the anticipated cost of completing the work required under such a plan, and to pay for the reclamation work upon the completion or cessation of certain mining activities. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required. Any significant increases over the Company's current estimates of future cash outflows for reclamation costs, as a result of the Company being required to carry out unanticipated reclamation work or otherwise, could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Applicable Laws and Regulations

Exploration, development and mining of minerals are subject to extensive and complex federal, provincial and local laws and regulations, including laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters. The costs of compliance and any changes to the Company's operations mandated by new or amended laws or regulations, may be significant. Such costs and delays may materially adversely impact the Company's business, results of operations or financial condition. Furthermore, any violations of these laws or regulations may result in substantial fines and penalties, remediation costs, third-party damages, or a suspension or cessation of the Company's operations, which could materially adversely affect the Company's business, results of operations or financial condition.

Potential First Nations Land Claims

The Company conducts its operations in the Province of Québec and in the Province of Newfoundland and Labrador, which areas are subject to conflicting First Nations land claims. Aboriginal claims to lands, and the conflicting claims to traditional rights between Aboriginal groups, may have an impact on the Company's ability to develop its properties.

Pursuant to section 35 of The Constitution Act of 1982, the Federal and Provincial Crowns (including those of the Provinces of Québec and Newfoundland and Labrador) have in some circumstances a duty to consult and a duty to accommodate Aboriginal peoples. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights or Aboriginal title, and a credible claim to such rights or title has been made, a developer may also be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the proposed project and, in some circumstances, accommodate them. The outcome of such consultations may significantly delay or even prevent the development of the Company's properties.

There is an increasing level of public concern relating to the perceived effect of mining activities on indigenous communities. The evolving expectations related to human rights, indigenous rights and environmental protection may adversely impact the Company's current or future activities. Such opposition may be directed through legal or administrative proceedings, against the government or the Company, or expressed in manifestations such as protests, delayed or protracted consultations, blockades or other forms of public expression against the Company's activities or against the government's position. There can be no assurance that these relationships can be successfully managed. Intervention by the aforementioned groups may have a material adverse effect on the Company's reputation, results of operations and financial performance.

The development and the operation of the Company's properties may require the entering into of impact and benefits agreements ("IBAs") or other agreements with the affected First Nations. As a result of such IBAs or other agreements, the Company may incur significant financial or other obligations to affected First Nations.

On April 12, 2017, the Company, through QIO, entered into an IBA with the Uashaunnuat, Innu of Uashat and of Mani-Utenam, the Innu Takuaikan Uashat Mak Mani-Utenam Band No. 80 and the Innu Takuaikan Uashat Mak Mani-Utenam Band Council with respect to future operations at Bloom Lake (the "Bloom Lake IBA"). The Bloom Lake IBA is a LoM agreement and provides for real participation in Bloom Lake for the Uashaunnuat in the form of training, jobs and contract opportunities and ensures that the Innu of Takuaikan Uashat Mak Mani-Utenam receive fair and equitable financial and socio-economic benefits. The Bloom Lake IBA also contains provisions which recognize and support the culture, traditions and values of the Innu of Takuaikan Uashat Mak Mani-Utenam, including recognition of their bond with the natural environment.

The negotiation of any IBA required in the future for other projects may significantly delay the development of the properties. There can be no assurance that the Company will be successful in reaching an IBA or other agreement with First Nation groups asserting Aboriginal rights or Aboriginal title or who may have a claim which affects the Kami Project, the Consolidated Fire Lake North project, the Quinto Claims or any of the Company's other projects.

No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company or, where applicable, in the name of its joint venture partners, there can be no assurance that such title will ultimately be secured. Title to, and the area of, mineral concessions may be disputed, and there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Third parties may have valid claims on underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including land claims by indigenous groups, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to conduct its operations on one or more of its properties as currently anticipated or permitted or to enforce its rights in respect of its properties.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities which it is currently conducting under applicable laws and regulations, and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, there can be no assurance that the Company will be able to obtain all necessary licenses and permits required in the future (or to modify existing permits and licenses as may be required) to carry out exploration, development and mining operations at its projects on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

Climate Change and ESG Matters

The Company recognizes that climate change is a global challenge that will affect its business in a range of possible ways. The Company's mining and processing operations are energy intensive, resulting in a carbon footprint either directly or through the purchase of fossil-fuel based energy. As a result, the Company is impacted by current and emerging policy and regulations relating to the greenhouse gas emission levels, energy efficiency and reporting of climate change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency and technological innovation, the current regulatory trend may result in additional transition costs at the Company's operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's business and operations. These may include increased incidence of extreme weather events and conditions, resource shortages, changes in rainfall and storm patterns and intensities and changing temperatures. Associated with these physical risks is an increasing risk of climate-related litigation (including class actions) and the associated costs. In addition, global efforts to transition to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, focus and jurisdiction of these changes, transition risks may pose varying levels of financial and reputational risk to the business.

Stakeholders and regulators are seeking enhanced disclosure of the material risks, opportunities, financial impacts and governance processes related to climate change. Adverse publicity or climate-related litigation could have an adverse effect on the Company's reputation, financial condition or results of operations.

In addition, there is increased investor attention on environmental, social and governance issues more generally. Notwithstanding our commitment to conducting our business in a socially responsible manner, to the extent mining companies fall out of favour with some investors due to the industry's real or perceived impacts on climate change and its perceived role in a transition to a low carbon economy, this could negatively affect our shareholder base and access to capital.

Natural Disasters, Unusually Adverse Weather, Epidemic or Pandemic Outbreaks, Boycotts and Geopolitical Events

The occurrence of one or more natural disasters, adverse weather events, pandemic or epidemic outbreaks, such as the COVID-19 pandemic, boycotts and geopolitical events, such as the current conflict between Russia and Ukraine or the increased tensions between China and other countries, global economic conditions, including trade protection measures such as tariffs and import and export restrictions, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. Some of these events could result in physical damage to property, an increase in energy prices, shutdowns or outages at the Company's facilities, temporary lack of an adequate workforce, temporary or long-term disruption in the supply of raw materials, equipment and product parts required to conduct business, temporary disruption in ocean freight overseas, or disruption to the Company's information systems. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

For instance, over the past years, the Company's operations were affected by the COVID-19 pandemic, which resulted in the Company being required at times to suspend or reduce mining activities as a result of governmental restrictions and other factors. The COVID-19 pandemic also impacted commodity prices, workforce productivity and availability, contractor availability, supply availability, the availability to the Company of insurance and the cost thereof and ultimately the Company's ability to sell or deliver iron ore. There continues to be uncertainty surrounding the COVID-19 pandemic, and the full extent to which COVID-19 (including as a result of the effect of new variants of the virus in the future) may impact the Company's business, results of operations or financial condition or the global economy and the markets in which the Company operates and sells its products, including China, will depend on unknown future developments which the Company cannot predict.

Increasing Global Instability as a Result of the Russia-Ukraine Conflict

Although the Company does not conduct business directly with or within Russia and Ukraine, increasing global instability could impact its operations with worsening supply chain disruptions coupled with macro-economic forces increasing volatility in markets, commodity prices and foreign exchange, driving up fuel prices and increasing inflationary pressures limiting consumer spending capacity and rising operating expenses. In addition, governments have warned of potential coordinated cyberattacks on critical infrastructures. Additionally, the conflict triggered global sanctions across many jurisdictions, which may impact the global trade flows of iron ore products and steel, which could impact the Company's historical business relationships. While the Company has risk mitigation measures in place such as advance placement of orders to secure materials and supplier diversification (alternate sourcing), continuation or further escalation of the conflict could continue to result in additional inflationary pressure, and supply chain and transportation disruption, which could materially adversely affect the Company's business, results of operations and profitability.

Reliance on Small Number of Significant Customers

While the Company continuously increases its portfolio of active customers in tandem with its increasing iron ore production volumes, it relies on a relatively small number of significant customers in connection with the sale of its iron ore. Additionally, the Company's larger customers are located in concentrated geographical areas, including China, Japan, the Middle East, Europe and South Korea. As a result of this reliance on the limited number of customers, the Company could be subject to adverse consequences if any of these customers breaches their purchase commitments.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Company requires and will continue to require a variety of raw materials in its business as well as a wide variety of mining equipment. Since 2021, supply chains have been affected by a number of factors, including inflation affecting the price of raw materials and transportation, and supply chain disruptions resulting from the COVID-19 pandemic, the Russia-Ukraine conflict and other factors. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected.

Dependence on Third Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish Mineral Resources and Mineral Reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Risk Factors (continued)

Reliance on Information Technology Systems

The Company's operations are dependent upon information technology systems. The Company's operations depend on the timely maintenance, upgrade and replacement of these systems, as well as pre-emptive efforts to mitigate cybersecurity risks and other technology system disruptions. In addition, a portion of the Company's workforce now regularly works remotely, which has increased the Company's reliance on its IT systems and associated risks. These systems are subject to disruption, damage or failure from a variety of sources, including an increasing threat of continually evolving cybersecurity risks. Failures in the Company's information technology systems could translate into production downtimes, operational delays, compromising of confidential information, destruction or corruption of data, loss of production or accidental discharge; expensive remediation efforts; distraction of management; damage to the Company's reputation; or events of noncompliance which could lead to regulatory fines or penalties or ransom payments. Accordingly, any failure in the Company's information technology systems could materially adversely affect its financial condition and results of operation. Information technology systems failures could also materially adversely affect the effectiveness of the Company's internal controls over financial reporting.

Cybersecurity Threats

The Company's operations depend, in part, on how well it and its suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyber-attacks. Cybersecurity threats include attempts to gain unauthorized access to data or automated network systems and the manipulation or improper use of information technology systems. A failure of any part of the Company's information technology systems could, depending on the nature of such failure, materially adversely impact the Company's reputation, financial condition and results of operations. The Company is subject to cybersecurity attacks and related threats from time to time. Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities. In addition, the Company's insurance coverage for cyber-attacks may not be sufficient to cover all the losses it may experience as a result of a cyber incident.

The Company and its third-party service providers also collects, uses, discloses, stores, transmits and otherwise processes customer, supplier and employee and others' data as part of its business and operations, which may include personal data or confidential or proprietary information. There can be no assurance that any security measures that the Company or its third-party service providers have implemented will be effective against current or future security threats. If a compromise of such data were to occur, the Company may become liable under its contracts with other parties and under applicable law for damages and incur penalties and other costs to respond to, investigate and remedy such an incident. Depending on the facts and circumstances of such an incident, these damages, penalties, fines and costs could be significant. Any such event could harm the Company's reputation and result in litigation against it.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, agreements with customers and third parties, environmental laws, volatility in stock price or failure or alleged failure to comply with disclosure obligations. The Company has in the past been, and may in the future be, involved in various legal proceedings. While the Company is not aware of any pending or contemplated legal proceedings the outcome of which could have a material adverse effect on the Company's financial condition and results of operations, the Company may become subject to legal proceedings in the future, the outcome of which is uncertain, and may incur defense costs in connection therewith, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on the Company's financial condition and results of operations.

Volatility of Stock Price

In recent years, the securities markets in Australia and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Ordinary Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings and that the value of the Ordinary Shares will be affected by such volatility.

Risk Factors (continued)

Volatility of Stock Price (continued)

Certain investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Ordinary Shares by those investors, which could materially adversely affect the trading price of the Ordinary Shares.

Reputational Risk

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived socially and in the marketplace. Damage to the Company's reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity (for example with respect to the Company's handling of environmental and social matters or its relations with stakeholders), whether true or not. The Company places a great emphasis on protecting its image and reputation by managing its social media and other web-based platforms, but it does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, ability to secure labour and ability to finance, ability to secure permits and governmental approvals, decreased investor confidence and impediments to the Company's overall ability to advance its projects, thereby having a material adverse impact on its financial performance, cash flows, operations and growth prospects.

Internal Controls and Procedures

Management of the Company has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Company do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented thereby, and (ii) the financial statements of the Company fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. The Company files certifications of annual and interim filings, signed by the Company's Chief Executive Officer and Chief Financial Officer, as required by National Instrument 52-109 – Issuers' Annual and Interim Filings. In such certifications, the Company's Chief Executive Officer and Chief Financial Officer certify the appropriateness of the financial disclosure in the Company's filings with the securities regulators, the design and effectiveness of the Company's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting at the respective financial period end. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate.

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. They are not a guarantee of perfection. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statements preparation. Any failure of the Company's internal controls and procedures could result in improper disclosure to the financial markets, which could adversely affect the Company's reputation, business, results of operations and ability to finance.

Insurance and Uninsured Risks

The Company currently maintains insurance to protect it against certain risks related to its current operations (including, among others, directors' and officers' liability insurance) in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. However, the Company is unable to maintain insurance to cover all risks at economically feasible premiums, and in certain cases, insurance coverage may not be available or may not be adequate to cover any resulting liability (such as, for example, matters relating to environmental losses and pollution). Consequently, the Company may elect not to insure against certain risks due to high premiums or for various other reasons. Accordingly, insurance maintained by the Company does not cover all of the potential risks associated with its operations. In addition, no assurance can be given that the current insurance maintained by the Company will continue to be available at economically feasible premiums or at all, that the Company will obtain or maintain such insurance or that such insurance will provide sufficient coverage for any future losses. As a result, the Company's property, liability and other insurance may not provide sufficient coverage for losses related to the risks identified in this Annual Report or other risks or hazards. Should liabilities arise as a result of insufficient or non-existent insurance, any future profitability could be reduced or eliminated and delays, increases in costs and legal liability could result, each of which could have a material adverse impact on the Company's cash flows, earnings, results of operations and financial condition.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other companies involved in the mining industry or have significant shareholdings in such companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises, a director is required to disclose the conflict of interest and to abstain from voting on the matter.

Dependence on Management and Key Personnel

The Company is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, could have a material adverse impact on the Company. In addition, the Company's success also depends, in part, on its continuing ability to identify, recruit, train, develop and retain other qualified managerial and technical employees with specialized market knowledge and technical skills to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

Employee Relations

The Company's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees, minimizing employee turnover and attracting new skilled workforce. Work stoppages, prolonged labor disruptions or other industrial relations events at the Company's major capital projects, as well as inability to recruit and retain qualified employees, could lead to project delays or increased costs and have a material adverse impact on the Company's projects, the Company's cash flows, earnings, results of operations and financial condition.

Although the Company and its mine site workers agreed on the terms of a new 3-year collective agreement on June 23, 2021, the Company cannot predict the outcome of any future negotiations relating to labour disputes, union representation or the renewal of any collective agreement relating to its employees, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any future negotiations. A deterioration in relationships with employees or in the labor environment could result in a strike or work interruptions or other disruptions to the Company's operations, damage to the Company's property and/or interruption to its services, or cause management to divert time and resources from other aspects of the Company's business, any of which could have a material adverse effect on the Company's business, results of operations or financial condition.

Competitive Conditions

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential and for management and technical personnel. The Company's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Company will compete in each of these respects with other parties, many of which have greater financial resources than the Company. Accordingly, there can be no assurance that any of the Company's future acquisition efforts will be successful or that it will be able to attract and retain required personnel. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Dilution and Future Sales

The Company may from time to time undertake offerings of its Ordinary Shares or of securities convertible into Ordinary Shares, and it may also enter into acquisition agreements under which it may issue Ordinary Shares in satisfaction of certain required payments. An increase in the number of Ordinary Shares issued and outstanding and the prospect of issuance of Ordinary Shares upon conversion of convertible securities may have a depressive effect on the price of Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power and equity interests of the Ordinary Shareholders will be diluted. Furthermore, sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Company's ability to raise capital through future sales of Ordinary Shares.

Joint Ventures and Option Agreements

From time to time, the Company may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for its participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. From time to time, the Company may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. The Company may also enter into other strategic alliances, partnerships or investments (such as, for example, the MOU with an international steelmaking company that outlines a framework for a joint venture to produce DR grade iron ore pellets at the Pellet Plant).

There are risks associated with the foregoing, including: the sharing of confidential information; the diversion of management's time and focus from operating its business; the use of resources that may be needed in other areas of the business; unforeseen costs or liabilities; litigation or other claims arising in connection with the partnership or joint venture; and the possibility of adverse tax consequences. In determining whether or not the Company will participate in a particular program, the structure of its participation and the interest therein to be acquired by it, the directors of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. In some of those arrangements, a failure of the Company to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

Any failure of any option or joint venture partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a material adverse effect on such agreements. In addition, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements.

Anti-Corruption and Anti-Bribery Laws

The Company may be impacted by anti-bribery, anti-corruption, and related business conduct laws. The Canadian Corruption of Foreign Public Officials Act and anti-bribery and anticorruption laws in other jurisdictions where we do business, prohibit companies and their intermediaries from making improper payments for the purposes of obtaining or retaining business or other commercial advantages. The Company's policies mandate compliance with these laws, the failure of which often carry substantial penalties. There can be no assurances that the Company's internal control policies and procedures will always protect it from inappropriate acts committed by the Company's affiliates, employees, or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's reputation, business, financial position, and results of operations.

Ability to Support the Carrying Value of Non-Current Assets

As of March 31, 2023, the carrying value of the Company's non-current assets was approximately $1,577.3 million, or approximately 70% of the Company's total assets. Non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. If indication of impairment exists, a non-current asset's recoverable amount is estimated. Such estimation is subjective and it involves making estimates and assumptions with respect to a number of factors, including, but not limited to, mine design, estimates of production levels and timing, Mineral Reserves and Mineral Resources, ore characteristics, operating costs and capital expenditures, as well as economic factors beyond management's control, such as iron ore prices, discount rates and observable net asset value multiples. If the recoverable amount is lower than the carrying value, the Company may be required to record an impairment loss on the non-current asset, which will reduce the Company's earnings. The timing and amount of such impairment charges are uncertain.

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COMPANY DIRECTORY

COMPANY DIRECTORY

DIRECTORS	Michael O'Keeffe	(Executive Chairman) - Non-independent
	David Cataford	(Executive Director and Chief Executive Officer) - Non-independent
	Andrew J. Love	(Non-Executive Director) - Independent
	Gary Lawler	(Non-Executive Director) - Independent
	Michelle Cormier	(Non-Executive Director) - Independent
	Wayne Wouters	(Non-Executive Director) - Independent
	Jyothish George	(Non-Executive Director) - Independent
	Louise Grondin	(Non-Executive Director) - Independent
COMPANY SECRETARY	Bill Hundy	
CORPORATE SECRETARY	Steve Boucratie	
REGISTERED OFFICE	Level 1, 91 Evans Street Rozelle NSW 2039, Australia Telephone: +61 2 9810 7816 Facsimile: +61 2 8065 5017 Website: www.championiron.com ACN 119 770 142	
PRINCIPLE ADMINISTRATIVE OFFICE	3300-1155 René-Lévesque Blvd. West Montréal, QC, H3B 3X7, Canada Telephone: +1 514-316-4858 Facsimile: +1 514-819-8100	
AUDITORS	**Ernst & Young** 200 George Street Sydney 2000 NSW, Australia	
SHARE REGISTRIES	**Automic Pty Ltd** Level 5, 126 Phillip Street Sydney NSW 2000, Australia Telephone: +61 2 9698 5414 Facsimile: +61 2 8583 3040 **TSX Trust Company** 301-100 Adelaide Street West Toronto, ON, M5H 4H1, Canada Telephone: 416-342-1091 Toll-Free: +1-866-600-5869 Facsimile: 416-361-0470	
STOCK EXCHANGES	The Company's shares are listed on the Australian Stock Exchange (ASX), Toronto Stock Exchange (TSX) under the symbol CIA. The Company's shares are also available to trade on the OTCQX Best Market under symbol CIAFF.	
ASX CODE & TSX SYMBOL	CIA (Fully Paid Ordinary Shares)	

CHAMPION IRON