Champion Iron Limited

(ACN: 119 770 142)

Condensed Interim Consolidated Financial Statements
For the Three-Month Periods Ended June 30, 2024 and 2023

(Expressed in thousands of Canadian dollars - unaudited)

Champion Iron Limited

Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars - unaudited)

	Notes	As at June 30, 2024	As at March 31, 2024
Assets			
Current			
Cash and cash equivalents		**259,859**	400,061
Restricted cash	**3**	**34,837**	—
Receivables	**4**	**215,937**	120,079
Prepaid expenses and advances	**5**	**56,176**	47,368
Inventories	**6**	**337,387**	332,611
		904,196	900,119
Non-current			
Non-current investments		**14,655**	14,509
Advance payments	**7**	**84,421**	83,374
Intangible assets		**4,815**	5,172
Property, plant and equipment	**8**	**1,621,187**	1,545,961
Exploration and evaluation assets		**134,398**	131,827
Other non-current assets		**8,057**	8,589
Total assets		**2,771,729**	2,689,551
Liabilities			
Current			
Accounts payable and other	**9**	**315,138**	251,778
Income and mining taxes payable		**26,942**	40,232
Current portion of long-term debt	**10**	**30,884**	31,061
		372,964	323,071
Non-current			
Long-term debt	**10**	**500,537**	508,367
Deferred grant	**10**	**9,491**	9,797
Lease liabilities		**70,340**	70,649
Rehabilitation obligation	**11**	**84,083**	84,593
Other long-term liabilities	**12**	**12,503**	15,422
Net deferred tax liabilities		**295,982**	281,142
Total liabilities		**1,345,900**	1,293,041
Shareholders' equity			
Share capital	**12**	**409,974**	409,785
Contributed surplus		**16,970**	17,372
Warrants	**12**	**22,288**	22,288
Foreign currency translation reserve		**418**	429
Retained earnings		**976,179**	946,636
Total equity		**1,425,829**	1,396,510
Total liabilities and equity		**2,771,729**	2,689,551
Commitments and contingencies	**18**		
Subsequent event	**21**		

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Approved on July 31, 2024 on behalf of the Directors

/s/ Michael O'Keeffe
Executive Chairman

/s/ Gary Lawler
Lead Director

Champion Iron Limited

Interim Consolidated Statements of Income

(Expressed in thousands of Canadian dollars, except per share amounts - unaudited)

		Three Months Ended June 30,	
	Notes	**2024**	2023
Revenues	**13**	**467,084**	297,162
Cost of sales	**14**	**(264,911)**	(208,485)
Depreciation	**19**	**(35,524)**	(29,913)
Gross profit		**166,649**	58,764
Other expenses			
Share-based payments	**12**	**(2,392)**	964
General and administrative		**(12,350)**	(12,949)
Sustainability and other community expenses		**(4,541)**	(3,969)
Innovation and growth initiatives		**(1,876)**	(3,691)
Operating income		**145,490**	39,119
Net finance costs	**15**	**(8,259)**	(6,926)
Other income (expense)		**146**	(3,227)
Income before income and mining taxes		**137,377**	28,966
Current income and mining taxes		**(41,180)**	(7,310)
Deferred income and mining taxes		**(14,840)**	(4,999)
Net income		**81,357**	16,657
Earnings per share			
Basic	**16**	**0.16**	0.03
Diluted	**16**	**0.15**	0.03
Weighted average number of ordinary shares outstanding		(in thousands)	(in thousands)
Basic	**16**	**518,080**	517,193
Diluted	**16**	**527,826**	527,293

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Champion Iron Limited

Interim Consolidated Statements of Comprehensive Income

(Expressed in thousands of Canadian dollars - unaudited)

	Three Months Ended June 30,	
	2024	2023
Net income	**81,357**	16,657
Other comprehensive income (loss)		
Item that may be reclassified subsequently to the consolidated statements of income:		
Net movement in foreign currency translation reserve	**(11)**	25
Total other comprehensive income (loss)	**(11)**	25
Total comprehensive income	**81,346**	16,682

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Champion Iron Limited

Interim Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

		Attributable to Champion Shareholders						
		Share Capital						
		Ordinary Shares						
	Note	Shares[1] (in thousands)	$	Contributed Surplus	Warrants	Foreign Currency Translation	Retained Earnings	Total
Balance - March 31, 2024		**518,071**	**409,785**	**17,372**	**22,288**	**429**	**946,636**	**1,396,510**
Net income		**—**	**—**	**—**	**—**	**—**	**81,357**	**81,357**
Other comprehensive loss		**—**	**—**	**—**	**—**	**(11)**	**—**	**(11)**
Total comprehensive income (loss)		**—**	**—**	**—**	**—**	**(11)**	**81,357**	**81,346**
Release of performance share units	**12**	**30**	**189**	**(403)**	**—**	**—**	**(4)**	**(218)**
Dividends on ordinary shares	**12**	**—**	**—**	**—**	**—**	**—**	**(51,810)**	**(51,810)**
Share-based payments	**12**	**—**	**—**	**1**	**—**	**—**	**—**	**1**
Balance - June 30, 2024		**518,101**	**409,974**	**16,970**	**22,288**	**418**	**976,179**	**1,425,829**
Balance - March 31, 2023		517,193	401,282	22,796	22,288	430	815,908	1,262,704
Net income		—	—	—	—	—	16,657	16,657
Other comprehensive income		—	—	—	—	25	—	25
Total comprehensive income		—	—	—	—	25	16,657	16,682
Dividends on ordinary shares	**12**	—	—	—	—	—	(51,686)	(51,686)
Dividend equivalents	**12**	—	—	75	—	—	(75)	—
Share-based payments	**12**	—	—	392	—	—	—	392
Balance - June 30, 2023		517,193	401,282	23,263	22,288	455	780,804	1,228,092

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

[1] All issued ordinary shares are fully paid and have no par value.

Champion Iron Limited

Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars - unaudited)

		Three Months Ended June 30,	
	Notes	**2024**	2023
Cash provided by (used in)			
Operating Activities			
Net income		**81,357**	16,657
Adjustments for non-cash items			
Depreciation	**19**	**35,524**	29,913
Share-based payments	**12**	**2,392**	(964)
Write-off of a non-current investment	**17**	**—**	2,744
Change in fair value of non-current investments	**17**	**(146)**	483
Unrealized foreign exchange loss (gain)		**306**	(2,092)
Accretion expense of rehabilitation obligation	**11, 15**	**334**	287
Amortization of transaction costs and accretion of long-term debt	**15**	**1,193**	1,280
Amortization of deferred grant	**10, 15**	**(306)**	—
Loss on disposal of property, plant and equipment	**8**	**1,214**	—
Deferred income and mining taxes		**14,840**	4,999
		136,708	53,307
Changes in non-cash operating working capital	**19**	**(105,314)**	(4,039)
Net cash flows from operating activities		**31,394**	49,268
Investing Activities			
Decrease in short-term investments		**—**	312
Increase in advance payments	**7**	**(6,380)**	(8,189)
Purchase of property, plant and equipment	**8, 19**	**(115,461)**	(55,670)
Investment in exploration and evaluation assets		**(2,571)**	(2,721)
Net cash flows used in investing activities		**(124,412)**	(66,268)
Financing Activities			
Increase in restricted cash	**12**	**(34,837)**	(52,345)
Issuance of long-term debt	**10**	**—**	10,521
Repayment of long-term debt	**10**	**(12,636)**	(10,613)
Transaction costs on long-term debt	**10**	**(314)**	—
Payment of lease liabilities		**(1,760)**	(2,359)
Withholding taxes paid pursuant to the settlement of PSUs	**12**	**(218)**	—
Net cash flows used in financing activities		**(49,765)**	(54,796)
Net decrease in cash and cash equivalents		**(142,783)**	(71,796)
Cash and cash equivalents, beginning of the period		**400,061**	326,806
Effects of exchange rate changes on cash and cash equivalents		**2,581**	(4,670)
Cash and cash equivalents, end of the period		**259,859**	250,340
Interest paid		**12,029**	8,413
Interest received		**5,460**	3,417
Net income and mining taxes paid (received)		**54,470**	(1,564)

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

1. Description of Business

Champion Iron Limited ("Champion" or the "Company") was incorporated under the laws of Australia in 2006 and is dual 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 principal administrative office is located on 1155 René-Lévesque Blvd. West, Suite 3300, Montréal, 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 low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. Benefiting from one of the highest purity resources globally, the Company is investing to upgrade half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe (the "DRPF 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 delivered its iron ore concentrate 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 Cluster II portfolio of properties, located within 60 km south of Bloom Lake.

2. Material Accounting Policy Information and Future Accounting Changes

A. Basis of Preparation and Statement of Compliance

The Company's condensed interim consolidated financial statements ("financial statements") are for the group consisting of Champion Iron Limited and its subsidiaries.

These financial statements have been prepared for a for-profit enterprise in accordance with AASB 134/IAS 34, Interim Financial Reporting.

These financial statements do not include certain information and disclosures normally included in the audited annual consolidated financial statements prepared in accordance with Australian Accounting Standards ("AAS") and International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 31, 2024.

These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and financial liabilities recorded 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, 2024.

These financial statements were approved and authorized for release by the Board of Directors ("the Board") on July 31, 2024.

B. Material Accounting Policies

The accounting policies used in these financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2024, except for new accounting standards issued and adopted by the Company, which are described below.

C. Material Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with AAS and 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 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.

2. Material Accounting Policy Information and Future Accounting Changes (continued)

D. New Accounting Amendments Issued and Adopted by the Company

The following amendments to existing standards have been adopted by the Company on April 1, 2024:

Amendments to AASB 101 (IAS 1), Presentation of Financial Statements ("IAS 1")
Amendments to IAS 1 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 clarify the classification requirements for debt an entity might settle by converting it into equity. Amendments to IAS 1 also specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to financial statements.

Amendments to AASB 112 (IAS 12), Income Taxes ("IAS 12")
Amendments to IAS 12 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 amendments also introduce a mandatory temporary exception to the accounting for deferred taxes arising from the implementation of the Organization for Economic Co-operation and Development (OECD) International Tax Reform, which established global rules to prevent tax-base erosion ("Pillar Two" Model). The Company has applied the temporary exception from recognizing and disclosing deferred taxes related to Pillar Two income taxes and has no related current tax exposure at that date.

The adoption of the amendments listed above did not have a significant impact on the Company's consolidated financial statements.

E. New Standards or Accounting Amendments Issued to be Adopted at a Later Date

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on April 1, 2026, with an earlier application permitted:

Amendments to AASB 9 (IFRS 9), Financial Instruments ("IFRS 9") and AASB 7 (IFRS 7), Financial Instruments: Disclosures ("IFRS 7")
The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with Environmental, Social and Governance (ESG) linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

The Company is currently evaluating the impact of adopting the amendments on the Company's consolidated financial statements.

3. Restricted Cash

As at June 30, 2024, restricted cash consisted of funds held in trust accounts required to pay the dividend to the Australian shareholders on July 3, 2024, which amounted to $34,837 (March 31, 2024: nil). Refer to note 12 - Share Capital and Reserves for more details.

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

4. Receivables

		As at June 30,	As at March 31,
	Note	**2024**	2024
Trade receivables		**169,362**	71,560
Sales tax		**37,443**	39,143
Grant receivable	**8**	**2,543**	2,543
Other receivables		**6,589**	6,833
		215,937	120,079

As at June 30, 2024, the trade receivables, associated with revenues that remained subject to provisional pricing, amounted to a receivable balance of $63,457 (March 31, 2024: payable of $34,793).

5. Prepaid Expenses and Advances

		As at June 30,	As at March 31,
	Note	**2024**	2024
Railway transportation and terminal logistic (i)	**7**	**39,517**	39,056
Port handling services	**7**	**3,700**	3,725
Insurance		**6,004**	1,391
Other		**6,955**	3,196
		56,176	47,368

(i) As at June 30, 2024, the railway transportation and terminal logistic prepaid included the current portion of railway services agreements of $15,839 (March 31, 2024: $15,305) and monthly prepayments pursuant to service agreements.

6. Inventories

	As at June 30,	As at March 31,
	2024	2024
Stockpiled ore	**40,710**	45,460
Concentrate inventories	**182,164**	176,460
Supplies and spare parts	**114,513**	110,691
	337,387	332,611

For the three-month period ended June 30, 2024, the amount of inventories recognized as an expense totalled $300,435 (three-month period ended June 30, 2023: $238,398). During the three-month period ended June 30, 2024, no specific provision was recorded on any of the Company's inventories (three-month period ended June 30, 2023: nil).

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

7. Advance Payments

	Note	As at June 30, 2024	As at March 31, 2024
Advance payments related to railway transportation and terminal logistic (i)		**42,092**	45,872
Prepaid future port handling services (ii)		**19,170**	19,956
Other long-term advance (iii)		**42,698**	36,576
		103,960	102,404
Less current portion classified in "Prepaid expenses and advances"	**5**	**(19,539)**	(19,030)
		84,421	83,374

(i) In October 2017, the Company entered into a railway and stockyard facilities access agreement with Société Ferroviaire et Portuaire de Pointe-Noire ("SFP Pointe-Noire") 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 payments of $3,750 to SFP Pointe-Noire to cover the investments made at the time with respect to a portion of the infrastructure. Advance payments are amortized over the life of mine. As at June 30, 2024, the related advance payments amounted to $12,796 (March 31, 2024: $13,229).

In April 2021, the Company entered into an agreement to expand an existing long-term rail contract with a third-party railway services provider to accommodate the anticipated increased production volumes associated with its second plant. Advance payments are recovered by means of a monthly credit per tonne hauled exceeding a predetermined tonnage. In connection with this agreement, the remaining advance payments totalled $29,296 as at June 30, 2024 (March 31, 2024: $32,643). The current portion of the railway transportation advance payments totalled $15,839 as at June 30, 2024 (March 31, 2024: $15,305) and is included under Prepaid expenses and advances in the consolidated statements of financial position.

(ii) Pursuant to the agreement between the Company and the Sept-Îles Port Authority ("Port"), the Company made an advance payment on its future shipping, wharfage and equipment fees. Advance payments totalled $19,170 as at June 30, 2024 (March 31, 2024: $19,956) and are recovered by means of a monthly credit per tonne sold. The current portion of the port advances totalled $3,700 as at June 30, 2024 (March 31, 2024: $3,725) and is included under Prepaid expenses and advances in the consolidated statements of financial position.

(iii) The other long-term advance totalled $42,698 as at June 30, 2024 (March 31, 2024: $36,576) and relates to amounts paid to SFP Pointe-Noire annually which are recoverable from SFP Pointe-Noire under the guarantee access agreement if certain conditions are met. It also includes advance payments for major replacement parts, transshipment and rail assets improvement expenditures incurred by SFP Pointe-Noire, which are amortized in the cost of sales based on the expected useful life of the assets.

The additional investments related to capital maintenance expenditures are presented under the investing activities in the consolidated statements of cash flows. For the three-month period ended June 30, 2024, the increase in advance payments totalled $6,380 (three-month period ended June 30, 2023: $8,189).

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

8. Property, Plant and Equipment

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dikes	Assets under Construction (i)	Mining Development and Stripping Asset	Asset Rehabilitation Obligation and Other	Subtotal	Right-of-use Assets	Total
Cost									
March 31, 2024	**880,602**	**64,797**	**285,458**	**153,508**	**155,916**	**124,854**	**1,665,135**	**200,366**	**1,865,501**
Additions	**4,065**	**—**	**—**	**97,859**	**13,630**	**241**	**115,795**	**850**	**116,645**
Disposals	**—**	**—**	**—**	**—**	**—**	**(1,312)**	**(1,312)**	**—**	**(1,312)**
Transfers	**6,689**	**—**	**930**	**(35,709)**	**—**	**28,090**	**—**	**—**	**—**
Foreign exchange and other	**—**	**470**	**—**	**—**	**—**	**(1,085)**	**(615)**	**—**	**(615)**
June 30, 2024	**891,356**	**65,267**	**286,388**	**215,658**	**169,546**	**150,788**	**1,779,003**	**201,216**	**1,980,219**
Accumulated depreciation									
March 31, 2024	**159,586**	**15,013**	**33,943**	**—**	**74,754**	**15,999**	**299,295**	**20,245**	**319,540**
Depreciation	**22,429**	**712**	**3,972**	**—**	**7,270**	**1,816**	**36,199**	**3,256**	**39,455**
Disposals	**—**	**—**	**—**	**—**	**—**	**(98)**	**(98)**	**—**	**(98)**
Foreign exchange and other	**—**	**135**	**—**	**—**	**—**	**—**	**135**	**—**	**135**
June 30, 2024	**182,015**	**15,860**	**37,915**	**—**	**82,024**	**17,717**	**335,531**	**23,501**	**359,032**
Net book value - June 30, 2024	**709,341**	**49,407**	**248,473**	**215,658**	**87,522**	**133,071**	**1,443,472**	**177,715**	**1,621,187**

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dikes	Assets under Construction (i)	Mining Development and Stripping Asset	Asset Rehabilitation Obligation and Other	Subtotal	Right-of-use Assets	Total
Cost									
March 31, 2023	825,883	64,739	202,142	29,264	132,355	124,363	1,378,746	97,962	1,476,708
Additions	56,253	—	—	237,945	23,561	2,033	319,792	114,285	434,077
Disposals and lease termination	(27,564)	—	—	—	—	(1,100)	(28,664)	(11,881)	(40,545)
Transfers	26,030	—	83,316	(113,701)	—	4,355	—	—	—
Foreign exchange and other	—	58	—	—	—	(4,797)	(4,739)	—	(4,739)
March 31, 2024	880,602	64,797	285,458	153,508	155,916	124,854	1,665,135	200,366	1,865,501
Accumulated depreciation									
March 31, 2023	100,085	12,175	21,790	—	60,340	10,220	204,610	10,130	214,740
Depreciation	84,656	2,814	12,153	—	14,414	5,970	120,007	14,488	134,495
Disposals and lease termination	(25,155)	—	—	—	—	(191)	(25,346)	(4,373)	(29,719)
Foreign exchange and other	—	24	—	—	—	—	24	—	24
March 31, 2024	159,586	15,013	33,943	—	74,754	15,999	299,295	20,245	319,540
Net book value - March 31, 2024	721,016	49,784	251,515	153,508	81,162	108,855	1,365,840	180,121	1,545,961

(i) During the development period of the DRPF Project, the amount of borrowing costs capitalized for the three-month period ended June 30, 2024, was $2,406 (three-month period ended June 30, 2023: $97). Borrowing costs consisted of interest expense and the amortization of transaction costs on the long-term debt. Refer to note 10 — Long-Term Debt. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the three-month period ended June 30, 2024, was 7.7% (three-month period ended June 30, 2023: 7.4%).

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

8. Property, Plant and Equipment (continued)

The Company qualified for a government grant up to $21,817, payable in multiple advances, in relation to energy consumption reduction initiatives under certain conditions. The Company met the construction timeline milestone and must reach gas emission reduction targets over a period of 10 years. The grant payments are recognized as a reduction of property, plant and equipment. A total grant of $2,543 was receivable as at June 30, 2024 (additions to property, plant and equipment were net of government grants of $621 for the three-month period ended June 30, 2023, and $2,543 was receivable as at March 31, 2024). Refer to note 4 — Receivables.

9. Accounts Payable and Other

	Note	As at June 30, 2024	As at March 31, 2024
Trade payable and accrued liabilities		**231,377**	203,026
Dividend declared	**12**	**51,810**	—
Wages and benefits		**21,615**	37,477
Cash-settled share-based payment liability	**12**	**3,978**	4,946
Current portion of lease liabilities		**6,358**	6,329
		315,138	251,778

10. Long-Term Debt

	Interest Rate (i)	Maturity	As at June 30, 2024	As at March 31, 2024
Term Loan	SOFR + 2.25% to 3.25%	November 29, 2028	**312,174**	308,843
IQ Loan	3.70%	April 1, 2032	**44,646**	50,668
FTQ Loan	7.75%	May 21, 2028	**73,885**	73,816
CAT Financing (ii)	SOFR + 2.35% to 3.25%	July 2024 to October 2029	**100,716**	106,101
			531,421	539,428
Less current portion			**(30,884)**	(31,061)
			500,537	508,367

(i) The interest rate of the Senior Credit Facilities and the CAT Financing is based on Secured Overnight Financing Rate ("SOFR"), plus a credit spread adjustment and a financial margin. For the Senior Credit Facilities, the financial margin fluctuates depending on the net debt to EBITDA ratio.

(ii) The CAT Financing matures between 3 and 6 years depending on the equipment.

	As at June 30, 2024	As at March 31, 2024
Face value of long-term debt	**543,726**	552,173
Unamortized transaction costs	**(12,305)**	(12,745)
Long-term debt, net of transaction costs	**531,421**	539,428

The Senior Credit Facilities, FTQ Loan and the CAT Financing are subject to operational and financial covenants, all of which have been met as at June 30, 2024. The undrawn portion of the Senior Credit Facilities, FTQ Loan and the CAT Financing is subject to standby commitment fees varying from 0.35% to 0.75%.

Senior Credit Facilities

On May 24, 2022, the Company signed a US$400,000,000 general purpose revolving facility (the "Revolving Facility") with various lenders, maturing on May 24, 2026. Transaction costs were classified as Other non-current assets in the consolidated statements of financial position.

10. Long-Term Debt (continued)

Senior Credit Facilities (continued)

On November 29, 2023, the Company completed a new US$230,000,000 five-year term loan with the same syndicate of lenders and extended the maturity of the existing US$400,000,000 Revolving Facility to November 2027 (collectively the "Senior Credit Facilities"). The Company used the proceeds from the term loan to repay the US$180,000,000 Revolving Facility outstanding balance at the transaction date.

Given that the Revolving Facility was extended with substantially the same terms, the Company treated the refinancing as a non-substantial modification. Total transaction costs of $4,801 were incurred for this refinancing, of which $1,755 associated with the revolving facility was recorded in Other non-current assets, and $3,046 associated with the term loan were presented as a reduction of the Long-term debt.

The Senior Credit Facilities could be repaid at anytime at the discretion of the Company. The Term Loan will be payable quarterly starting in June 2026, with mandatory additional repayments in the event of excess cash flow, based on EBITDA calculation and limited to US$60,000,000 per year.

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.

As at June 30, 2024, the US$400,000,000 revolving facility was undrawn and the Term Loan balance was $314,801 (US$230,000,000) (March 31, 2024: $311,647 (US$230,000,000)). For the three-month period ended June 30, 2024, the weighted average interest rate was 7.74% (three-month period ended June 30, 2023: 7.40%).

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 SFP Pointe-Noire for an amount up to $70,000. The repayment commenced 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 IQ Loan was determined to be at below-market rate. The fair value of the total advances of $70,000 was estimated at $59,386 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 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 loan maturity starting in September 2023 when SFP Pointe-Noire's new infrastructure became available for use. The remaining deferred grant as at June 30, 2024 totalled $9,491 (March 31, 2024: $9,797).

During the three-month period ended June 30, 2024, the Company repaid $6,400 (three-month period ended June 30, 2023: $6,400). The remaining IQ Loan balance was $51,200 as at June 30, 2024 (March 31, 2024: $57,600).

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 the Bloom Lake expansion project and for general purposes thereafter for an amount up to $75,000. 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. The remaining balance was $75,000 as at June 30, 2024 (March 31, 2024: $75,000).

CAT Financing

On April 1, 2021, the Company signed an agreement with Caterpillar Financial Services Limited ("CAT Financing") to finance mining equipment required for the Bloom Lake expansion project for a facility of up to US$75,000,000 and available until March 31, 2023. In January 2023 and May 2024, the undrawn portion of the facility was increased by US$50,000,000 and US$23,000,000, respectively, with the availability period extended to March 31, 2024 and 2025, respectively. Transaction costs of $314 were incurred in the three-month period ended June 30, 2024.

The CAT Financing includes an option to prepay the loan without penalty at any time and is collateralized by all of the financed equipment. The carrying value of the financed equipment was $95,651 as at June 30, 2024 (March 31, 2024: $102,922).

During the three-month period ended June 30, 2024, the Company repaid $6,236 (US$4,595,000) (three-month period ended June 30, 2023: repayment of $4,213 and drawdown of $10,521), resulting in a balance of $102,725 (US$75,055,000) as at June 30, 2024 (March 31, 2024: $107,926 (US$79,650,000)).

For the three-month period ended June 30, 2024, the weighted average interest rate was 8.71% (three-month period ended June 30, 2023: 8.16%).

11. Rehabilitation Obligation

	Note	As at June 30, 2024 (three-month period)	As at March 31, 2024 (twelve-month period)
Opening balance		**84,593**	85,508
Increase due to the reassessment of the rehabilitation obligation		**241**	2,588
Accretion expense	**15**	**334**	1,294
Effect of change in discount rate		**(1,085)**	(4,797)
Ending balance		**84,083**	84,593

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 1.59% as at June 30, 2024 (March 31, 2024: 1.50%). The undiscounted amount related to the rehabilitation obligation is estimated at $107,796 as at June 30, 2024 (March 31, 2024: $107,489).

12. 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 Shares

	Three Months Ended June 30, 2024 (in thousands)	2023 (in thousands)
Opening balance	**518,071**	517,193
Shares issued for release of performance share units - incentive plan	**30**	—
Ending balance	**518,101**	517,193

c) Dividends

The following table details the dividends declared on the Company's ordinary shares:

Results Period	Montréal Declaration Date	Payment Date	Amount per Share	Three Months Ended June 30, 2024	2023
Final - Mar-24	May 30, 2024	July 3, 2024	0.10	**51,810**	—
Final - Mar-23	May 30, 2023	July 5, 2023	0.10	**—**	51,686
				51,810	51,686

The dividend declared was included in Accounts payable and other in the consolidated statements of financial position until the payment date. During the three-month period ended June 30, 2024, the Company transferred $34,837 of the dividend payments into trust accounts (three-month period ended June 30, 2023: $52,345).

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 the alignment of interests between such employees and the shareholders of the Company. Under the Omnibus incentive plan, the Company grants stock option awards, restricted share unit ("RSU") awards, performance share unit ("PSU") awards and deferred share unit ("DSU") awards. If and when cash dividends are declared, the holders of RSUs, PSUs and DSUs are entitled to receive a dividend equivalent.

12. Share Capital and Reserves (continued)

d) Share-Based Payments (continued)

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) according to the date of achievement when the PSUs are specific to a project. Vesting is subject to key performance indicators established by the Board. DSU awards vest at the date of grant. The cash consideration for awards settled through cash payment is included in Accounts payable and other under the changes in non-cash operating working capital in the consolidated statements of cash flows.

As at June 30, 2024, the Company is authorized to issue 51,810,000 stock options and share rights (June 30, 2023: 51,719,000) equal to 10% (June 30, 2023: 10%) of the issued and outstanding ordinary shares for issuance under the Omnibus incentive plan.

The following table summarizes the share-based payment expense (recovery):

	Three Months Ended June 30,	
	2024	2023
RSU	**591**	(384)
PSU	**1,956**	(180)
DSU	**(155)**	(400)
	2,392	(964)

For the three-month period ended June 30, 2024, the amount recognized as share-based payment expense related to equity-settled awards was $1 (three-month period ended June 30, 2023: $392).

For the three-month period ended June 30, 2024, the amount recognized as share-based payment related to cash-settled awards was an expense of $2,391 (three-month period ended June 30, 2023: share-based payment recovery of $1,356).

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 June 30,	As at March 31,
	2024	2024
Accounts payable and other	**3,978**	4,946
Other long-term liabilities	**7,747**	10,576
	11,725	15,522

e) Stock Options

The following table details the stock options activities of the share incentive plan:

	Three Months Ended June 30,			
	2024		2023	
	Number of Stock Options	**Weighted Average Exercise Price**	**Number of Stock Options**	**Weighted Average Exercise Price**
	(in thousands)		(in thousands)	
Opening balance	**150**	**5.00**	1,200	5.00
Exercised	**—**	**—**	—	—
Ending balance	**150**	**5.00**	1,200	5.00
Options exercisable - end of the period	**150**	**5.00**	1,200	5.00

The weighted average remaining life for the 150,000 stock options exercisable as at June 30, 2024, was 0.6 years.

12. Share Capital and Reserves (continued)

f) Restricted Share Units

The following table details the RSU activities of the share incentive plan:

	Three Months Ended June 30,			
		2024		2023
	Number of RSUs	Weighted Average Share Price	Number of RSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
Opening balance	**1,510**	**5.62**	1,115	5.08
Granted	**763**	**5.94**	—	—
Dividend equivalents	**33**	**6.02**	20	5.63
Settled through cash payment	**(274)**	**6.14**	(344)	2.55
Forfeited	**(13)**	**5.39**	(14)	6.49
Ending balance	**2,019**	**5.68**	777	6.19
Vested - end of the period	**271**	**6.45**	313	6.39

During the three-month period ended June 30, 2024, 763,000 RSUs were granted to key management personnel (three-month period ended June 30, 2023: nil).

During the three-month period ended June 30, 2024, 274,000 RSUs were settled in exchange for cash consideration based on a weighted average share price of $6.10 (three-month period ended June 30, 2023: 344,000 RSUs settled based on a weighted average share price of $5.49).

g) Performance Share Units

The Company assesses each reporting period if performance criteria of 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:

	Three Months Ended June 30,			
		2024		2023
	Number of PSUs	Weighted Average Share Price	Number of PSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
Opening balance	**2,212**	**5.74**	2,581	5.59
Granted	**1,145**	**5.94**	—	—
Dividend equivalents	**46**	**6.02**	51	5.63
Settled through cash payment	**(500)**	**6.20**	(693)	3.58
Forfeited	**(19)**	**5.32**	(28)	6.42
Released through the issuance of ordinary shares	**(30)**	**6.16**	—	—
Withheld as payment of withholding taxes	**(34)**	**6.16**	—	—
Ending balance	**2,820**	**5.75**	1,911	6.32
Vested - end of the period	**—**	**—**	—	—

During the three-month period ended June 30, 2024, 1,145,000 PSUs were granted to key management personnel (three-month period ended June 30, 2023: nil) and 30,000 ordinary shares were issued at a weighted average share price at the release date of $6.46 (three-month period ended June 30, 2023: nil). Withholding taxes of $218 were paid pursuant to the issuance of these aforementioned ordinary shares resulting in the Company not issuing an additional 34,000 PSUs.

During the three-month period ended June 30, 2024, 500,000 PSUs were settled in exchange for cash consideration based on a weighted average share price of $6.17 (three-month period ended June 30, 2023: 693,000 PSUs settled based on a weighted average share price of $5.66).

12. Share Capital and Reserves (continued)

h) Deferred Share Units

The following table details the DSU activities of the share incentive plan:

	Three Months Ended June 30,			
	2024		2023	
	Number of DSUs	**Weighted Average Share Price**	**Number of DSUs**	**Weighted Average Share Price**
	(in thousands)		(in thousands)	
Opening balance	**336**	**4.72**	366	3.97
Dividend equivalents	**6**	**6.23**	7	5.77
Ending balance	**342**	**4.75**	373	4.00
Vested - end of the period	**342**	**4.75**	373	4.00

i) Warrants

The following table details the warrant activities:

	Three Months Ended June 30,			
	2024		2023	
	Number of Warrants	**Exercise Price**	**Number of Warrants**	**Exercise Price**
	(in thousands)		(in thousands)	
Opening balance	**15,000**	**2.45**	15,000	2.45
Exercised	**—**	**—**	—	—
Ending balance	**15,000**	**2.45**	15,000	2.45

The Company's outstanding and exercisable warrants as at June 30, 2024, expire on August 16, 2026.

All ordinary share warrants were classified as equity instruments.

13. Revenues

	Three Months Ended June 30,	
	2024	2023
Iron ore revenue	**439,137**	343,968
Provisional pricing adjustments	**27,947**	(46,806)
	467,084	297,162

Quarterly provisional pricing adjustments represent subsequent changes to revenue attributable to iron ore concentrate sold in prior quarters based on the final settlement price. Changes to previous periods sales that were subject to provisional pricing as at March 31, 2024, and for which the final price was determined during the current quarter, were recorded within Provisional pricing adjustments in the current period. Current period sales subject to provisional pricing as at June 30, 2024, were recorded within Iron ore revenue in the current period and the adjustment upon determining the final price will be recorded as Provisional pricing adjustments in the future periods.

During the three-month period ended June 30, 2024, a final price was established for the 1.8 million tonnes of iron ore that were in transit as at March 31, 2024, resulting in positive provisional pricing adjustments of $27,947 recorded as an increase of revenues. As at June 30, 2024, 1.8 million tonnes of iron ore sales remained subject to provisional pricing, with the final price to be determined in the subsequent reporting periods (June 30, 2023: 1.4 million tonnes).

14. Cost of Sales

	Three Months Ended June 30,	
	2024	2023
Mining and processing costs	**180,012**	165,599
Change in concentrate inventories	**(2,174)**	(32,006)
Land transportation and port handling	**87,073**	74,892
	264,911	208,485

For the three-month period ended June 30, 2024, the amount recognized as an expense for defined contribution plans was $4,833, of which $4,104 was recorded in Cost of sales (three-month period ended June 30, 2023: $3,319, including $2,786 in Cost of sales) and is presented in Mining and processing costs.

15. Net Finance Costs

	Three Months Ended June 30,	
	2024	2023
Interest on long-term debt	**7,936**	8,429
Amortization of transaction costs and accretion of long-term debt	**1,193**	1,280
Standby commitment fees on long-term debt	**678**	431
Interest expense on lease liabilities	**1,020**	998
Realized and unrealized foreign exchange loss (gain)	**524**	(1,698)
Amortization of deferred grant	**(306)**	—
Interest income	**(4,795)**	(3,417)
Accretion expense of rehabilitation obligation	**334**	287
Other finance costs	**1,675**	616
	8,259	6,926

During the development period of the DRPF Project, borrowing costs are capitalized. Refer to note 8 - Property, Plant and Equipment.

16. Earnings per Share

Earnings per share amounts are calculated by dividing the net income for the three-month periods ended June 30, 2024 and 2023, by the weighted average number of shares outstanding during the period.

	Three Months Ended June 30,	
	2024	2023
Net income	**81,357**	16,657
	(in thousands)	(in thousands)
Weighted average number of common shares outstanding - Basic	**518,080**	517,193
Dilutive share options, warrants and equity settled awards	**9,746**	10,100
Weighted average number of outstanding shares - Diluted	**527,826**	527,293
Basic earnings per share	**0.16**	0.03
Diluted earnings per share	**0.15**	0.03

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

17. 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 fair value through profit or loss ("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 June 30, 2024, and March 31, 2024:

As at June 30, 2024		**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	**—**	**259,859**	—	**259,859**
Restricted cash	Level 1	**—**	**34,837**	—	**34,837**
Trade receivables	Level 2	**109,561**	**59,801**	—	**169,362**
Other receivables (excluding sales tax and grant)	Level 2	**—**	**6,589**	—	**6,589**
		109,561	**361,086**	**—**	**470,647**
Non-current					
Equity investment in a publicly listed entity (included in non-current investments)	Level 1	**9**	**—**	—	**9**
Equity investment in a private entity (included in non-current investments)	Level 3	**14,646**	**—**	—	**14,646**
Other non-current financial assets	Level 1	—	**760**	—	**760**
		124,216	**361,846**	**—**	**486,062**
Liabilities					
Current					
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	Level 2	**—**	**—**	**304,802**	**304,802**
Current portion of long-term debt	Level 3	**—**	**—**	**30,884**	**30,884**
		—	**—**	**335,686**	**335,686**
Non-current					
Long-term debt	Level 3	**—**	**—**	**500,537**	**500,537**
		—	**—**	**836,223**	**836,223**

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

17. Financial Instruments (continued)

Measurement Categories (continued)

As at March 31, 2024		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	—	400,061	—	400,061
Trade receivables	Level 2	46,487	25,073	—	71,560
Other receivables (excluding sales tax and grant)	Level 2	—	6,833	—	6,833
		46,487	431,967	—	478,454
Non-current					
Equity investment in a publicly listed entity (included in non-current investments)	Level 1	9	—	—	9
Equity investment in a private entity (included in non-current investments)	Level 3	14,500	—	—	14,500
Other non-current financial assets	Level 1	—	760	—	760
		60,996	432,727	—	493,723
Liabilities					
Current					
Accounts payable and other (excluding the current portion of lease liabilities and cash-settled share-based payment liability)	Level 2	—	—	240,503	240,503
Current portion of long-term debt	Level 3	—	—	31,061	31,061
		—	—	271,564	271,564
Non-current					
Long-term debt	Level 3	—	—	508,367	508,367
		—	—	779,931	779,931

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 and restricted cash if any, other receivables, other non-current financial assets and accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability). Long-term debt was accounted for at amortized cost using the effective interest method, and its fair value approximate its carrying value, given that it is subject to terms and conditions, including variable interest rates, similar to those available to the Company for instruments with comparable terms.

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 three-month period ended June 30, 2024 (three-month period ended June 30, 2023: nil)

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

17. Financial Instruments (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 sale price is determined based on iron ore prices subsequent to the date of the sale. 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 the 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 fair value adjustment was recorded in the consolidated statements of income during the three-month period ended June 30, 2024 (three-month period ended June 30, 2023: nil).

Equity Instruments in Private Entity
The Company holds equity instruments in an European-based private entity which collaborates with the Company in industrial trials related to cold pelletizing technologies. The fair value of the 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 the 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.

During the three-month period ended June 30, 2024, the Company recognized an increase in the fair value of the equity instruments, amounting to $146 attributable to the changes in exchange rates (three-month period ended June 30, 2023: foreign exchange loss of $483 and write-off of $2,744 related to the derivative asset upon the expiry of the right to subscribe equity instruments). As at June 30, 2024, the equity instruments totalled $14,646 (March 31, 2024: $14,500).

18. Commitments and Contingencies

The Company's future minimum payments of commitments as at June 30, 2024 are as follows:

	Less than a year	1 to 5 years	More than 5 years	Total
Impact and Benefits Agreement with the Innu community	**7,665**	**34,438**	**142,594**	**184,697**
Take-or-pay fees related to the Port Agreement	**7,962**	**35,770**	**116,501**	**160,233**
Capital expenditure obligations	**59,358**	**985**	**10**	**60,353**
Other obligations	**60,350**	**24,369**	**200**	**84,919**
	135,335	**95,562**	**259,305**	**490,202**

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 Kamistiatusset 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;
- An education and training fund for the 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.

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

18. Commitments and Contingencies (continued)

As part of the Bloom Lake's increased nameplate capacity, the Company is currently engaged with authorities to obtain all permits required to increase its tailings and waste rock storage. Due to the environmental impacts associated with its storage expansion, the Company expects to realize compensation plans aiming to restore or create fish habitats and improve access to spawning grounds to fulfill conditions associated with the authorizations.

19. Financial Information Included in the Consolidated Statements of Cash Flows

a) Changes in non-cash operating working capital

	Three Months Ended June 30,	
	2024	2023
Receivables	**(94,075)**	54,634
Prepaid expenses and advances	**(8,808)**	(21,304)
Inventories	**(488)**	(42,990)
Advance payments	**5,333**	4,242
Accounts payable and other	**12,244**	582
Income and mining taxes receivable or payable	**(13,290)**	8,706
Other long-term liabilities	**(6,230)**	(7,909)
	(105,314)	(4,039)

b) Reconciliation of additions presented in the property, plant and equipment schedule to the net cash flows used in investing activities

	Three Months Ended June 30,	
	2024	2023
Additions of property, plant and equipment as per note 8	**116,645**	56,929
Right-of-use assets	**(850)**	(1,595)
Depreciation of property, plant and equipment allocated to stripping activity asset	**—**	(55)
Non-cash increase of the asset rehabilitation obligation	**(241)**	(230)
Government grant recognized	**—**	621
Capitalized amortization of transaction costs	**(93)**	—
Net cash flows used in investing activities - Purchase of property, plant and equipment	**115,461**	55,670

c) Reconciliation of depreciation presented in the property, plant and equipment schedule to the consolidated statements of income

	Three Months Ended June 30,	
	2024	2023
Depreciation of property, plant and equipment as per note 8	**39,455**	30,155
Depreciation of property, plant and equipment allocated to stripping activity asset	**—**	(55)
Depreciation of intangible assets	**357**	786
Net effect of depreciation of property, plant and equipment allocated to inventory	**(4,288)**	(973)
Depreciation as per consolidated statements of income	**35,524**	29,913

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

19. Financial Information Included in the Consolidated Statements of Cash Flows (continued)

d) Reconciliation of movements of liabilities to the net cash flows from (used in) financing activities

	Three Months Ended June 30,	
	2024	2023
Opening balance - Long-Term Debt	**539,428**	475,281
Cash from (used in) financing activities		
Issuance	**—**	10,521
Repayment	**(12,636)**	(10,613)
New transaction costs	**(314)**	—
Non-cash changes		
Foreign exchange movement	**4,189**	(7,749)
Amortization of transaction costs and accretion	**754**	602
Ending balance - Long-Term Debt	**531,421**	468,042

	Three Months Ended June 30,	
	2024	2023
Opening balance - Lease liabilities	**76,978**	86,841
Cash from (used in) financing activities		
Capital payments	**(2,780)**	(3,357)
Interest expense	**1,020**	998
Non-cash changes		
Foreign exchange movement	**630**	(1,532)
New lease liabilities	**850**	1,595
Ending balance - Lease liabilities	**76,698**	84,545

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

20. Segmented Information

The Company is conducting mining operations and exploration and evaluation activities in Canada. The operating segments reflect the management structure of the Company and are consistent with the internal reporting reviewed by the Company's chief operating decision-maker to assess the business performance and make strategic decisions. 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.

Three Months Ended June 30, 2024	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	**467,084**	**—**	**—**	**467,084**
Cost of sales	**(264,911)**	**—**	**—**	**(264,911)**
Depreciation	**(35,028)**	**(31)**	**(465)**	**(35,524)**
Gross profit (loss)	**167,145**	**(31)**	**(465)**	**166,649**
Share-based payments	**—**	**—**	**(2,392)**	**(2,392)**
General and administrative	**—**	**—**	**(12,350)**	**(12,350)**
Sustainability and other community expenses	**(1,697)**	**—**	**(2,844)**	**(4,541)**
Innovation and growth initiatives	**—**	**—**	**(1,876)**	**(1,876)**
Operating income (loss)	**165,448**	**(31)**	**(19,927)**	**145,490**
Net finance costs, other income (expense) and tax expenses				**(64,133)**
Net income				**81,357**
Segmented total assets	**2,597,580**	**136,487**	**37,662**	**2,771,729**
Segmented total liabilities	**(1,324,207)**	**—**	**(21,693)**	**(1,345,900)**
Segmented property, plant and equipment	**1,610,037**	**2,065**	**9,085**	**1,621,187**

Three Months Ended June 30, 2023	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	297,162	—	—	297,162
Cost of sales	(208,485)	—	—	(208,485)
Depreciation	(29,715)	—	(198)	(29,913)
Gross profit (loss)	58,962	—	(198)	58,764
Share-based payments	—	—	964	964
General and administrative	—	—	(12,949)	(12,949)
Sustainability and other community expenses	(1,500)	—	(2,469)	(3,969)
Innovation and growth initiatives	—	—	(3,691)	(3,691)
Operating income (loss)	57,462	—	(18,343)	39,119
Net finance costs, other income (expense) and tax expenses				(22,462)
Net income				16,657
Segmented total assets	2,170,440	119,848	32,388	2,322,676
Segmented total liabilities	(1,079,357)	—	(15,227)	(1,094,584)
Segmented property, plant and equipment	1,278,370	—	8,148	1,286,518

21. Subsequent Event

In July 2024, the Company entered into a purchase agreement for 400 railcars at a baseline price of US$119,670 per railcar, subject to price adjustments. Railcars are payable at the delivery point in Ontario, Canada. The initial schedule plans deliveries between September and November 2024.