Management's Discussion and Analysis

For the Three-Month Period Ended June 30, 2024

CHAMPION IRON

TSX: CIA - ASX: CIA

As at July 31, 2024

The following Champion Iron Limited ("Champion" or the "Company") Management's Discussion and Analysis ("MD&A") has been prepared as of July 31, 2024. This MD&A is intended to supplement the condensed interim consolidated financial statements for the three-month period ended June 30, 2024, and related notes thereto ("Financial Statements"), which have been prepared in accordance with the Australian Accounting Standards Board ("AASB") 134/International Accounting Standards ("IAS 34"), Interim Financial Reporting, and should be read in conjunction with the Company's audited annual financial statements and MD&A for the financial year ended March 31, 2024. The Financial Statements and other information pertaining to the Company are available on SEDAR+ at www.sedarplus.ca, 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 MD&A, 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 MD&A: US$ or U.S. dollar (United States dollar), C$ (Canadian dollar), Board (Board of Directors), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometres), m (metres), FOB (free on board), Fe (iron ore), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), Phase II (Phase II expansion project), DR (direct reduction), DRPF (direct reduction pellet feed), Kami Project (Kamistiatusset project), GHG (greenhouse gas), P62 index (Platts IODEX 62% Fe CFR China index), P65 index (Platts IODEX 65% Fe CFR China index), C3 index (C3 Baltic Capesize index), 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 wholly-owned subsidiary and the operator of Bloom Lake. IFRS refers to the International Financial Reporting Standards.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" sections of the Company's 2024 Annual Information Form and the MD&A for the financial year ended March 31, 2024, and to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

Non-IFRS and Other Financial Measures

Certain financial measures 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 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 substitutes for measures of performance prepared in accordance with IFRS. The non-IFRS and other financial measures included in this MD&A are: EBITDA and EBITDA margin, adjusted net income, adjusted EPS, available liquidity, C1 cash cost or total cash cost per dmt sold, mining and processing costs per dmt produced, land transportation and port handling costs per dmt sold, 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 21 — Non-IFRS and Other Financial Measures of this MD&A.

Cautionary Note Regarding Forward-Looking Statements

Forward-Looking Statements

This MD&A includes certain information and statements that may constitute "forward-looking information" under applicable securities legislation. 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, other than statements of historical facts, included in this MD&A that address future events, developments or performance that Champion expects to occur are forward-looking statements. Forward-looking statements include, among other things, Management's expectations regarding:

(i) the Company's Phase II expansion project, its nameplate capacity, throughput, recovery rates, economic and other benefits, impact on nameplate capacity, permitting, compensation plans and associated costs;

Cautionary Note Regarding Forward-Looking Statements (continued)

Specific Forward-Looking Statements (continued)

(ii) Bloom Lake's LoM, recovery rates, production, economic and other benefits, updated reserves and resources, nameplate capacity and related opportunities and benefits, as well as potential increase thereof and related work programs and investments, delivery and commissioning of new mining equipment and railcars and their impact on production, shipments and sales;

(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 DR quality pellet feed iron ore, expected project timeline, economics, capital expenditures, budget and financing, production metrics, technical parameters, permitting and approvals, expected environmental footprint, pricing premiums, efficiencies, economic and other benefits and related engagement with prospective customers;

(iv) the study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets, including its anticipated completion timeline and required investments, related joint venture and expected premium that high-quality DRPF products will attract;

(v) the Kami Project's study, its purpose, including evaluating the potential to produce a DR grade product, expected project timeline, economics, capital expenditures, production and financial metrics, technical parameters, permitting, expected environmental footprint and related studies and work programs, efficiencies and economic and other benefits and related engagement with stakeholders and strategic partners;

(vi) the future declaration and payment of dividends and the timing thereof;

(vii) the shift in steel industry production methods towards reducing emissions and green steel production methods, including expected rising demand for higher-grade iron ore products and related market deficit and higher premiums, and the Company's participation therein, contribution thereto and positioning in connection therewith, including related research and development and the transition of the Company's product offering (including producing high-quality DRPF products) and expected benefits thereof;

(viii) green steel, GHG and CO_2 emissions reduction initiatives, sustainability and ESG related initiatives, objectives, targets and expectations, expected implications thereof and the Company's positioning in connection therewith;

(ix) maintaining higher stripping activities;

(x) stockpiled ore levels, shipping and sales of accumulated concentrate inventories and related rehandling costs and their impact on the cost of sales;

(xi) increased shipments of iron ore and related railway and port capacity and transportation and handling costs;

(xii) the Company's safe tailings strategy, tailings investment plan, mining equipment rebuild and replacement program, fleet management program and related investments and benefits;

(xiii) the impact of exchange rates on commodity prices and the Company's financial results;

(xiv) the relationship between iron ore prices and ocean freight costs and their impact on the Company;

(xv) the impact of iron ore prices fluctuations on the Company and its financial results and the occurrence of certain events and their impact on iron ore prices and demand for high-grade iron ore products;

(xvi) the Company's cash requirements for the next twelve months, the Company's positioning to fund such cash requirements and estimated future interest payments;

(xvii) legal actions, including arbitration and class actions, their potential outcome and their effect on the consolidated financial position of the Company;

(xviii) production and recovery rate targets and the Company's performance and related work programs;

(xix) pricing of the Company's products (including provisional pricing);

(xx) the Company's tax position;

(xxi) the Company's expected iron ore concentrate production and sales and related costs;

(xxii) the Company's iron ore concentrate pricing trends compared the P65 index;

(xxiii) the Company's storage expansion plan and related compensation plans;

(xxiv) available liquidity to support the Company's growth projects; and

(xxv) the Company's growth and opportunities generally.

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 and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein.

Cautionary Note Regarding Forward-Looking Statements (continued)

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 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 ("EAF"), 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;
- geopolitical events; 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 2024 Annual Report and Annual Information Form for the financial year ended March 31, 2024, all of which are available on SEDAR+ at www.sedarplus.ca, 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

All of the forward-looking information contained in this MD&A is given as of the date hereof or such other date or dates specified in the forward-looking statements and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of the forward-looking information, whether as a result of new information, future events or otherwise, except as 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. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

1. Description of Business

Champion 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).

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 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. 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 Kami 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. Financial and Operating Highlights

	Three Months Ended June 30,		
	2024	2023	Variance
Iron ore concentrate produced (wmt)	**3,876,500**	3,397,200	14%
Iron ore concentrate sold (dmt)	**3,442,800**	2,563,500	34%
Financial Data (in thousands of dollars, except per share amounts)			
Revenues	**467,084**	297,162	57%
EBITDA[1]	**181,160**	65,805	175%
EBITDA margin[1]	**39 %**	22 %	77%
Net income	**81,357**	16,657	388%
Adjusted net income[1]	**81,357**	19,031	327%
Basic EPS	**0.16**	0.03	433%
Adjusted EPS[1]	**0.16**	0.04	300%
Net cash flow from operating activities	**31,394**	49,268	(36%)
Cash and cash equivalents	**259,859**	250,340	4%
Total assets	**2,771,729**	2,322,676	19%
Statistics (in dollars per dmt sold)			
Gross average realized selling price[1]	**171.6**	168.8	2%
Net average realized selling price[1]	**135.7**	115.9	17%
C1 cash cost[1]	**76.9**	81.3	(5%)
AISC[1]	**91.6**	94.1	(3%)
Cash operating margin[1]	**44.1**	21.8	102%
Statistics (in U.S. dollars per dmt sold)[2]			
Gross average realized selling price[1]	**125.3**	125.7	—%
Net average realized selling price[1]	**99.2**	86.3	15%
C1 cash cost[1]	**56.2**	60.5	(7%)
AISC[1]	**66.9**	70.1	(5%)
Cash operating margin[1]	**32.3**	16.2	99%

[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.
[2] See the "Currency" subsection of this MD&A included in section 7 — Key Drivers.

3. Quarterly Highlights

Operations and Sustainability

- No serious injuries or major environmental incidents reported in the three-month period ended June 30, 2024;
- Quarterly production of 3.9 million wmt (3.8 million dmt) of high-grade 66.3% Fe concentrate for the three-month period ended June 30, 2024, up 18% from the previous quarter and up 14% over the same period last year. Production during the period benefited from work programs completed to solidify operations and no major scheduled semi-annual shutdowns;
- Record quarterly iron ore concentrate sales of 3.4 million dmt for the three-month period ended June 30, 2024, up 16% from the previous quarter and up 34% from the prior-year period;
- The Company continues to seek improvements from the rail operator to receive contracted haulage services to ensure that Bloom Lake's production, as well as iron ore concentrate currently stockpiled at Bloom Lake, is hauled over future periods. Iron ore concentrate stockpiled at Bloom Lake reached 3.0 million wmt as at June 30, 2024, up from 2.7 million wmt as at March 31, 2024;
- Following a preventive evacuation of Bloom Lake in response to nearby forest fires on July 12, 2024, the Company announced a gradual return of its workforce on July 15, 2024, and confirmed that the events did not impact its facilities and third parties' infrastructure. With forest fires subsiding in the region, operational cadence subsequently returned to levels experienced prior to recent events; and
- Strengthening its contribution to the economic growth of communities, the Company was selected by the Government of Québec to be the first mining organization to commit to the "Podium Mines" program, launched by the Minister of Natural Resources and Forests at the Company's Montréal office, to promote the operational performance and competitiveness of local and regional suppliers.

Financial Results

- Revenues of $467.1 million for the three-month period ended June 30, 2024, up 57% compared to the same period in 2023, and up 40% from the previous quarter, due to higher sales volume and higher net realized selling prices;
- Net cash flow from operating activities of $31.4 million for the three-month period ended June 30, 2024, compared to $49.3 million for the same period in 2023, and $100.5 million during the previous quarter;
- EBITDA of $181.2 million[1] for the three-month period ended June 30, 2024, up 175% compared to the same period in 2023 and up 113% compared to the previous quarter;
- Net income of $81.4 million representing EPS of $0.16 for the three-month period ended June 30, 2024, compared to $16.7 million with EPS of $0.03 for the same period in 2023, and $25.8 million with EPS of $0.05 for the previous quarter;
- C1 cash cost of $76.9/dmt[1] (US$56.2/dmt)[2] for the three-month period ended June 30, 2024, compared to $81.3/dmt[1] (US$60.5/dmt)[2] for the same period in 2023, and $76.6/dmt[1] (US$56.8/dmt)[2] in the previous quarter;
- Strong cash position of $294.7 million as at June 30, 2024, including $259.9 million in cash and cash equivalents and $34.8 million in restricted cash for the previously declared dividend payment, an overall decrease of $105.4 million since March 31, 2024, mainly due to the timing of customer payments associated with the concentration of sales at the end of the quarter, progress on the DRPF project, and tax payments primarily related to the previous financial year; and
- Available liquidity to support growth initiatives, including amounts available from the Company's credit facilities, totalled $860.8 million[1] at quarter-end, compared to $942.1 million[1] as at March 31, 2024.

[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.
[2] See the "Currency" subsection of this MD&A included in section 7 — Key Drivers.

3. Quarterly Highlights (continued)

DRPF Project Update

- The DRPF project, upgrading half of Bloom Lake’s capacity to DR quality pellet feed iron ore grading up to 69% Fe, remains on schedule and on budget, with commissioning scheduled for the second half of calendar year 2025;
- Completed first key construction milestones as planned, with quarterly and cumulative investments of $58.5 million and $153.8 million, respectively, as at June 30, 2024, out of the estimated total capital expenditures of $470.7 million; and
- Continued active discussions with prospective customers to eventually supply DR quality iron ore, including pricing premiums to the Company’s existing high-purity iron ore concentrate.

Other Growth and Development

- High-purity iron ore was added to Canada's critical minerals list, joining other minerals such as nickel, copper and cobalt, recognizing its positive impact in reducing GHG emissions in steelmaking and its importance in the green steel supply chain. The Company expects to leverage the additional support stemming from this announcement to advance considerations for its portfolio of growth projects, including the Kami Project;
- Initiated the Environmental Impact Statement for the Kami Project as required by the Government of Newfoundland and Labrador. The Company continued to evaluate opportunities to improve the project's economics, advance permitting and engage in strategic partnership discussions prior to considering a final investment decision;
- Received an additional hydroelectric power allocation from Hydro-Québec, providing access to renewable power that will enable the Company to support growth initiatives required for the green steel supply chain and further decarbonize its operations over time; and
- Acquired additional mining equipment, to be delivered in the near term, which should increase mine production capacity, including stripping activities, and ordered additional railcars to increase the Company's rail shipment flexibility. These additions are also expected to support the Company's ongoing commitment to address the bottleneck of operations and potentially increase Bloom Lake's production and sales beyond its current nameplate capacity in the future.

4. DRPF Project Update

In January 2024, the Board provided a final investment decision to complete the DRPF project to upgrade the Bloom Lake second plant to produce approximately 7.5 Mtpa of DRPF quality iron ore grading up to 69% Fe with a combined silica and alumina content below 1.2%.

The DRPF project aims to capitalize on the steel industry's focus on reducing 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 EAF steelmaking route, which reduces emissions in the steelmaking process by approximately half, compared to the traditional steelmaking route using Blast Furnaces ("BF") and Basic Oxygen Furnaces ("BOF") methods. By producing the DRPF product required for 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 emissions. Benefiting from a rare high-purity resource, the Company has a unique opportunity to produce one of the highest quality DRPF products available on the seaborne market, which is expected to attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate.

The DRPF project remains on budget and on schedule, with construction work expected to reach its peak early in calendar year 2025, with commissioning in the second half of 2025. As detailed in the project study released in January 2023, the DRPF project's capital expenditures were estimated at $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.

During the three-month period ended June 30, 2024, $58.5 million was invested in the project, with cumulative investments of $153.8 million, as at June 30, 2024. Work undertaken during the quarter included advanced detailed engineering work, completion of on-site preparation, foundations-related civil work, and manufacturing of certain long lead-time equipment such as flotation cells. The Company also completed the construction of additional rooms in its lodging complex to accommodate the increased workforce at Bloom Lake.

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), available under its profile on SEDAR+ at www.sedarplus.ca, 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 study and confirms that all material assumptions and technical parameters underpinning the estimates in the DRPF project study continue to apply and have not materially changed.

5. Kami Project Update

On April 1, 2021, the Company acquired the mining properties of the Kami Project located in the Labrador Trough geological belt in southwestern Newfoundland, near Québec's eastern border. The Kami Project is a DR grade quality iron ore project situated near available infrastructure, only a few kilometres south-east of the Company's operating Bloom Lake mine.

On March 14, 2024, the Company filed the 2024 Pre-Feasibility Study (the "Study"), which evaluated the construction of mining and processing facilities to produce DR grade pellet feed iron ore from the Kami Project. The study details a 25-year LoM with average annual DR quality iron ore concentrate production of approximately 9.0 million wmt per annum grading above 67.5% Fe.

The Kami Project benefits from the permitting work completed by its previous owner and has an estimated construction period of approximately 48 months following a final investment decision. As detailed in the Study, the capital expenditures were estimated at $3,864 million, resulting in an NPV of $541 million and IRR of 9.8% after-tax, as per the first scenario based on conservative pricing dynamics compared to prevailing iron ore prices, or an NPV of $2,195 million and IRR of 14.8% after tax, as per the second scenario based on the previous three calendar years' average of the P65 index price.

The Kami Project is one of several organic growth opportunities currently being considered by the Company. Completion of the Study enabled the Company to evaluate the Kami Project in relation to its portfolio of other organic growth opportunities, while aiming to maintain a prudent balance sheet and avoid equity dilution.

During the three-month period ended June 30, 2024, the Company initiated the Environmental Impact Statement for the Kami Project, as required by the Government of Newfoundland and Labrador. In the near future, the Company will focus on work programs to support this environmental study. The Company also expects to leverage the support stemming from the recent addition of high-purity iron ore to the federal government's critical minerals list to advance the Kami Project with continued optimization, engagement with stakeholders, evaluation of opportunities to improve its economics and work on strategic partnership opportunities, prior to considering a final investment decision.

5. Kami Project Update (continued)

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

6. Green Steel Initiatives

With an increased focus on reducing GHG emissions in steelmaking processes, the steel industry continues to undergo 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 for, or blended with, scrap steel to produce steel in the EAF steelmaking method.

Accordingly, the Company continued to advance its research and development programs 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. Key to this strategy is the DRPF project, which is expected to produce an industry leading DR quality iron ore, enabling steelmakers to produce complex steels while reducing emissions through the DRI and EAF steelmaking route.

In June 2024, the Company received an additional hydroelectric power allocation from Hydro-Québec, providing access to renewable power that will enable the Company to support growth initiatives that would increase its participation in the green steel supply chain and further decarbonize its operations over time.

Emissions Reduction Initiatives

As part of its ongoing efforts to minimize the environmental impact of its operations, the Company continued with its commitment to reduce the intensity of its GHG emissions by 40% from its 2014 levels by 2030, which also considers Bloom Lake's increased nameplate capacity of 15 Mtpa, and to become carbon neutral by 2050. Towards this effort, the Company continued to work on establishing a specific list of GHG reduction initiatives, including electrification and energy efficiency projects, to enable the Company to reach its GHG emissions reduction objectives.

Additionally, the Company mapped its emissions across its supply chain and identified a methodology to estimate Scope 3 emissions, enabling the team to identify reduction opportunities. As the Company optimizes its Environmental, Social and Governance ("ESG") related disclosures and works to align with industry best practices, new objectives were detailed in its 2023 Sustainability Report, including the identification of a list of specific projects that are expected to contribute to the 2030 target and the disclosure of the Company's first Scope 3 emissions aligned with the GHG Protocol. The 2023 Sustainability Report is available under the Company's website at www.championiron.com.

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 (the "Pellet Plant") 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 "Pellet Plant Partner") to complete a study to evaluate the re-commissioning of the Pellet Plant and produce DR grade pellets. The study will evaluate the investments required to re-commission the Pellet Plant while integrating up-to-date pelletizing and processing technologies.

The MOU sets out a framework for Champion and the Pellet Plant Partner to collaborate in order to complete the study. Subject to the 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 Pellet Plant 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.

7. Key Drivers

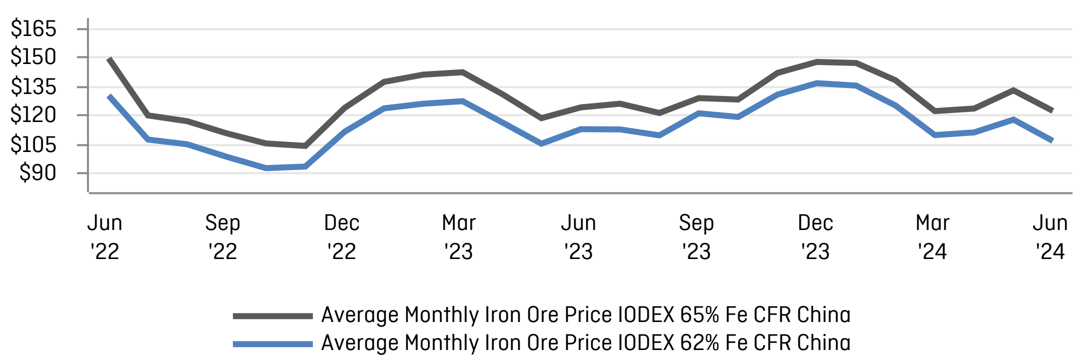
Iron Ore Concentrate Price

The price of iron ore concentrate is the most significant factor affecting the Company's financial results. As such, net income and cash flow from operating activities and the Company's development plan 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 industries 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 P62 index, widely used as the reference price in the industry. As such, the Company quotes its products based on the high-grade P65 index. 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 ended June 30, 2024, the P65 index averaged US$126.1, decreasing 7% quarter-on-quarter but 2% higher than the corresponding period in 2023. Iron ore prices in the reporting period were pressured by weak Chinese steel demand, the resurgence of a portion of Ukrainian exports previously impacted by the conflict in the region, and elevated export levels from Brazil and Australia, resulting in increased iron ore stockpiles in China. Such dynamics were partially offset by the introduction of additional economic stimulus measures by the Chinese government, which provided a boost to market sentiment. Although the premium for high-grade iron ore over the P62 index remained near historical lows, it increased by 15.7% from the previous quarter to an average of US$14.3.

According to the World Steel Association[1], global crude steel production during the three-month period ended June 30, 2024, decreased 1.0% compared to the corresponding period in 2023, totalling 482.4 million tonnes, but represented a 3.0% increase from the previous three-month period. Crude steel production in China declined 1.5% year-over-year, while production remained relatively stable in the world ex China with a small 0.4% year-over-year decrease. Notably, there was a rebound in steel production originating from India, Turkey and the Middle East during the first six months of the year compared to the same period last year.

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



Champion recognizes revenues when the iron ore concentrate is delivered to the vessel. The quarterly gross realized selling price diverged from the quarterly P65 average index price mostly due to two pricing dynamics:

- Certain sales in the quarter are based on P65 index prices set in months prior to the beginning of the reporting quarter; and
- Remaining sales in the quarter are based on P65 index prices subsequent to the date of the sale, according to a mutually agreed final quotation period, which generally depends on the discharge date. Considering that vessels are subject to freight routes that usually take up to 55 days before reaching the port of discharge, these sales are influenced by the volatility of the P65 index prices after the date of the sale.
  - For tonnage sold early in the reporting quarter, the final quotation period may be within the reporting quarter. Those volumes are typically mostly exposed to the back-ended months of the reporting quarter due to the aforementioned typical freight routes.
  - For tonnage sold in the reporting quarter and for which the final quotation period is after the reporting quarter, the Company provisionally prices the sales based on the P65 index forward iron ore prices at quarter-end to estimate the selling price upon or after the vessel's arrival at the port of discharge. These tonnes are exposed to variations in iron ore index prices after the end of the quarter, in particular to the front months of the following quarter due to the aforementioned typical freight routes. 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 revenues in the following quarter. Historically, sales volumes that remain exposed to provisional pricing adjustments at the end of quarters represent between approximately 30% to 70% of total quarterly sales volumes.

7. Key Drivers (continued)

Iron Ore Concentrate Price (continued)

During the three-month period ended June 30, 2024, an average final price of US$124.2/dmt was established for the 1.8 million tonnes of iron ore that were in transit as at March 31, 2024, which were previously evaluated using an average expected price of US$112.8/dmt. Accordingly, during the three-month period ended June 30, 2024, positive pricing adjustments of $27.9 million (US$20.8 million) were recorded for tonnes subject to provisional prices as at March 31, 2024. For the total volume of 3.4 million dmt sold during the first quarter, the positive adjustments represent US$6.0/dmt. As at June 30, 2024, 1.8 million tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods. A gross forward provisional price of US$119.4/dmt was used as at June 30, 2024, to estimate the sales that remain subject to final pricing.

The following table details the Company's gross revenue exposure, as at June 30, 2024, subject to the movements in iron ore prices for the provisionally invoiced sales volume:

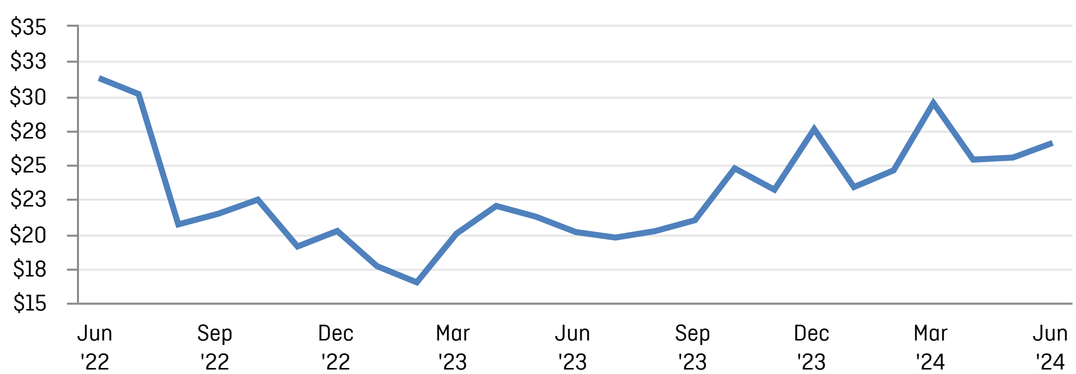
(in thousands of U.S. dollars)	**As at June 30, 2024**
Tonnes (dmt) subject to provisional pricing adjustments	**1,807,000**
10% increase in iron ore prices	**21,581**
10% decrease in iron ore prices	**(21,581)**

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 June 30, 2024, 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 selling price in Canadian dollars. The above sensitivities should therefore be used with caution.

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 index, 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. Additionally, the Company can be exposed to ice premiums in relation to the C3 index for its first and third quarters, but most particularly in its fourth quarter which is entirely subject to the effective period of ice premiums.

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



During the three-month period ended June 30, 2024, the average C3 index totalled US$25.8/t, compared to US$25.7/t for the previous quarter and US$21.1/t for the same period in 2023. Despite the persisting conflict in the Red Sea, resulting in several vessels being rerouted via the Cape of Good Hope, the C3 index remained relatively stable compared to the previous quarter. In addition, exports from Brazil this quarter led to increased shipments from the country, driving more demand for vessels in the Atlantic, and resulting in higher C3 index prices, compared to the same period last year.

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

7. Key Drivers (continued)

Sea Freight (continued)

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.

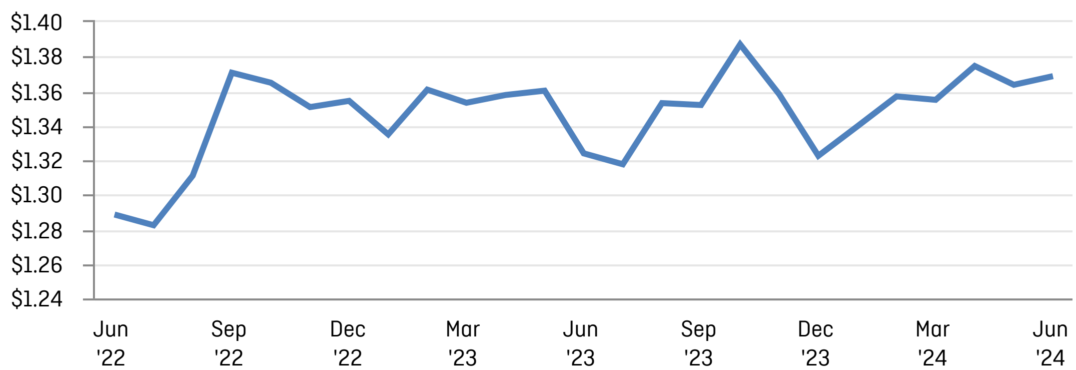
When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled 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 to further reduce price volatility.

Currency

The Canadian dollar is the Company's functional and reporting currency. The Company is exposed to foreign currency fluctuations 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 also 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 would impact gross revenues by approximately 1%. Assuming a stable long-term debt balance, a variation of C$0.01 against the U.S. dollar would impact the debt revaluation by approximately 1%.

Monthly Closing Exchange Rate – C$/US$



Exchange rates were as follows:

	C$ / US$					
	Average			Closing		
	FY2025	FY2024	Variance	**FY2025**	FY2024	Variance
Q1	**1.3683**	1.3430	2 %	**1.3687**	1.3240	3 %
Q2		1.3411	— %		1.3520	— %
Q3		1.3622	— %		1.3226	— %
Q4		1.3486	— %		1.3550	— %
Year-end as at March 31		1.3487	— %		1.3550	— %

Apart from these key drivers and the risk factors that are described in the "Risk Factors" sections of the Company's 2024 Annual Information Form and the MD&A for the financial year ended March 31, 2024, 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.

(Expressed in Canadian dollars, except where otherwise indicated)

8. Bloom Lake Mine Operating Activities

During the three-month period ended June 30, 2024, the Company delivered strong operating results with both plants producing at their nameplate capacity. With no major semi-annual shutdowns at the two processing plants and despite a planned two-day annual power interruption during the three-month period ended June 30, 2024, the Company continued to solidify its operations, benefiting from improved mining equipment availability and plants performance, following major maintenance activities completed in the previous quarter. During the three-month period ended June 30, 2024, the Company exceeded its previous record for iron ore concentrate sold. However, as volumes transported continued to be lower than production, the iron ore concentrate stockpiled at Bloom Lake increased by 0.4 million wmt since March 31, 2024, reaching a total of 3.0 million wmt as at June 30, 2024.

The Company continues to seek improvements from the rail operator to receive contracted haulage services to ensure that Bloom Lake's production, as well as iron ore concentrate currently stockpiled at Bloom Lake, is hauled over future periods.

During the three-month period ended June 30, 2024, the Company continued to analyze work programs and investments required to structurally increase Bloom Lake's nameplate capacity beyond 15 Mtpa over time. The recently acquired additional mining equipment is expected to support the mine production capacity, as the Company evaluates opportunities to address the bottleneck of operations, and prepare for an increase of stripping activities in the future, per the mine plan. In July 2024, the Company ordered additional railcars to increase rail haulage flexibility over time as part of considerations to potentially increase production beyond Bloom Lake's existing nameplate capacity.

In June 2024, Société Ferroviaire et Portuaire de Pointe-Noire, a Company's rail and transshipment service provider, concluded a 5-year collective bargaining agreement with its workers, providing additional stability for the Company's operations.

	Three Months Ended June 30,		
	2024	2023	Variance
Operating Data			
Waste mined and hauled (wmt)	**6,733,700**	5,198,500	30%
Ore mined and hauled (wmt)	**10,779,300**	9,593,500	12%
Material mined and hauled (wmt)	**17,513,000**	14,792,000	18%
Stripping ratio	**0.62**	0.54	15%
Ore milled (wmt)	**11,084,300**	9,895,600	12%
Head grade Fe (%)	**29.1**	28.8	1%
Fe recovery (%)	**79.3**	78.2	1%
Product Fe (%)	**66.3**	66.1	—%
Iron ore concentrate produced (wmt)	**3,876,500**	3,397,200	14%
Iron ore concentrate sold (dmt)	**3,442,800**	2,563,500	34%

During the three-month period ended June 30, 2024, 17.5 million tonnes of material were mined and hauled, compared to 14.8 million tonnes during the same period in 2023 and 16.0 million tonnes during the previous quarter, representing an increase of 18% and 10%, respectively. The increased production at the mine site was attributable to higher utilization and availability of mining equipment, and reduced trucking cycle time associated with the construction of additional ramp accesses in the previous quarters.

The stripping ratio of 0.62 for the three-month period ended June 30, 2024, was higher than 0.54 for the same prior-year period, which was negatively impacted by forest fires and, consequently, by the focus on critical activities required to feed the plants. The stripping ratio for the three-month period ended June 30, 2024, was slightly lower than the 0.69 achieved in the previous quarter, when lower mills availability enabled the reallocation of mining equipment to move additional waste materials. The Company plans to maintain higher stripping activities in accordance with the LoM plan over the next quarters.

During the three-month period ended June 30, 2024, the two plants at Bloom Lake processed 11.1 million tonnes of ore, compared to 9.9 million tonnes for the same prior-year period and 9.3 million tonnes in the previous quarter, an increase of 12% and 19%, respectively. Ore processed during the three-month period ended June 30, 2024, was positively impacted by lower maintenance activities, as the major semi-annual shutdowns were performed at both plants during the previous quarter.

8. Bloom Lake Mine Operating Activities (continued)

The iron ore head grade for the three-month period ended June 30, 2024, was 29.1%, compared to 28.8% for the same period in 2023, and 28.7% during the previous quarter. The variation in head grade was within expected normal variations in the mine plan.

The Company's average Fe recovery rate was 79.3% for the three-month period ended June 30, 2024, compared to 78.2% for the same period in 2023, and 80.2% during the previous quarter. With continuous efforts made to optimize its recovery circuits, the Company expects ongoing and future work programs to improve recovery rates over time.

With higher Fe recovery and comparable head grade, Bloom Lake produced 3.9 million wmt (3.8 million dmt) of high-grade iron ore concentrate during the three-month period ended June 30, 2024, an increase of 14% compared to 3.4 million wmt (3.3 million dmt) during the same period in 2023, and an increase of 18% compared to 3.3 million wmt (3.2 million dmt) during the previous quarter.

9. Financial Performance

	Three Months Ended June 30,		
	2024	2023	Variance
Financial Data (in thousands of dollars)			
Revenues	**467,084**	297,162	57%
Cost of sales	**264,911**	208,485	27%
Other expenses	**21,159**	19,645	8%
Net finance costs	**8,259**	6,926	19%
Net income	**81,357**	16,657	388%
EBITDA[1]	**181,160**	65,805	175%
Statistics (in dollars per dmt sold)			
Gross average realized selling price[1]	**171.6**	168.8	2%
Net average realized selling price[1]	**135.7**	115.9	17%
C1 cash cost[1]	**76.9**	81.3	(5%)
AISC[1]	**91.6**	94.1	(3%)
Cash operating margin[1]	**44.1**	21.8	102%

A. Revenues

	Three Months Ended June 30,		
	2024	2023	Variance
(in U.S. dollars per dmt sold)			
Index P62	**111.8**	111.0	1%
Index P65	**126.1**	124.0	2%
US$ Gross average realized selling price[1]	**125.3**	125.7	—%
Freight and other costs	**(32.1)**	(25.8)	24%
Provisional pricing adjustments	**6.0**	(13.6)	(144%)
US$ Net average realized FOB selling price[1]	**99.2**	86.3	15%
Foreign exchange conversion	**36.5**	29.6	23%
C$ Net average realized FOB selling price[1]	**135.7**	115.9	17%

[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

9. Financial Performance (continued)

A. Revenues (continued)

Revenues totalled $467.1 million for the three-month period ended June 30, 2024, compared to $297.2 million for the same period in 2023, mainly due to an increase in sales volume to 3.4 million tonnes of high-grade iron ore concentrate, from 2.6 million tonnes for the same prior-year period, representing a 34% increase. Last year's sales volume was negatively impacted by railway interruptions and reduced services capacity due to the forest fires in June 2023. The year-over-year increase in revenues was also attributable to a 17% increase in the net average realized selling price, driven by positive provisional pricing adjustments on sales recorded during the previous quarter which were finalized at a higher price than expected, and a weaker Canadian dollar offsetting higher freight costs.

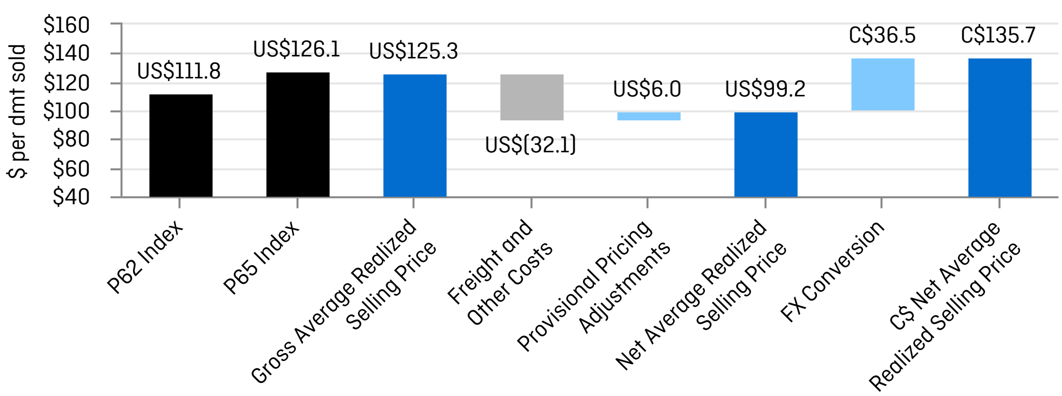
Positive provisional pricing adjustments on prior quarter sales of $27.9 million (US$20.8 million) were recorded during the three-month period ended June 30, 2024, representing a positive impact of US$6.0/dmt over 3.4 million dmt sold during the quarter, due to an increase in the P65 index prices early in the period. During the three-month period ended June 30, 2024, a final average price of US$124.2/dmt was established for the 1.8 million tonnes of iron ore that were in transit as at March 31, 2024, and which were provisionally priced at US$112.8/dmt.

The gross average realized selling price of US$125.3/dmt[1] for the three-month period ended June 30, 2024, was in line with the P65 index average price of US$126.1/dmt for the period. The 1.8 million tonnes in transit as at June 30, 2024, which were evaluated using an average forward price of US$119.4/dmt, had a negative impact on the gross average realized selling price, which was partially offset by certain sales contracts using backward-looking iron ore index prices, when the index was higher than the P65 index average price for the period. The P65 index premium increased to 12.8% over the P62 index average price of US$111.8/dmt during the quarter, compared to a premium of 11.7% in the prior-year period, mainly impacted by favourable steelmaking profit margins. The P65 index premium over the P62 index in the current quarter was up from a premium of 10.0% in the previous quarter.

Freight and other costs of US$32.1/dmt increased by 24% during the three-month period ended June 30, 2024, compared to US$25.8/dmt in the same prior-year period. This increase was driven by a significantly higher average C3 index of US$25.8/t for the period, compared to US$21.1/t for the same period last year. This can likely be attributed to the conflict in the Red Sea which impacted freight routes during the period, and a much higher demand for vessels in the Atlantic due to the unseasonably elevated supply of iron ore from Brazil. A year-over-year increase in demurrage expenses, resulting from a combination of higher demurrage rates and delayed shipments caused by lower than contracted railway services, also negatively impacted the Company's freight and other costs during the three-month period ended June 30, 2024.

After taking into account sea freight and other costs of US$32.1/dmt and the positive provisional pricing adjustments of US$6.0/dmt, the Company obtained a net average realized selling price of US$99.2/dmt (C$135.7/dmt[1]) for its high-grade iron ore shipped during the period.

Q1 FY2025 Net Average Realized Selling Price



[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

9. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost

	Three Months Ended June 30,		
	2024	2023	Variance
(in thousands of dollars except per dmt sold)			
Iron ore concentrate produced (dmt)	**3,761,100**	3,291,400	14 %
Iron ore concentrate sold (dmt)	**3,442,800**	2,563,500	34 %
Mining and processing costs	**180,012**	165,599	9 %
Change in concentrate inventories	**(2,174)**	(32,006)	(93)%
Land transportation and port handling	**87,073**	74,892	16 %
Cost of sales	**264,911**	208,485	27 %
C1 cash cost per dmt sold[1]	**76.9**	81.3	(5)%
Mining and processing costs per dmt produced[1]	**47.9**	50.3	(5)%

For the three-month period ended June 30, 2024, the cost of sales totalled $264.9 million with a C1 cash cost of $76.9/dmt[1], compared to $208.5 million with a C1 cash cost of $81.3/dmt[1] for the same period in 2023, and $227.5 million with a C1 cash cost of $76.6/dmt[1] in the previous quarter. Quarterly C1 cash cost per dmt sold was impacted by mining and processing costs, change in concentrate inventory valuation, as well as land transportation and port handling costs incurred during the period.

Mining and processing costs for the 3.8 million dmt produced in the three-month period ended June 30, 2024, totalled $47.9/dmt produced[1], representing a significant decrease of 17% compared to $57.6/dmt produced[1] in the previous quarter. This improvement in mining and processing costs was attributable to better plants' performance which positively impacted fixed production costs, as well as lower maintenance activities as the major semi-annual shutdowns of the facilities were performed in the previous quarter. These improvements were partially offset by slightly higher mining costs. Land transportation and port handling costs for the three-month period ended June 30, 2024, represented $25.3/dmt sold[1], slightly down from the previous quarter at $26.0/dmt sold[1]. Fixed costs at the port facilities in Sept-Îles were amortized over a higher sales volume and the Company benefited from volume discounts on port duties. Despite these positive factors, C1 cash cost remained comparable to the previous quarter due to the impact of the change in concentrate inventory valuation. The higher mining and processing costs incurred in the fourth quarter of the 2024 financial year, with lower production volume and higher maintenance activities, have had, and will continue to have, an impact on the cost of sales in upcoming quarters through the change in concentrate inventory valuation.

Mining and processing costs per dmt produced[1] for the three-month period ended June 30, 2024, decreased by 5% compared to the same period last year, mainly due to fixed costs amortized over a higher volume of concentrate produced. Land transportation and port handling costs for the three-month period ended June 30, 2024, were also down by nearly $4/dmt sold. The change in concentrate inventory valuation partially offset these decreases.

C. Gross Profit

The gross profit for the three-month period ended June 30, 2024, totalled $166.6 million, compared to $58.8 million for the same prior-year period, largely driven by higher sales volume, higher net average realized selling price of $135.7/dmt[1], compared to $115.9/dmt[1] for the three-month period ended June 30, 2023, as well as lower cash cost per dmt sold.

[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

9. Financial Performance (continued)

D. Other Expenses

	Three Months Ended June 30,		
	2024	2023	Variance
(in thousands of dollars)			
Share-based payments	**2,392**	(964)	(348)%
General and administrative	**12,350**	12,949	(5)%
Sustainability and other community expenses	**4,541**	3,969	14 %
Innovation and growth initiatives	**1,876**	3,691	(49)%
	21,159	19,645	8 %

Share-based payment expenses for the three-month period ended June 30, 2024, were mainly impacted by the change in value of the related liability, which varies based on the price of the Company’s shares at each reporting date, as well as the grant of new performance and restricted share unit awards during the period. The recovery for the same period in 2023 was highly impacted by a decrease in the Company's share price.

General and administrative expenses for the three-month period ended June 30, 2024, were mostly in line with the same period in 2023.

The following table details general and administrative expenses:

	Three Months Ended June 30,		
	2024	2023	Variance
(in thousands of dollars)			
Salaries, benefits and other employee expenses	**6,199**	7,401	(16)%
Insurance	**2,348**	2,789	(16)%
Other	**3,803**	2,759	38 %
	12,350	12,949	(5)%

Sustainability and other community expenses for the three-month period ended June 30, 2024, were mostly in line with the comparative period and reflected the Company's deployment of resources to maintain high standards towards sustainability and community relations.

The following table details sustainability and other community expenses:

	Three Months Ended June 30,		
	2024	2023	Variance
(in thousands of dollars)			
Property and school taxes	**1,697**	1,500	13 %
Impact and benefits agreement	**1,894**	1,856	2 %
Salaries, benefits and other employee expenses	**459**	282	63 %
Other expenses	**491**	331	48 %
	4,541	3,969	14 %

Innovation and growth initiative expenses for the three-month period ended June 30, 2024, were comprised of consultant fees, salaries and benefits related to the Company's various ongoing projects, including the Pointe-Noire Pellet Plant Study. The Company’s strategic initiatives are detailed in section 6 — Green Steel Initiatives.

9. Financial Performance (continued)

E. Net Finance Costs

	Three Months Ended June 30,		
	2024	2023	Variance
(in thousands of dollars)			
Interest on long-term debt	**7,936**	8,429	(6)%
Standby commitment fees on long-term debt	**678**	431	57 %
Interest expense on lease liabilities	**1,020**	998	2 %
Realized and unrealized foreign exchange loss (gain)	**524**	(1,698)	(131)%
Interest income	**(4,795)**	(3,417)	40 %
Other finance costs	**2,896**	2,183	33 %
	8,259	6,926	19 %

Interest on long-term debt includes interest expense on the Senior Credit Facilities, equipment financing, and loans from Investissement Québec ("IQ Loan") and Fonds de Solidarité des Travailleurs du Québec ("FTQ Loan"). Lower interest costs during the three-month period ended June 30, 2024, were driven by higher capitalized borrowing costs on the DRPF project, which offset the increase in outstanding debt balances and the increases in base rate of the Company's Senior Credit Facilities and Caterpillar Financial Services Limited equipment facility ("CAT Financing"), whereas the interest rate of the IQ Loan and FTQ Loan are fixed over their full term.

During the three-month period ended June 30, 2024, the Company's foreign exchange loss was attributable to the impact of the appreciation of the U.S. dollar against the Canadian dollar as at June 30, 2024, compared to March 31, 2024, on the net payable financial position denominated in U.S. dollars. The net payable financial position primarily included the Company's borrowing under its Senior Credit Facilities, CAT Financing facility, lease liabilities, accounts receivable and part of the Company's cash and cash equivalents denominated in U.S. dollars.

Higher interest income in the three-month period ended June 30, 2024, compared to the same period last year, was attributable to higher interest rates and a higher average cash balance.

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 based on its mining profit margin 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 three-month period ended June 30, 2024 (2023: 26.50%).

During the three-month period ended June 30, 2024, current income and mining tax expenses totalled $41.2 million compared to $7.3 million for the same period in 2023. The variation was mainly due to the increase in taxable income driven by gross profit. With tax payments of $54.5 million during the three-month period ended June 30, 2024, and a payable balance of $40.2 million as at March 31, 2024, the Company had net income and mining taxes payable of $26.9 million as at June 30, 2024.

During the three-month period ended June 30, 2024, deferred income and mining tax expenses totalled $14.8 million compared to $5.0 million for the same period in 2023. The variation in deferred tax expenses was mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

F. Income Taxes (continued)

The combined provincial and federal statutory tax and mining tax rate was 38% and the Company's effective tax rate ("ETR") was 41% for the three-month period ended June 30, 2024, compared to 42% for the same period in 2023. The difference between the statutory and effective tax rate for the three-month period ended June 30, 2024, was mainly due to the withholding tax paid by Champion on the dividend received from QIO and the impact of non-deductible foreign exchange losses for tax purposes.

G. Net Income & EBITDA

For the three-month period ended June 30, 2024, the Company generated EBITDA of $181.2 million[1], representing an EBITDA margin of 39%[1], compared to $65.8 million[1], representing an EBITDA margin of 22%[1], for the same period in 2023. Higher EBITDA was mainly due to higher gross profit.

For the three-month period ended June 30, 2024, the Company generated net income of $81.4 million (EPS of $0.16), compared to $16.7 million (EPS of $0.03) for the same prior-year period. The year-over-year increase in net income is attributable to higher gross profit partially offset by higher income and mining taxes.

H. All In Sustaining Cost & Cash Operating Margin

	Three Months Ended June 30,		
	2024	2023	Variance
(in dollars per dmt sold)			
Iron ore concentrate sold (dmt)	**3,442,800**	2,563,500	34 %
Net average realized selling price[1]	**135.7**	115.9	17 %
C1 cash cost[1]	**76.9**	81.3	(5)%
Sustaining capital expenditures	**11.0**	7.7	43 %
General and administrative expenses	**3.7**	5.1	(27)%
AISC[1]	**91.6**	94.1	(3)%
Cash operating margin[1]	**44.1**	21.8	102 %

During the three-month period ended June 30, 2024, the Company realized an AISC of $91.6/dmt[1], compared to $94.1/dmt[1] for the same period in 2023. The decrease was attributable to higher iron concentrate produced and sold, which favourably impacted the Company's C1 cash cost, offset by higher sustaining capital expenditures mainly related to mining activities, tailings management and mining equipment rebuild program associated with the Company's expended fleet that were required to support the mine plan in future years. Refer to section 11 — Cash Flows for details on sustaining capital expenditures.

The Company generated a cash operating margin of $44.1/dmt[1] for each tonne of high-grade iron ore concentrate sold during the three-month period ended June 30, 2024, compared to $21.8/dmt[1] for the same prior-year period. The variation is due to a higher net average realized selling price combined with a lower AISC for 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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

10. Exploration Activities and Regional Growth

Bloom Lake Reserves and Resources

The technical report entitled "Mineral Resources and Mineral Reserves for the Bloom Lake Mine, Fermont, Québec, Canada", prepared pursuant to National Instrument 43-101 and Chapter 5 of the ASX Listing Rules by BBA Inc., SRK Consulting (U.S.) Inc., Soutex and Quebec Iron Ore Inc. and dated September 28, 2023 (the "2023 Technical Report"), which was filed on October 3, 2023, confirmed Bloom Lake's 18-year LoM based on the mineral reserves with an average LoM yearly production of 15.2 million wmt of high-purity iron ore concentrate at 66.2% Fe, an average iron metallurgical recovery of 82.0% and plant feed grade of 28.6% Fe. The 2023 Technical Report also confirmed an expansion opportunity in connection with a 40% increase to the measured and indicated resources and a 360% increase to the inferred resources.

The Company is not aware of any new information or data that materially affects the information included in the 2023 Technical Report and confirms that all material assumptions and technical parameters underpinning the estimates in the 2023 Technical Report continue to apply and have not materially changed. The 2023 Technical Report is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Exploration and Evaluation Activities

During the three-month period ended June 30, 2024, 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 ended June 30, 2024, $2.6 million in exploration and evaluation expenditures were incurred, compared to $2.7 million for the same prior-year period. During the three-month period ended June 30, 2024, exploration and evaluation expenditures mainly consisted of work done in Newfoundland and Labrador.

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

11. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended June 30,	
	2024	2023
(in thousands of dollars)		
Operating cash flows before working capital	**136,708**	53,307
Changes in non-cash operating working capital	**(105,314)**	(4,039)
Net cash flows from operating activities	**31,394**	49,268
Net cash flows used in investing activities	**(124,412)**	(66,268)
Net cash flows used in financing activities	**(49,765)**	(54,796)
Net decrease in cash and cash equivalents	**(142,783)**	(71,796)
Effects of exchange rate changes on cash and cash equivalents	**2,581**	(4,670)
Cash and cash equivalents, beginning of the period	**400,061**	326,806
Cash and cash equivalents, end of the period	**259,859**	250,340
Operating cash flow per share[1]	**0.06**	0.10

[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

11. Cash Flows (continued)

Operating

During the three-month period ended June 30, 2024, the Company generated operating cash flows of $136.7 million before working capital items, an increase of $83.4 million compared to $53.3 million for the same period last year, mainly due to higher EBITDA, partially offset by higher current taxes. Changes in non-cash operating working capital for the three-month period ended June 30, 2024, mainly included higher receivables impacted by positive provisional pricing adjustments on sales recorded during the previous quarter, which were finalized at a higher price than expected, higher sales volume and the concentration of sales at the end of June 30, 2024. Higher prepaid expenses and advances, combined with lower income and mining taxes payable due to the payment of the taxes related to the 2024 financial year, were partially offset by higher accounts payable mainly due to the dividend declared in May and paid in July 2024. The operating cash flow per share for the three-month period ended June 30, 2024, was $0.06[1], compared to $0.10[1] for the same prior-year period.

Investing

i. Purchase of Property, Plant and Equipment

	Three Months Ended June 30,	
	2024	2023
(in thousands of dollars)		
Tailings lifts	**16,104**	11,946
Stripping and mining activities	**10,325**	3,263
Mining equipment rebuild and replacement	**10,373**	4,552
Other sustaining capital expenditures	**1,206**	42
Sustaining capital expenditures	**38,008**	19,803
DRPF project	**58,465**	11,083
Other capital development expenditures at Bloom Lake	**18,988**	24,784
Purchase of property, plant and equipment as per cash flows	**115,461**	55,670

Sustaining Capital Expenditures

Sustaining capital expenditures were $11.0/dmt sold for the three-month period ended June 30, 2024, compared to $7.7/dmt for the same prior-year period. This 43% increase reflected the additional mining development, equipment rebuild and tailings lifts required to support additional production over the LoM.

The increase in tailings-related investments is part of the Company's long-term plan to prepare the site for the LoM operations with Bloom Lake's increased nameplate capacity. As part of its 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. The Company's tailings work programs are typically completed in the first half of the financial year due to more favourable weather conditions.

The increase in stripping and mining activities for the three-month period ended June 30, 2024, was attributable to mine development costs, including topographic and pre-cut drilling work, as part of the Company's mine plan. Last year's stripping and mining activities were negatively impacted by limited equipment availability. No stripping costs were capitalized during the three-month period ended June 30, 2024 ($0.3 million for the same prior-year period).

The increase in the Company's mining equipment rebuild program for the three-month period ended June 30, 2024, was attributable to the major overhaul of its growing mining fleet over the last two years, driven by the Company's expansion. The mining equipment rebuild and replacement program is in line with the Company's fleet management program for the 2025 financial year.

[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

11. Cash Flows (continued)

Investing (continued)

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

DRPF Project

During the three-month period ended June 30, 2024, $58.5 million was spent in capital expenditures related to the DRPF project. Investments mainly consisted of on-site preparation activities, engineering work, long lead-time equipment purchasing and finalization of the construction of the lodging complex. Cumulative investments of $153.8 million were deployed on the DRPF project as at June 30, 2024, with an estimated total capital expenditure of $470.7 million, as per the project study released in January 2023. A detailed description of the project is presented in section 4 — DRPF Project Update.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended June 30, 2024, other capital development expenditures at Bloom Lake totalled $19.0 million ($24.8 million for the same period last year), including $10.2 million in infrastructure improvements and conformity ($8.4 million for the same prior-year period), $3.8 million for the mine maintenance garage expansion to support the expanded truck fleet ($8.4 million for the same prior-year period), and $2.8 million in deposits for mining equipment ($6.6 million for the same prior-year period).

II. Other Main Investing Activities

During the three-month period ended June 30, 2024, the Company made advance payments of $6.4 million to third-party service providers in Sept-Îles for major replacement parts and asset improvement capital expenditures, compared to $8.2 million in the same period in 2023. During the three-month period ended June 30, 2024, the Company invested $2.6 million in exploration and evaluation assets, compared to $2.7 million for the same prior-year period.

Financing

During the three-month period ended June 30, 2024, the Company:

- transferred $34.8 million to the restricted cash account for the dividend paid in July 2024;
- repaid $6.2 million ($4.2 million for the same prior-year period), and did not make any drawdowns ($10.5 million for the same prior-year period) in connection with the CAT Financing facility;
- repaid $6.4 million of the IQ Loan ($6.4 million for the same prior-year period); and
- made payments on lease liabilities of $1.8 million ($2.4 million, for the same prior-year period).

12. Financial Position

The following table details the changes to the statements of financial position as at June 30, 2024, compared to March 31, 2024:

	As at June 30, 2024	As at March 31, 2024	Variance
(in thousands of dollars)			
Cash and cash equivalents	**259,859**	400,061	(35%)
Restricted cash	**34,837**	—	100%
Receivables	**215,937**	120,079	80%
Inventories	**337,387**	332,611	1%
Other current assets	**56,176**	47,368	19%
Total current assets	**904,196**	900,119	—%
Advance payments	**84,421**	83,374	1%
Property, plant and equipment	**1,621,187**	1,545,961	5%
Exploration and evaluation assets	**134,398**	131,827	2%
Other non-current assets	**27,527**	28,270	(3%)
Total assets	**2,771,729**	2,689,551	3%
Total current liabilities	**372,964**	323,071	15%
Long-term debt	**500,537**	508,367	(2%)
Lease liabilities	**70,340**	70,649	—%
Rehabilitation obligation	**84,083**	84,593	(1%)
Net deferred tax liabilities	**295,982**	281,142	5%
Other non-current liabilities	**21,994**	25,219	(13%)
Total liabilities	**1,345,900**	1,293,041	4%
Total equity	**1,425,829**	1,396,510	2%
Total liabilities and equity	**2,771,729**	2,689,551	3%

Assets

The Company's cash and cash equivalents balance on June 30, 2024, compared to the amount held on March 31, 2024, is detailed in section 11 — Cash Flows.

The increase in receivables was attributable to the re-evaluation of trade receivables associated with revenues subject to provisional pricing as at March 31, 2024, and the concentration of sales at the end of June 30, 2024.

Higher inventories were mainly attributable to the increase in concentrate inventories due to lower shipment volumes, compared to production volumes, partially offset by lower cost of inventory at the end of the quarter.

The increase in property, plant and equipment is detailed in section 11 — Cash Flows.

Liabilities and Equity

The increase in current liabilities was mainly related to the dividend declared in May and paid in July 2024, as well as higher trade payables due to the timing of supplier payments, partially offset by lower accruals associated with wages and benefits and lower income and mining taxes payable, as taxes related to the 2024 financial year were paid during the quarter.

The decrease in long-term debt was mainly attributable to the capital repayments made on the IQ Loan and the CAT Financing facility, partially offset by a negative foreign exchange impact during the three-month period ended June 30, 2024.

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

The change in total equity was mainly attributable to the net income during the three-month period ended June 30, 2024, and the dividend declared on the Company's ordinary shares.

12. Financial Position (continued)

Liquidity

The Company is well positioned to fund all of its cash requirements for the next 12 months from its existing cash balance, forecasted cash flows from operating activities and undrawn available credit facilities.

During the three-month period ended June 30, 2024, the Company increased its available facility under the CAT Financing by US$23,000,000 and extended the availability period to March 31, 2025. As at June 30, 2024, the Company held $259.9 million in cash and cash equivalents, and had $600.9 million in undrawn loans from the Senior Credit Facilities for a total available liquidity of $860.8 million[1].

	As at June 30,
	2024
(in thousands of dollars)	
Senior Credit Facilities	**547,480**
Caterpillar Financial Services Limited	**53,433**
Total available and undrawn loans	**600,913**

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

- Sustaining and other capital expenditures, including additional mining equipment and railcars;
- Expenditures in relation with the DRPF project;
- 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.

13. Financial Instruments

The nature and extent of risks arising from the Company's financial instruments are summarized in note 26 to the audited annual consolidated financial statements for the financial year ended March 31, 2024.

14. 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.

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.

15. 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, including estimated future interest payments and future minimum payments of the commitments, as at June 30, 2024:

(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)	**304,802**	**—**	**—**	**304,802**
Long-term debt	**70,597**	**595,650**	**21,788**	**688,035**
Lease liabilities	**10,173**	**27,745**	**77,224**	**115,142**
Commitments as per note 18 to the Financial Statements	**135,335**	**95,562**	**259,305**	**490,202**
	520,907	**718,957**	**358,317**	**1,598,181**

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 table 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 on future production;
- An 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 $547.5 million (US$400.0 million) as at June 30, 2024, and is subject to standby commitment fees.

As at June 30, 2024, the undrawn portion of the finance agreement with Caterpillar Financial Services Limited amounted to $53.4 million (US$39.0 million) and is also subject to standby commitment fees.

16. Material Accounting Estimates and Judgments

The Company's material accounting judgments, estimates and assumptions are summarized in note 2 to the Company's audited annual financial statements for the financial year ended March 31, 2024.

17. 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 three-month period ended June 30, 2024.

18. New Accounting Standards or 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 three-month period ended June 30, 2024.

19. Related Party Transactions

Related party transactions consist of transactions with key management personnel. The Company considers members of its Board and senior officers to be key management personnel. Transactions with key management personnel are disclosed in note 28 to the Company's audited annual financial statements for the year ended March 31, 2024.

20. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the three-month period ended June 30, 2024, and the unaudited interim consolidated financial statements for the previous quarters as well as with the audited annual financial statements for the financial year ended March 31, 2024.

All financial data is stated in millions of dollars except for EPS and adjusted EPS.

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Financial Data ($ millions)								
Revenues	467.1	332.7	506.9	387.6	297.2	463.9	351.2	300.6
Operating income	145.5	55.2	211.3	123.6	39.1	153.2	87.7	55.9
EBITDA[1]	181.2	85.1	246.6	155.0	65.8	195.7	118.2	84.3
Net income	81.4	25.8	126.5	65.3	16.7	88.2	51.4	19.5
Adjusted net income[1]	81.4	25.8	126.5	65.3	19.0	88.2	54.1	29.3
EPS - basic	0.16	0.05	0.24	0.13	0.03	0.17	0.10	0.04
EPS - diluted	0.15	0.05	0.24	0.12	0.03	0.17	0.10	0.04
Adjusted EPS - basic[1]	0.16	0.05	0.24	0.13	0.04	0.17	0.10	0.06
Net cash flow from operating activities	31.4	100.5	162.6	162.2	49.3	167.7	13.4	87.1
Operating Data								
Waste mined and hauled (thousands of wmt)	6,734	6,499	6,993	6,265	5,199	5,024	4,372	4,573
Ore mined and hauled (thousands of wmt)	10,779	9,471	11,216	10,594	9,594	9,194	8,840	8,215
Stripping ratio	0.62	0.69	0.62	0.59	0.54	0.55	0.49	0.56
Ore milled (thousands of wmt)	11,084	9,349	11,137	10,340	9,896	9,055	8,503	8,103
Head grade Fe (%)	29.1	28.7	29.4	28.2	28.8	28.4	28.5	29.5
Fe recovery (%)	79.3	80.2	81.4	77.8	78.2	78.6	80.1	78.6
Product Fe (%)	66.3	66.1	66.3	66.1	66.1	66.1	66.0	66.1
Iron ore concentrate produced (thousands of wmt)	3,877	3,275	4,043	3,447	3,397	3,084	2,963	2,857
Iron ore concentrate sold (thousands of dmt)	3,443	2,969	3,228	2,884	2,564	3,093	2,694	2,793
Statistics (in dollars per dmt sold)								
Gross average realized selling price[1]	171.6	166.3	195.8	169.4	168.8	183.2	171.6	157.0
Net average realized selling price[1]	135.7	112.1	157.1	134.4	115.9	150.0	130.4	107.6
C1 cash cost[1]	76.9	76.6	73.0	73.7	81.3	79.0	76.0	65.9
AISC[1]	91.6	88.0	83.9	99.1	94.1	85.7	86.7	81.9
Cash operating margin[1]	44.1	24.1	73.2	35.3	21.8	64.3	43.7	25.7
Statistics (in U.S. dollars per dmt sold)[2]								
Gross average realized selling price[1]	125.3	123.4	144.0	126.2	125.7	135.5	126.5	120.6
Net average realized selling price[1]	99.2	82.9	115.6	100.3	86.3	110.9	96.1	83.2
C1 cash cost[1]	56.2	56.8	53.6	55.0	60.5	58.4	56.0	50.5
AISC[1]	66.9	65.3	61.6	73.9	70.1	63.4	63.9	62.7
Cash operating margin[1]	32.3	17.6	54.0	26.4	16.2	47.5	32.2	20.5

[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 21 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

[2] See the "Currency" subsection of this MD&A included in section 7 — Key Drivers.

21. Non-IFRS and Other Financial Measures

The Company has included certain non-IFRS financial measures, ratios and supplementary financial measures in this MD&A, 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 substitutes 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.

The Company presents certain of its non-IFRS measures and other financial measures in U.S. dollars in addition to Canadian dollars to facilitate comparability with measures presented by other companies.

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, plus write-off of non-current investment 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 general and administrative expenses divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price less AISC
Gross average realized selling price per 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
Mining and processing costs per dmt produced	Mining and processing costs divided by iron ore concentrate produced in dmt
Land transportation and port handling costs per dmt sold	Land transportation and port handling costs 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

21. 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 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
	September 30, 2023	December 31, 2023	March 31, 2024	**June 30, 2024**
(in thousands of dollars)				
Income before income and mining taxes	112,187	204,981	46,693	**137,377**
Net finance costs	11,634	8,747	8,831	**8,259**
Depreciation	31,215	32,881	29,575	**35,524**
EBITDA	155,036	246,609	85,099	**181,160**
Revenues	387,568	506,891	332,673	**467,084**
EBITDA margin	40%	49%	26%	**39%**

				Three Months Ended
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
(in thousands of dollars)				
Income before income and mining taxes	45,511	85,629	144,457	28,966
Net finance costs	10,765	1,858	8,774	6,926
Depreciation	28,055	30,719	42,478	29,913
EBITDA	84,331	118,206	195,709	65,805
Revenues	300,621	351,233	463,913	297,162
EBITDA margin	28%	34%	42%	22%

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.

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.

21. 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
	September 30,	December 31,	March 31,	**June 30,**
	2023	2023	2024	**2024**
(in thousands of dollars except per share)				
Net income	65,281	126,462	25,791	**81,357**
Adjusted net income	65,281	126,462	25,791	**81,357**
(in thousands)				
Weighted average number of ordinary shares outstanding - Basic	517,258	517,761	518,104	**518,080**
Adjusted EPS	0.13	0.24	0.05	**0.16**

				Three Months Ended
	September 30,	December 31,	March 31,	June 30,
	2022	2022	2023	2023
(in thousands of dollars except per share)				
Net income	19,530	51,406	88,217	16,657
Non-cash item				
Write-off of non-current investment	—	—	—	2,744
Cash items				
Incremental costs related to COVID-19	305	—	—	—
Bloom Lake Phase II start-up costs	15,391	4,292	—	—
	15,696	4,292	—	—
Tax effect of adjustments listed above[1]	(5,964)	(1,631)	—	(370)
Adjusted net income	29,262	54,067	88,217	19,031
(in thousands)				
Weighted average number of ordinary shares outstanding - Basic	517,104	517,193	517,193	517,193
Adjusted EPS	0.06	0.10	0.17	0.04

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

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

Available Liquidity

Available liquidity is a 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 June 30, 2024	As at March 31, 2024
Cash and cash equivalents	**259,859**	400,061
Undrawn amounts under credit facilities	**600,913**	542,000
Available liquidity	**860,772**	942,061

C1 Cash Cost per dmt Sold

C1 cash cost per dmt 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 with 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 general and administrative expenses, as well as rail and port operating costs, and is adjusted to exclude 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
	September 30, 2023	December 31, 2023	March 31, 2024	**June 30, 2024**
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	**3,442,800**
(in thousands of dollars except per tonne)				
Cost of sales	212,584	235,457	227,496	**264,911**
C1 cash cost (per dmt sold)	73.7	73.0	76.6	**76.9**

				Three Months Ended
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Iron ore concentrate sold (dmt)	2,793,400	2,694,200	3,092,900	2,563,500
(in thousands of dollars except per tonne)				
Cost of sales	199,841	209,070	244,444	208,485
Less: Incremental costs related to COVID-19	(305)	—	—	—
Less: Bloom Lake Phase II start-up costs	(15,391)	(4,292)	—	—
	184,145	204,778	244,444	208,485
C1 cash cost (per dmt sold)	65.9	76.0	79.0	81.3

21. 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 general and administrative 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
	September 30,	December 31,	March 31,	**June 30,**
	2023	2023	2024	**2024**
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	**3,442,800**
(in thousands of dollars except per tonne)				
Cost of sales	212,584	235,457	227,496	**264,911**
Sustaining capital expenditures[1]	60,446	24,031	19,759	**38,008**
General and administrative expenses	12,729	11,206	13,973	**12,350**
	285,759	270,694	261,228	**315,269**
AISC (per dmt sold)	99.1	83.9	88.0	**91.6**

				Three Months Ended
	September 30,	December 31,	March 31,	June 30,
	2022	2022	2023	2023
Iron ore concentrate sold (dmt)	2,793,400	2,694,200	3,092,900	2,563,500
(in thousands of dollars except per tonne)				
Cost of sales	199,841	209,070	244,444	208,485
Less: Incremental costs related to COVID-19	(305)	—	—	—
Less: Bloom Lake Phase II start-up costs	(15,391)	(4,292)	—	—
Sustaining capital expenditures[1]	36,181	19,495	9,303	19,803
General and administrative expenses	8,564	9,212	11,466	12,949
	228,890	233,485	265,213	241,237
AISC (per dmt sold)	81.9	86.7	85.7	94.1

[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 11 — Cash Flows of this MD&A.

21. 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
	September 30,	December 31,	March 31,	**June 30,**
	2023	2023	2024	**2024**
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	**3,442,800**
(in thousands of dollars except per tonne)				
Revenues	387,568	506,891	332,673	**467,084**
Net average realized selling price (per dmt sold)	134.4	157.1	112.1	**135.7**
AISC (per dmt sold)	99.1	83.9	88.0	**91.6**
Cash operating margin (per dmt sold)	35.3	73.2	24.1	**44.1**
Cash profit margin	26%	47%	21%	**32%**

				Three Months Ended
	September 30,	December 31,	March 31,	June 30,
	2022	2022	2023	2023
Iron ore concentrate sold (dmt)	2,793,400	2,694,200	3,092,900	2,563,500
(in thousands of dollars except per tonne)				
Revenues	300,621	351,233	463,913	297,162
Net average realized selling price (per dmt sold)	107.6	130.4	150.0	115.9
AISC (per dmt sold)	81.9	86.7	85.7	94.1
Cash operating margin (per dmt sold)	25.7	43.7	64.3	21.8
Cash profit margin	24%	34%	43%	19%

21. 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 enables 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
	September 30,	December 31,	March 31,	**June 30,**
	2023	2023	2024	**2024**
Iron ore concentrate sold (dmt)	2,883,800	3,227,500	2,968,900	**3,442,800**
(in thousands of dollars except per tonne)				
Revenues	387,568	506,891	332,673	**467,084**
Provisional pricing adjustments	(1,559)	(15,997)	31,005	**(27,947)**
Freight and other costs	102,411	140,971	130,074	**151,547**
Gross revenues	488,420	631,865	493,752	**590,684**
Gross average realized selling price (per dmt sold)	169.4	195.8	166.3	**171.6**

				Three Months Ended
	September 30,	December 31,	March 31,	June 30,
	2022	2022	2023	2023
Iron ore concentrate sold (dmt)	2,793,400	2,694,200	3,092,900	2,563,500
(in thousands of dollars except per tonne)				
Revenues	300,621	351,233	463,913	297,162
Provisional pricing adjustments	20,931	5,205	(14,325)	46,806
Freight and other costs	117,131	105,987	117,137	88,697
Gross revenues	438,683	462,425	566,725	432,665
Gross average realized selling price (per dmt sold)	157.0	171.6	183.2	168.8

22. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of July 30, 2024, there were 518,101,001 ordinary shares issued and outstanding. In addition, there were 5,246,067 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.

23. Risk Factors

Champion is subject to several risks and uncertainties which could have a material adverse impact on its operations, its financial condition and the trading price of its shares.

The Board oversees Management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, to monitor risks and adherence to market conditions, and the Company's activities.

Refer to the Company's 2024 Annual Information Form and the MD&A for the financial year ended March 31, 2024, available on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and the Company's website at www.championiron.com to see the principal risk factors that apply to the Company and that may have a material adverse effect on its financial condition, results of operations or the trading price of the Company's shares, and for information about the Company's exposure to each of the described risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

24. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that:

i) material information relating to the Company is made known to Management by others, particularly during the period in which the annual filings are being prepared; and

ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

The CEO and CFO are also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company's ICFR that occurred during the period beginning on April 1, 2024, and ended on June 30, 2024, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

Limitations of DC&P and ICFR

All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems that are determined to be effective can provide only reasonable assurance with respect to the financial statements preparation and presentation.

25. Approval

The Board oversees Management's responsibility for financial reporting and internal control systems through its Audit Committee. The Audit Committee meets quarterly with Management and with the Company's independent auditors to review the scope and results of the annual audit and quarterly reviews, respectively, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board and submitted to the shareholders. The Board has approved the Financial Statements and the disclosure contained in this MD&A as of July 31, 2024.

26. 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 losing their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

27. Additional Information

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