



# **Management's Discussion and Analysis**

For the Three and Six-Month Periods Ended September 30, 2024

**CHAMPION IRON** 

**TSX: CIA - ASX: CIA**

**As at October 31, 2024**

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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The following Champion Iron Limited ("Champion" or the "Company") Management's Discussion and Analysis ("MD&A") has been prepared as of October 31, 2024. This MD&A is intended to supplement the condensed interim consolidated financial statements for the three and six-month periods ended September 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](http://www.sedarplus.ca), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://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 22 — 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.

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### Cautionary Note Regarding Forward-Looking Statements (continued)

#### 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) 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, commissioning and financing of new mining equipment and railcars and their impact on production, shipments and sales;
- (ii) 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;
- (iii) the Kami Project's study, the project's 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 evaluation of strategic partnerships and project economics;
- (iv) the future declaration and payment of dividends and the timing thereof;
- (v) 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;
- (vi) green steel, GHG and CO<sub>2</sub> emissions reduction initiatives, sustainability and ESG related initiatives, objectives, targets and expectations, expected implications thereof and the Company's positioning in connection therewith;
- (vii) maintaining higher stripping activities;
- (viii) stockpiled ore levels, shipping and sales of accumulated concentrate inventories and their impact on the cost of sales;
- (ix) increased shipments of iron ore, delivery of additional railcars ordered for production by the Company and related railway and port capacity;
- (x) the Company's safe tailings strategy, tailings investment plan and related investments and benefits;
- (xi) the impact of exchange rates on commodity prices and the Company's financial results;
- (xii) the relationship between iron ore prices and ocean freight costs and their impact on the Company;
- (xiii) the impact of iron ore price 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;
- (xiv) the Company's cash requirements for the next twelve months, the Company's positioning to fund such cash requirements and estimated future interest payments;
- (xv) legal actions, including arbitration and class actions, their potential outcome and their effect on the consolidated financial position of the Company;
- (xvi) production and recovery rate targets and the Company's performance and related work programs;
- (xvii) pricing of the Company's products (including provisional pricing);
- (xviii) the Company's tax position;
- (xix) the Company's expected iron ore concentrate production and sales and related costs;
- (xx) the Company's iron ore concentrate pricing trends compared the P65 index;
- (xxi) the Company's storage expansion and related compensation plans;
- (xxii) available liquidity to support the Company's growth projects; and
- (xxiii) 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.

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(Expressed in Canadian dollars, except where otherwise indicated)

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### 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 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](http://www.sedarplus.ca), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://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 concentration plants that primarily source energy from renewable hydroelectric power, having a combined nameplate capacity of 15 Mtpa and producing 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 Kamistatusset 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.

# Champion Iron Limited

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(Expressed in Canadian dollars, except where otherwise indicated)

### 2. Financial and Operating Highlights

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
Iron ore concentrate produced (wmt)	<b>3,170,100</b>	3,447,200	(8%)	<b>7,046,600</b>	6,844,400	3%
Iron ore concentrate sold (dmt)	<b>3,265,700</b>	2,883,800	13%	<b>6,708,500</b>	5,447,300	23%
<b>Financial Data</b> (in thousands of dollars, except per share amounts)						
Revenues	<b>350,980</b>	387,568	(9%)	<b>818,064</b>	684,730	19%
EBITDA <sup>1</sup>	<b>74,536</b>	155,036	(52%)	<b>255,696</b>	220,841	16%
EBITDA margin <sup>1</sup>	<b>21 %</b>	40 %	(48%)	<b>31 %</b>	32 %	(3%)
Net income	<b>19,807</b>	65,281	(70%)	<b>101,164</b>	81,938	23%
Adjusted net income <sup>1</sup>	<b>19,807</b>	65,281	(70%)	<b>101,164</b>	84,312	20%
Basic EPS	<b>0.04</b>	0.13	(69%)	<b>0.20</b>	0.16	25%
Adjusted EPS <sup>1</sup>	<b>0.04</b>	0.13	(69%)	<b>0.20</b>	0.16	25%
Net cash flow from operating activities	<b>134,689</b>	162,227	(17%)	<b>166,083</b>	211,495	(21%)
Dividend per ordinary share paid	<b>0.10</b>	0.10	—%	<b>0.10</b>	0.10	—%
Cash and cash equivalents	<b>183,776</b>	316,530	(42%)	<b>183,776</b>	316,530	(42%)
Total assets	<b>2,801,593</b>	2,407,938	16%	<b>2,801,593</b>	2,407,938	16%
<b>Statistics</b> (in dollars per dmt sold)						
Gross average realized selling price <sup>1</sup>	<b>161.8</b>	169.4	(4%)	<b>166.8</b>	169.1	(1%)
Net average realized selling price <sup>1</sup>	<b>107.5</b>	134.4	(20%)	<b>121.9</b>	125.7	(3%)
C1 cash cost <sup>1</sup>	<b>77.5</b>	73.7	5%	<b>77.2</b>	77.3	—%
AISC <sup>1</sup>	<b>101.4</b>	99.1	2%	<b>96.3</b>	96.7	—%
Cash operating margin <sup>1</sup>	<b>6.1</b>	35.3	(83%)	<b>25.6</b>	29.0	(12%)
<b>Statistics</b> (in U.S. dollars per dmt sold) <sup>2</sup>						
Gross average realized selling price <sup>1</sup>	<b>118.9</b>	126.2	(6%)	<b>122.2</b>	126.0	(3%)
Net average realized selling price <sup>1</sup>	<b>79.0</b>	100.3	(21%)	<b>89.4</b>	93.8	(5%)
C1 cash cost <sup>1</sup>	<b>56.8</b>	55.0	3%	<b>56.5</b>	57.6	(2%)
AISC <sup>1</sup>	<b>74.3</b>	73.9	1%	<b>70.5</b>	72.0	(2%)
Cash operating margin <sup>1</sup>	<b>4.7</b>	26.4	(82%)	<b>18.9</b>	21.8	(13%)

<sup>1</sup> 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 22 — 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.

<sup>2</sup> See the "Currency" subsection of this MD&A included in section 8 — Key Drivers.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 3. Quarterly Highlights

#### Operations and Sustainability

- No serious injuries or major environmental incidents reported in the three-month period ended September 30, 2024;
- In its continuous effort to increase the representation of women in key positions within its organization, the Company got involved in a unique international training program designed to empower 10 women to maximize their potential and assert their professional ambitions by building self-confidence, learning risk-taking, and developing influence and leadership;
- The Company maintained its commitment to support the Innu culture and encourage exchanges and learning by sponsoring the 40<sup>th</sup> edition of the Innu Nikamu Music and Art Festival, organizing workshops and commemoration activities with employees for Truth and Reconciliation National Day on September 30, and initiating an Innu cultural immersion program for its employees. The two-day program, named "Kapatakan", aims to raise employees' awareness of both the individual and organizational impact on the ancestral territory and the community;
- Gradual return of Bloom Lake's workforce, three days after being evacuated from the site on July 12, 2024, as a preventive response to nearby forest fires. The Company's facilities and third parties' infrastructure were not damaged by the fires. Although these events impacted production for approximately a week, mining activities resumed a few days before the rail service, closely followed by the resumption of operations at the concentration plants;
- As scheduled, the Company successfully executed the major planned semi-annual shutdowns of the two concentration plants in September 2024, impacting production over several days;
- Quarterly production of 3.2 million wmt (3.1 million dmt) of high-grade 66.3% Fe concentrate for the three-month period ended September 30, 2024, down 18% from the previous quarter and down 8% over the same period last year;
- Quarterly iron ore concentrate sales of 3.3 million dmt for the three-month period ended September 30, 2024, down 5% from the previous quarter and up 13% from the prior-year period;
- The Company continues to seek improvements from the rail operator to receive contracted haulage services to ensure that production, as well as iron ore concentrate currently stockpiled at Bloom Lake, is hauled over future periods. Iron ore concentrate stockpiled at Bloom Lake was 2.8 million wmt as at September 30, 2024, down from 3.0 million wmt as at June 30, 2024. The rail operator haulage capacity is expected to increase in the near term as it has recently started receiving additional rolling stock that had previously been ordered; and
- Aligned with its sustainability objectives and vision to reduce emissions across the steelmaking value chain, the Company identified work programs to achieve its 2030 Scope 1 and 2 emission reduction target and completed its initial Scope 3 assessment.

#### Financial Results

- Revenues of \$351.0 million for the three-month period ended September 30, 2024, down 9% compared to the same period in 2023, and down 25% from the previous quarter, mainly due to lower net realized selling prices;
- Net cash flow from operating activities of \$134.7 million for the three-month period ended September 30, 2024, compared to \$162.2 million for the same period in 2023, and \$31.4 million during the previous quarter;
- EBITDA of \$74.5 million<sup>1</sup> for the three-month period ended September 30, 2024, down 52% compared to the same period in 2023 and down 59% compared to the previous quarter;
- Net income of \$19.8 million representing EPS of \$0.04 for the three-month period ended September 30, 2024, compared to \$65.3 million with EPS of \$0.13 for the same period in 2023, and \$81.4 million with EPS of \$0.16 for the previous quarter;
- C1 cash cost of \$77.5/dmt<sup>1</sup> [US\$56.8/dmt]<sup>2</sup> for the three-month period ended September 30, 2024, compared to \$73.7/dmt<sup>1</sup> [US\$55.0/dmt]<sup>2</sup> for the same period in 2023, and \$76.9/dmt<sup>1</sup> [US\$56.2/dmt]<sup>2</sup> in the previous quarter;

<sup>1</sup> 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 22 – 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.

<sup>2</sup> See the "Currency" subsection of this MD&A included in section 8 – Key Drivers.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 3. Quarterly Highlights (continued)

#### Financial Results (continued)

- As anticipated, the cash balance decreased by \$110.9 million since June 30, 2024, and was \$183.8 million as at September 30, 2024, mainly resulting from the dividend payment in July 2024, seasonal sustaining capital expenditures and the advancement of the DRPF project, offset in part by changes in working capital;
- Available liquidity to support growth initiatives, including amounts available from the Company's credit facilities, totalled \$759.3 million<sup>1</sup> at quarter-end, compared to \$860.8 million<sup>1</sup> as at June 30, 2024; and
- Semi-annual dividend of \$0.10 per ordinary share declared on October 30, 2024 (Montréal) / October 31, 2024 (Sydney), will be payable on November 28, 2024, (Montreal and Sydney) to the Company's shareholders on record as at the close of business on November 12, 2024 (Montréal and Sydney), in connection with the semi-annual results for the period ended September 30, 2024.

#### DRPF Project Update

- The DRPF project, aimed at upgrading half of Bloom Lake's capacity to DR quality pellet feed iron ore grading up to 69% Fe, is progressing on schedule and on budget, with commissioning scheduled for the second half of calendar year 2025;
- Advanced engineering and construction works continued as planned, with quarterly and cumulative investments of \$64.7 million and \$218.4 million, respectively, as at September 30, 2024, out of the estimated total capital expenditures of \$470.7 million detailed in the project study released in January 2023;
- Completed key construction milestones required to maintain the project schedule, including the erection of the project building extension, the manufacturing and ongoing deliveries of long lead-time equipment; 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

- Progressed the Environmental Impact Statement for the Kami Project as required by the Government of Newfoundland and Labrador, officially introduced the project's brand to support local community awareness, and appointed a General Manager with significant experience in developing and operating sizeable mining projects. Concurrently, the Company continued to work on initiatives to improve the project economics prior to considering a final investment decision, including strategic partnerships;
- The production of 400 additional railcars, ordered in the previous quarter, commenced in September 2024, with delivery to Sept-Îles expected in the coming months. This acquisition should be fully financed through a long-term loan and is expected to improve the Company's rail shipment flexibility and potentially increase Bloom Lake's sales in the future. Additionally, the acquisition aligns with the Company's ongoing efforts to address operational bottlenecks and analyze the work programs and investments required to increase Bloom Lake's production beyond its current nameplate capacity; and
- Promotion of François Lavoie as Senior Vice-President, Sales, Technical Marketing and Product Development, joining Champion's Management Team on July 25, 2024, in recognition of years of valuable contributions to the Company's success, including the recommissioning of Bloom Lake in 2018 and completion of several project economic studies.

<sup>1</sup> 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 22 — 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.

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### 4. Dividend on Ordinary Shares

The Board declared a seventh consecutive semi-annual dividend of \$0.10 per ordinary share on October 30, 2024 (Montréal) / October 31, 2024 (Sydney), in connection with the semi-annual financial results for the period ended September 30, 2024. The Company's shareholders on record as at the close of business on November 12, 2024 (Montréal and Sydney), will be entitled to receive payment of the dividend on November 28, 2024 (Montréal and Sydney).

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

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

Additional details on the dividends and related tax information can be found on the Company's website at [www.championiron.com](http://www.championiron.com) under the [Investors – Dividend Information](#) section.

### 5. 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 to reduce emissions and its associated impact on the raw material supply chain. Accordingly, production of a DRPF product would enhance the Company's ability to further contribute to the green steel supply chain by engaging with additional customers focused on the Direct Reduced Iron ("DRI") and 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 through the steelmaking value chain. 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 and commissioning in the second half of 2025. As detailed in the project's study released in January 2023, the DRPF project's capital expenditures were estimated at \$470.7 million, including additional power and other project-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 September 30, 2024, \$64.7 million was invested in the project, with cumulative investments of \$218.4 million, as at September 30, 2024. During the quarter, the Company advanced detailed engineering work and foundations-related civil work. Critical construction activities also progressed during the quarter, including the erection of the building extension and ongoing deliveries of long lead-time items, including equipment such as flotation cells.

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](http://www.sedarplus.ca), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://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.



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### 6. Kami Project Update

On April 1, 2021, the Company acquired the Kami mining properties 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 Kami Project 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 September 30, 2024, the Company progressed the Environmental Impact Statement for the Kami Project, initiated in June 2024, 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.

In addition, during the three-month period ended September 30, 2024, the Company officially introduced the Kami Project's brand to support local community awareness and appointed a General Manager with significant experience in developing and operating sizeable mining projects. On-site preparatory work also began during the period, such as access trails and land clearing, enabling the start of a drilling campaign on the Kami properties.

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](http://www.sedarplus.ca), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://www.championiron.com).

### 7. 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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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### 7. Green Steel Initiatives (continued)

#### 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 its GHG emissions by 40% by 2030, from its 2014 emissions level, and to be carbon neutral by 2050. The Company identified and initiated work programs regarding its Scope 1 and 2 emissions, reflecting direct emissions from the Company's operations and its renewable energy consumption. Work programs include heating electrification, heat recovery and energy efficiency initiatives at the concentration plants and mine. Collectively, the work programs are expected to reduce the Company's cumulative emissions by over 100 kt of CO<sub>2</sub> equivalent by 2030.

Additionally, the Company mapped its emissions across its value chain and designed a methodology aligned with the GHG Protocol to estimate its Scope 3 emissions, enabling the identification of reduction opportunities. Further to this effort, the Company completed its initial Scope 3 assessment based on its 2024 financial year and estimated its Scope 3 emissions at 15.97M tonnes of CO<sub>2</sub> equivalent, including over 94% of the Company's entire value chain emissions relating to the processing of sold product (Category 10 of the GHG Protocol). Benefiting from an industry leading high-purity iron ore concentrate, the Company's Category 10 emission intensity is estimated to be 1.26 tonnes of CO<sub>2</sub> per tonne of iron ore sold, comparing favourably to the industry's four largest publicly traded iron ore producers, averaging 1.34 tonnes of CO<sub>2</sub> per tonne of iron ore sold, based on their respective most recent disclosures. The Company expects to provide additional disclosure regarding its Scope 1 and 2 emission reduction work programs and its Scope 3 assessment in its upcoming 2024 sustainability report.

The 2023 Sustainability Report is available under the Company's website at [www.championiron.com](http://www.championiron.com).

### 8. Key Drivers

#### Iron Ore Concentrate Price

The price of iron ore concentrate is a critical factor influencing the Company's financial performance. 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 sells 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<sub>2</sub> emissions in the steelmaking process.

During the three-month period ended September 30, 2024, the P65 index averaged US\$114.2, a decline of 9% both quarter-on-quarter and year-over-year. Iron ore prices were negatively impacted during the period by a global weakening in steel demand, primarily driven by sluggish construction activity in China, and elevated iron ore supply from Brazil and Australia, resulting in increasing iron ore port inventories in China. However, iron ore prices improved late in the period following the announcement of economic stimuli programs in China. Despite continued weak steelmaking margins globally, typically impacting demand for high-purity iron ore, the P65 index premium over the P62 index iron ore slightly increased quarter-on-quarter.

According to the World Steel Association<sup>1</sup>, global crude steel production for the three-month period ended September 30, 2024, decreased 5.54% year-over-year and 8.61% from the previous quarter, totalling 440.2 million tonnes. Both China and the rest of the world experienced declines, with China seeing a significant year-over-year decline of 8.55%, while production ex-China remained relatively stable despite a slight decrease, partly due to the seasonal holidays in Europe and North America.

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<sup>1</sup> <https://www.worldsteel.org/>

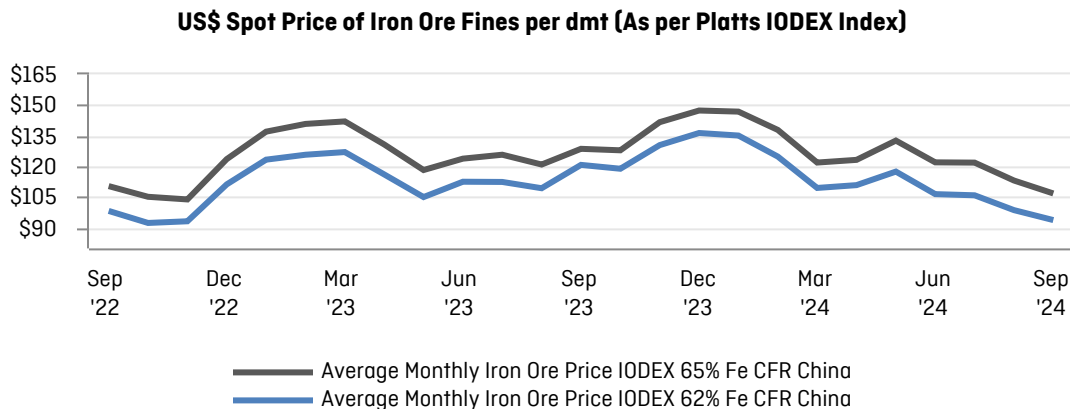
# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Key Drivers (continued)

#### Iron Ore Concentrate Price (continued)



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

- Certain sales 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.

During the three-month period ended September 30, 2024, an average final price of US\$110.0/dmt was established for the 1.8 million tonnes of iron ore that were in transit as at June 30, 2024, which were previously evaluated using an average expected price of US\$119.4/dmt. Accordingly, during the three-month period ended September 30, 2024, negative pricing adjustments of \$22.9 million (US\$17.1 million) were recorded for tonnes subject to provisional prices as at June 30, 2024. For the total volume of 3.3 million dmt sold during the second quarter, the negative adjustments represent US\$5.2/dmt. As at September 30, 2024, 2.3 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\$119.9/dmt was used as at September 30, 2024, to estimate the sales that remain subject to final pricing.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 8. Key Drivers (continued)

#### Iron Ore Concentrate Price (continued)

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

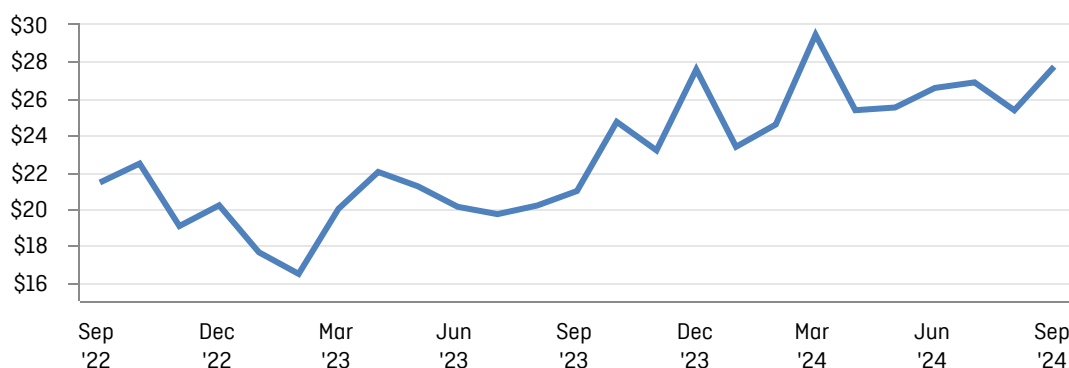
(in thousands of U.S. dollars)	As at September 30, 2024
Tonnes (dmt) subject to provisional pricing adjustments	2,344,000
10% increase in iron ore prices	28,104
10% decrease in iron ore prices	(28,104)

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 September 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 nearly 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 a portion of 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 September 30, 2024, the C3 index averaged US\$26.7/t, up from US\$25.8/t in the previous quarter and US\$20.3/t during the same period in 2023. This increase was driven by the ongoing conflict in the Red Sea in the Middle East, which continued to disrupt shipping routes, forcing the majority of the vessels to be rerouted via the Cape of Good Hope in South Africa, and elevated export levels from Brazil, impacting availability of vessels in the North Atlantic market.

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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

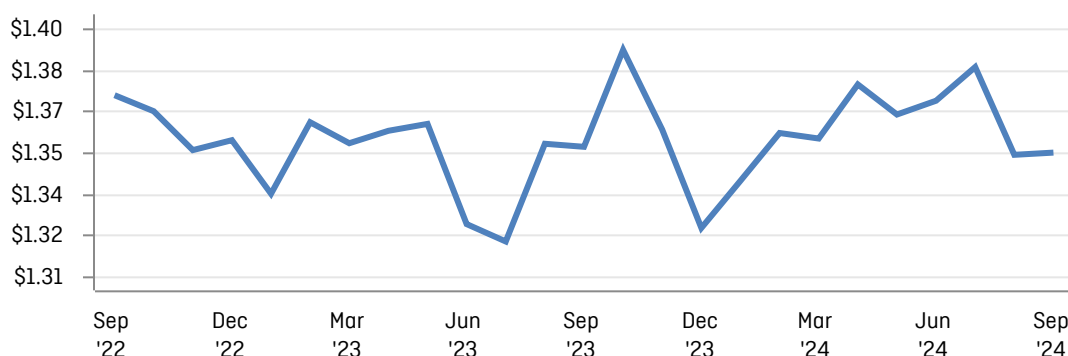
### 8. Key Drivers (continued)

#### 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 debt revaluation by approximately 1%.

**Monthly Closing Exchange Rate – C\$/US\$**



Exchange rates were as follows:

	C\$ / US\$					
	FY2025	Average			Closing	
	FY2025	FY2024	Variance	FY2025	FY2024	Variance
Q1	<b>1.3683</b>	1.3430	2 %	<b>1.3687</b>	1.3240	3 %
Q2	<b>1.3641</b>	1.3411	2 %	<b>1.3499</b>	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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 9. Bloom Lake Mine Operating Activities

During the three-month period ended September 30, 2024, Bloom Lake's operations continued to deliver solid performance. Production and sales during the period were impacted by the planned major semi-annual shutdowns of both concentration plants and rail infrastructure, in addition to approximately one week of production losses following the preventive evacuation of Bloom Lake's facilities on July 12, 2024, in response to nearby forest fires. Although production and sales were negatively impacted by these events, the Company continued to solidify its operations and achieved record volume of material mined and hauled during the second quarter, benefiting from improved mining equipment availability and productivity. During the three-month period ended September 30, 2024, volumes transported were slightly higher than production as rail haulage services resumed shortly before processing activities returned to their normal operational cadence in July 2024, following the forest fires. The Company also drew stockpiled iron ore at Bloom Lake during its scheduled semi-annual plants maintenance. Accordingly, the iron ore concentrate stockpiled at Bloom Lake decreased to 2.8 million wmt as at September 30, 2024, from 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. The rail operator recently received, and is expected to receive in the near-term, additional rolling stock which should increase its shipment capacity. The production of an additional 400 railcars, ordered by the Company in July 2024, began in September and are expected to be gradually delivered to Sept-Îles in the coming months. The 400 railcars, combined with additional rolling stock from the rail operator, are expected to increase Champion's rail haulage flexibility over time as part of its strategy to potentially increase Bloom Lake's future sales.

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, to be delivered and commissioned over the coming months, is expected to support the mine's production capacity, as the Company evaluates opportunities to address operational bottlenecks and maintain high stripping activities in the future, as per the mine plan.

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
<b>Operating Data</b>						
Waste mined and hauled (wmt)	<b>9,323,600</b>	6,264,600	49%	<b>16,057,300</b>	11,463,100	40%
Ore mined and hauled (wmt)	<b>9,287,100</b>	10,593,600	(12%)	<b>20,066,400</b>	20,187,100	(1%)
Material mined and hauled (wmt)	<b>18,610,700</b>	16,858,200	10%	<b>36,123,700</b>	31,650,200	14%
Stripping ratio	<b>1.00</b>	0.59	69%	<b>0.80</b>	0.57	40%
Ore milled (wmt)	<b>9,125,000</b>	10,339,700	(12%)	<b>20,209,300</b>	20,235,300	—%
Head grade Fe (%)	<b>29.1</b>	28.2	3%	<b>29.1</b>	28.5	2%
Fe recovery (%)	<b>78.7</b>	77.8	1%	<b>79.0</b>	78.0	1%
Product Fe (%)	<b>66.3</b>	66.1	—%	<b>66.3</b>	66.1	—%
Iron ore concentrate produced (wmt)	<b>3,170,100</b>	3,447,200	(8%)	<b>7,046,600</b>	6,844,400	3%
Iron ore concentrate sold (dmt)	<b>3,265,700</b>	2,883,800	13%	<b>6,708,500</b>	5,447,300	23%

#### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year

During the three-month period ended September 30, 2024, a record 18.6 million tonnes of material were mined and hauled, compared to 16.9 million tonnes during the same period in 2023 and 17.5 million tonnes during the previous quarter, representing an increase of 10% and 6%, respectively. The increased mine performance was attributable to a 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 mining equipment's increased performance allowed the Company to mine and haul a higher volume of waste material, resulting in a stripping ratio of 1.00 for the three-month period ended September 30, 2024, significantly higher than 0.59 for the same prior-year period, and 0.62 in the previous quarter. After the July 2024 forest fires, the Company resumed mining operations earlier than the concentration plants, enabling the reallocation of mining equipment to move additional waste materials during the three-month period ended September 30, 2024. With the addition of mining equipment in the coming months, the Company expects to maintain this high level of mining and hauling activities in the future, in line with the LoM plan.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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### 9. Bloom Lake Mine Operating Activities (continued)

#### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year (continued)

During the three-month period ended September 30, 2024, the two concentration plants at Bloom Lake processed 9.1 million tonnes of ore, compared to 10.3 million tonnes for the same prior-year period and 11.1 million tonnes in the previous quarter, a decrease of 12% and 18%, respectively. Ore processed during the three-month period ended September 30, 2024, was negatively impacted by the availability of the concentration plants due to the major scheduled semi-annual shutdowns, as well as the production interruption due to the preventive evacuation of Bloom Lake in response to the nearby forest fires. Ore processed was also negatively impacted during the quarter by a mined area of higher ore hardness, reducing milling capacity and affecting the Fe recovery.

The iron ore head grade for the three-month period ended September 30, 2024, was 29.1%, compared to 28.2% for the same period in 2023, and 29.1% during the previous quarter. The variation in head grade was within expected normal variations of the mine plan.

Champion's average Fe recovery rate was 78.7% for the three-month period ended September 30, 2024, compared to 77.8% for the same period in 2023, and 79.3% during the previous quarter. The Company continued its work programs to optimize its recovery circuits and expects to improve recovery rates over time.

Bloom Lake produced 3.2 million wmt (3.1 million dmt) of high-grade iron ore concentrate during the three-month period ended September 30, 2024, a decrease of 8% compared to 3.4 million wmt (3.4 million dmt) during the same period in 2023, and a decrease of 18% compared to 3.9 million wmt (3.8 million dmt) during the previous quarter.

#### First Six Months of the 2025 Financial Year vs First Six Months of the 2024 Financial Year

Since the beginning of the financial year, the Company mined and hauled 36.1 million tonnes of material, compared to 31.7 million tonnes for the same prior-year period, an increase of 14%, mostly driven by higher effective utilization of mining equipment and reduced trucking cycle times due to additional ramps built in previous periods.

The solid performance at the mine since April 2024 has resulted in a stripping ratio of 0.80 for the six-month period ended September 30, 2024, up from 0.57 for the same period in 2023.

Bloom Lake processed 20.2 million tonnes of ore during the six-month period ended September 30, 2024, comparable to the volume processed over the same period in 2023.

The iron ore head grade was 29.1% for the six-month period ended September 30, 2024, consistent with the LoM head grade average and in line with the 28.5% head grade in the previous year.

The Fe recovery rate was 79.0% for the six-month period ended September 30, 2024, compared to 78.0% for the same period in 2023. Work programs, which aimed to increase throughput and ore recoveries and optimize operations, had a positive impact on the Company's recovery rate during the period. The Company pursued its efforts to enhance processing, as well as stabilizing the results of these improvements.

Consequently, the Company produced 7.0 million wmt of high-grade iron ore concentrate during the six-month period ended September 30, 2024, compared to 6.8 million wmt for the same period in 2023, progressing towards achieving its expanded nameplate capacity of 15 Mtpa.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
<b>Financial Data</b> (in thousands of dollars)						
Revenues	<b>350,980</b>	387,568	[9%]	<b>818,064</b>	684,730	19%
Cost of sales	<b>252,960</b>	212,584	19%	<b>517,871</b>	421,069	23%
Other expenses	<b>23,153</b>	20,192	15%	<b>44,312</b>	39,837	11%
Net finance costs	<b>7,486</b>	11,634	[36%]	<b>15,745</b>	18,560	[15%]
Net income	<b>19,807</b>	65,281	[70%]	<b>101,164</b>	81,938	23%
EBITDA <sup>1</sup>	<b>74,536</b>	155,036	[52%]	<b>255,696</b>	220,841	16%
<b>Statistics</b> (in dollars per dmt sold)						
Gross average realized selling price <sup>1</sup>	<b>161.8</b>	169.4	[4%]	<b>166.8</b>	169.1	[1%]
Net average realized selling price <sup>1</sup>	<b>107.5</b>	134.4	[20%]	<b>121.9</b>	125.7	[3%]
C1 cash cost <sup>1</sup>	<b>77.5</b>	73.7	5%	<b>77.2</b>	77.3	—%
AISC <sup>1</sup>	<b>101.4</b>	99.1	2%	<b>96.3</b>	96.7	—%
Cash operating margin <sup>1</sup>	<b>6.1</b>	35.3	[83%]	<b>25.6</b>	29.0	[12%]

#### A. Revenues

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
(in U.S. dollars per dmt sold)						
Index P62	<b>99.7</b>	114.0	[13%]	<b>105.6</b>	112.5	[6%]
Index P65	<b>114.2</b>	125.0	[9%]	<b>120.0</b>	124.5	[4%]
US\$ Gross average realized selling price <sup>1</sup>	<b>118.9</b>	126.2	[6%]	<b>122.2</b>	126.0	[3%]
Freight and other costs	<b>(34.7)</b>	[26.4]	31%	<b>(33.4)</b>	[26.1]	28%
Provisional pricing adjustments	<b>(5.2)</b>	0.5	[1140%]	<b>0.6</b>	[6.1]	[110%]
<b>US\$ Net average realized FOB selling price<sup>1</sup></b>	<b>79.0</b>	100.3	[21%]	<b>89.4</b>	93.8	[5%]
Foreign exchange conversion	<b>28.5</b>	34.1	[16%]	<b>32.5</b>	31.9	2%
<b>C\$ Net average realized FOB selling price<sup>1</sup></b>	<b>107.5</b>	134.4	[20%]	<b>121.9</b>	125.7	[3%]

#### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year

Revenues totalled \$351.0 million for the three-month period ended September 30, 2024, compared to \$387.6 million for the same period in 2023, driven by lower gross average realized selling prices, \$22.9 million negative provisional pricing adjustments on sales recorded during the previous quarter and higher freight costs. This was partially offset by sales volume of 3.3 million tonnes of high-grade iron ore concentrate, up from 2.9 million tonnes for the same prior-year period, and by a weaker Canadian dollar. Sales volume increased year-over-year despite a planned shutdown of rail operations in September, a rail closure caused by nearby forest fires in July, rolling equipment maintenance activities, and a minor rock slide on the rail road, together interrupting rail services for several days during the period. Sales volumes last year were negatively impacted by railway interruptions and reduced service capacity due to forest fires in June 2023.

Negative provisional pricing adjustments on prior quarter sales of \$22.9 million (US\$17.1 million) were recorded during the three-month period ended September 30, 2024, representing a negative impact of US\$5.2/dmt over 3.3 million dmt sold during the quarter as a final average price of US\$110.0/dmt was established for the 1.8 million tonnes of iron ore that were in transit as at June 30, 2024, and which were provisionally priced at US\$119.4/dmt.

<sup>1</sup> 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 22 — 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.



# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance (continued)

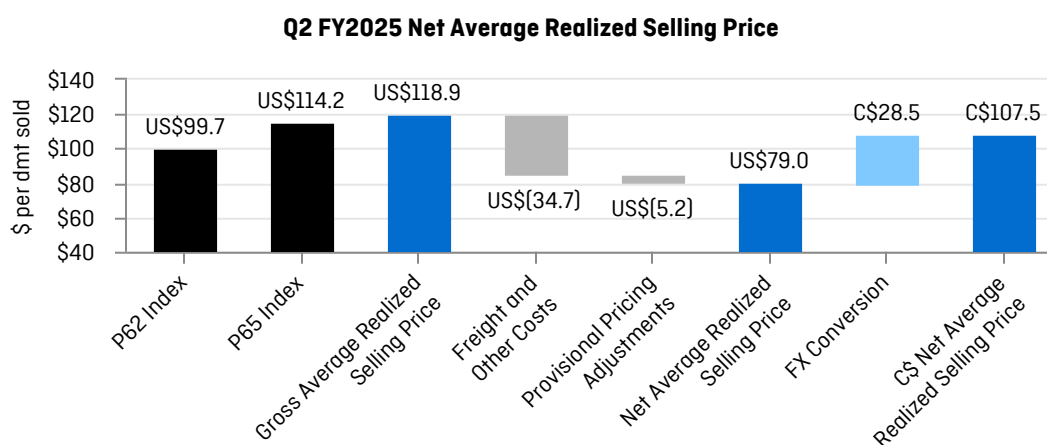
#### A. Revenues (continued)

##### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year (continued)

The gross average realized selling price of US\$118.9/dmt<sup>1</sup> for the three-month period ended September 30, 2024, was higher than the P65 index average price of US\$114.2/dmt for the period. The gross average realized selling price for the period was impacted by the 2.3 million tonnes in transit as at September 30, 2024, which were evaluated using an average price of US\$119.9/dmt and 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 over the P62 index remained resilient despite market challenges and increased to 14.6% over the P62 index average price of US\$99.7/dmt during the quarter, compared to a premium of 9.6% in the prior-year period, and up from a premium of 12.8% in the previous quarter.

Freight and other costs of US\$34.7/dmt increased by 31% during the three-month period ended September 30, 2024, compared to US\$26.4/dmt in the same prior-year period. This increase was driven by a significantly higher average C3 index of US\$26.7/t for the period, compared to US\$20.3/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.

After taking into account sea freight and other costs of US\$34.7/dmt and the negative provisional pricing adjustments of US\$5.2/dmt, the Company obtained a net average realized selling price of US\$79.0/dmt (C\$107.5/dmt<sup>1</sup>) for its high-grade iron ore shipped during the quarter.



<sup>1</sup> 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 22 – 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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance (continued)

#### A. Revenues (continued)

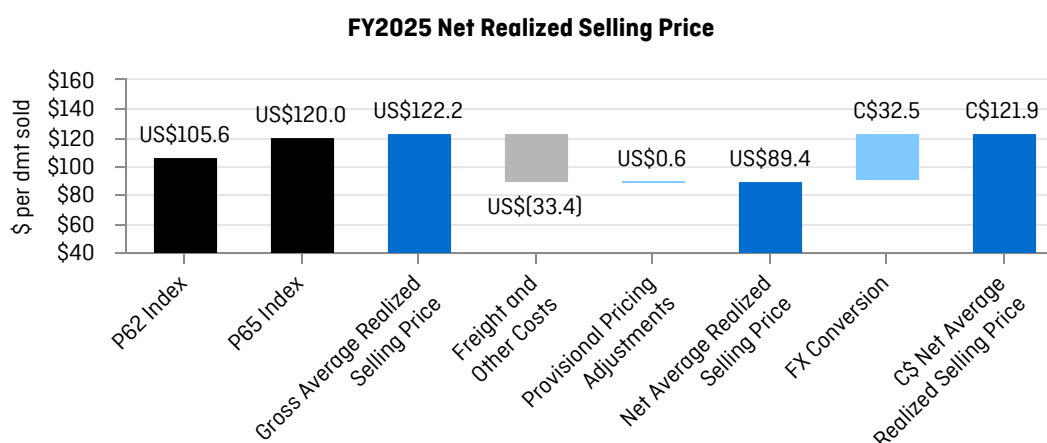
##### First Six Months of the 2025 Financial Year vs First Six Months of the 2024 Financial Year

Since the beginning of the year, revenues totalled \$818.1 million, compared to \$684.7 million for the same period last year, as higher sales volumes of iron ore concentrate more than offset the lower net average realized selling price during the period.

For the six-month period ended September 30, 2024, the Company sold 6.7 million tonnes of iron ore concentrate, up 1.3 million tonnes compared to the same prior-year period, representing an increase of 23% year-over-year. Sales during the six-month period ended September 30, 2024, benefited from higher volumes transported as rail services, while still below the contracted level, slightly improved compared to the same period in 2023. Last year's sales volumes were impacted by railway interruptions and reduced service capacity caused by the June 2023 forest fires.

Freight and other costs for the six-month period ended September 30, 2024, totalled US\$33.4/dmt and increased by 28%, compared to the same prior-year period. This increase was driven by a higher C3 index which averaged US\$26.3/t for the six-month period ended September 30, 2024, likely attributable to vessels diverted from their typical route due to the conflict in the Red Sea, and a year-over-year increase in demurrage expenses, caused by higher rates and availability of iron ore concentrate at the port facilities due to lower than anticipated volumes transported to Sept-Îles.

The Company sold its product at a gross average realized selling price of US\$122.2/dmt<sup>1</sup> for the six-month period ended September 30, 2024, slightly higher than the P65 index average price of US\$120.0/dmt<sup>1</sup>. Deducting sea freight and other costs of US\$33.4/dmt and adding the positive provisional pricing adjustments of US\$0.6/dmt, the Company obtained a net average realized selling price of US\$89.4/dmt (C\$121.9/dmt)<sup>1</sup> for its high-grade iron ore concentrate sold during the period.



<sup>1</sup> 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 22 – 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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance (continued)

#### B. Cost of Sales and C1 Cash Cost

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
<small>(in thousands of dollars except per dmt sold)</small>						
Iron ore concentrate produced (dmt)	<b>3,074,600</b>	3,350,400	(8)%	<b>6,835,700</b>	6,641,800	3 %
Iron ore concentrate sold (dmt)	<b>3,265,700</b>	2,883,800	13 %	<b>6,708,500</b>	5,447,300	23 %
Mining and processing costs	<b>177,334</b>	158,577	12 %	<b>357,346</b>	324,176	10 %
Change in concentrate inventories	<b>(11,648)</b>	(22,916)	(49)%	<b>(13,822)</b>	(54,922)	(75)%
Land transportation and port handling	<b>87,274</b>	76,923	13 %	<b>174,347</b>	151,815	15 %
<b>Cost of sales</b>	<b>252,960</b>	212,584	19 %	<b>517,871</b>	421,069	23 %
<b>C1 cash cost per dmt sold<sup>1</sup></b>	<b>77.5</b>	73.7	5 %	<b>77.2</b>	77.3	— %
Mining and processing costs per dmt produced <sup>1</sup>	<b>57.7</b>	47.3	22 %	<b>52.3</b>	48.8	7 %

#### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year

For the three-month period ended September 30, 2024, the cost of sales totalled \$253.0 million with a C1 cash cost of \$77.5/dmt<sup>1</sup>, compared to \$212.6 million with a C1 cash cost of \$73.7/dmt<sup>1</sup> for the same period in 2023. Cost of sales in the previous quarter was \$264.9 million with a C1 cash cost of \$76.9/dmt<sup>1</sup>.

Mining and processing costs for the 3.1 million dmt produced in the three-month period ended September 30, 2024, totalled \$57.7/dmt produced<sup>1</sup>, representing an increase of 22% compared to \$47.3/dmt produced<sup>1</sup> in the same period last year. This increase was mainly driven by an 8% reduction in the volume of iron ore concentrate produced, leading to a lower absorption of fixed costs, and higher maintenance costs associated with the major scheduled semi-annual shutdowns performed at both concentration plants during the quarter. Last year's major scheduled semi-annual shutdowns of the two concentration plants were performed over two quarters. Land transportation and port handling costs for the three-month period ended September 30, 2024, were \$26.7/dmt sold<sup>1</sup>, comparable to last year, as the higher volume of iron ore concentrate transiting at the port facilities in Sept-iles offset higher fixed costs incurred by the port service provider. The increase in C1 cash cost over the same period last year was also due to the impact of the change in concentrate inventory valuation, resulting from higher mining and processing costs incurred in the current quarter as discussed above.

#### First Six Months of the 2025 Financial Year vs First Six Months of the 2024 Financial Year

For the six-month period ended September 30, 2024, the cost of sales totalled \$517.9 million with a C1 cash cost of \$77.2/dmt<sup>1</sup>, compared to \$421.1 million with a C1 cash cost of \$77.3/dmt<sup>1</sup> for the same period in 2023.

Mining and processing costs for the 6.8 million dmt produced in the six-month period ended September 30, 2024, totalled \$52.3/dmt produced<sup>1</sup>, compared to \$48.8/dmt produced<sup>1</sup> for the same prior-year period. The increase in production levels year-over-year was offset by the increase of maintenance activities due to a higher utilization of the plants and mining equipment, as well as by the impact of the new collective bargaining agreement with Bloom Lake's unionized employees. Land transportation and port handling costs for the six-month period ended September 30, 2024, represented \$26.0/dmt sold<sup>1</sup>, compared to \$27.9/dmt sold<sup>1</sup> for the comparative period. This year-over-year decrease was due to higher sales volumes favourably impacting fixed port handling costs.

#### C. Gross Profit

The gross profit for the three-month period ended September 30, 2024, totalled \$62.7 million, compared to \$143.8 million for the same prior-year period, mostly driven by a lower net average realized selling price of \$107.5/dmt<sup>1</sup>, compared to \$134.4/dmt<sup>1</sup> for the three-month period ended September 30, 2023, and higher cost of sales. These effects were partially offset by higher sales volumes.

The gross profit for the six-month period ended September 30, 2024, totalled \$229.4 million, compared to \$202.5 million for the same period in 2023, as the higher shipments more than offset the lower net average realized selling price.

<sup>1</sup> 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 22 – 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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance (continued)

#### D. Other Expenses

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
(in thousands of dollars)						
Share-based payments	<b>4,801</b>	1,880	155 %	<b>7,193</b>	916	685 %
General and administrative	<b>12,114</b>	12,729	(5)%	<b>24,464</b>	25,678	(5)%
Sustainability and other community expenses	<b>4,669</b>	4,315	8 %	<b>9,210</b>	8,284	11 %
Innovation and growth initiatives	<b>1,569</b>	1,268	24 %	<b>3,445</b>	4,959	(31)%
	<b>23,153</b>	20,192	15 %	<b>44,312</b>	39,837	11 %

Share-based payment expenses for the three and six-month periods ended September 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.

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

The following table details general and administrative expenses:

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
(in thousands of dollars)						
Salaries, benefits and other employee expenses	<b>6,141</b>	6,024	2 %	<b>12,340</b>	13,425	(8)%
Insurance	<b>2,242</b>	2,813	(20)%	<b>4,590</b>	5,602	(18)%
Other	<b>3,731</b>	3,892	(4)%	<b>7,534</b>	6,651	13 %
	<b>12,114</b>	12,729	(5)%	<b>24,464</b>	25,678	(5)%

Sustainability and other community expenses for the three and six-month periods ended September 30, 2024, were mostly in line with the comparative periods 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 September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
(in thousands of dollars)						
Property and school taxes	<b>1,835</b>	1,672	10 %	<b>3,532</b>	3,172	11 %
Impact and benefits agreement	<b>1,882</b>	1,920	(2)%	<b>3,776</b>	3,776	— %
Salaries, benefits and other employee expenses	<b>437</b>	271	61 %	<b>896</b>	553	62 %
Other expenses	<b>515</b>	452	14 %	<b>1,006</b>	783	28 %
	<b>4,669</b>	4,315	8 %	<b>9,210</b>	8,284	11 %

Innovation and growth initiative expenses for the three and six-month periods ended September 30, 2024, were comprised of consulting fees, salaries and benefits related to the Company's various ongoing projects. The Company's strategic initiatives are detailed in section 7 — Green Steel Initiatives.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance (continued)

#### E. Net Finance Costs

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
(in thousands of dollars)						
Interest on long-term debt	<b>6,659</b>	8,635	(23)%	<b>14,595</b>	17,064	(14)%
Standby commitment fees on long-term debt	<b>774</b>	437	77 %	<b>1,452</b>	868	67 %
Interest expense on lease liabilities	<b>988</b>	982	1 %	<b>2,008</b>	1,980	1 %
Realized and unrealized foreign exchange loss (gain)	<b>(2,467)</b>	2,439	(201)%	<b>(1,943)</b>	741	(362)%
Interest income	<b>(2,431)</b>	(2,981)	(18)%	<b>(7,226)</b>	(6,398)	13 %
Other finance costs	<b>3,963</b>	2,122	87 %	<b>6,859</b>	4,305	59 %
	<b>7,486</b>	11,634	(36)%	<b>15,745</b>	18,560	(15)%

#### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year

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 and six-month periods ended September 30, 2024, were driven by higher capitalized borrowing costs on the DRPF project, which offset increases in interest rates on long-term debt with variable rates.

The appreciation of the Canadian dollar against the U.S. dollar as at September 30, 2024, compared to June 30, 2024, on the net payable financial position denominated in U.S. dollars, positively impacted the Company's net finance costs during the three-month period ended September 30, 2024, whereas the Canadian dollar depreciated against the U.S. dollars during the same period last year. The net payable financial position primarily included the Company's borrowings under its Senior Credit Facilities, CAT Financing facility, lease liabilities, accounts receivable, and a portion of the Company's cash and cash equivalents denominated in U.S. dollars.

Lower interest income in the three-month period ended September 30, 2024, compared to the same period last year, was attributable to lower average cash balance.

#### First Six Months of the 2025 Financial Year vs First Six Months of the 2024 Financial Year

Net finance costs decreased to \$15.7 million for the six-month period ended September 30, 2024, compared to \$18.6 million for the same period in 2023. Lower net finance costs are mainly attributable to higher capitalized borrowing costs, due to the current level of investment in the DRPF project. During the six-month period ended September 30, 2024, \$6.1 million relating to the DRPF project was capitalized, compared to \$0.5 million for the same prior-year period. The decrease in net finance costs was offset by higher interest rates on long-term debt with variable rates. During the period, the Company's net finance costs were positively impacted by a foreign exchange gain, resulting from the revaluation of net monetary liabilities denominated in U.S. dollars, and by increased interest income, mainly driven by higher interest rates on deposits.

#### 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%	<b>16%</b>
Incremental mining profit over 35%, up to 50%	<b>22%</b>
Incremental mining profit over 50%	<b>28%</b>

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the three and six-month periods ended September 30, 2024 (2023: 26.50%).

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance (continued)

#### F. Income Taxes (continued)

During the three and six-month periods ended September 30, 2024, current income and mining taxes represented a recovery of \$17.0 million and an expense of \$24.1 million, respectively, compared to expenses of \$27.4 million and \$34.7 million, respectively, for the same periods in 2023. The variation was mainly due to the change in taxable income driven by gross profit. With tax payments of \$82.0 million during the six-month period ended September 30, 2024, and a payable balance of \$40.2 million as at March 31, 2024, the Company had net income and mining taxes receivable of \$17.7 million as at September 30, 2024.

During the three and six-month periods ended September 30, 2024, deferred income and mining tax expenses totalled \$29.0 million and \$43.9 million, respectively, compared to \$19.5 million and \$24.5 million, respectively, for the same periods 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.

The combined provincial and federal statutory tax and mining tax rate was 38% and the Company's effective tax rate ("ETR") was 38% and 40%, respectively, for the three and six-month periods ended September 30, 2024, compared to 42% for the same periods in 2023. The difference between the statutory and effective tax rate for the six-month period ended September 30, 2024, was mainly due to the withholding tax paid by Champion on the dividend received from QIO.

#### G. Net Income & EBITDA

##### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year

For the three-month period ended September 30, 2024, the Company generated EBITDA of \$74.5 million<sup>1</sup>, representing an EBITDA margin of 21%<sup>1</sup>, compared to \$155.0 million<sup>1</sup>, representing an EBITDA margin of 40%<sup>1</sup>, for the same period in 2023. Lower EBITDA and EBITDA margin were mainly driven by lower net average realized selling prices.

For the three-month period ended September 30, 2024, the Company generated net income of \$19.8 million (EPS of \$0.04), compared to \$65.3 million (EPS of \$0.13) for the same prior-year period. This decrease in net income is attributable to lower gross profit partially offset by lower income and mining taxes.

##### First Six Months of the 2025 Financial Year vs First Six Months of the 2024 Financial Year

For the six-month period ended September 30, 2024, the Company generated EBITDA of \$255.7 million<sup>1</sup>, representing an EBITDA margin of 31%<sup>1</sup>, compared to \$220.8 million<sup>1</sup>, representing an EBITDA margin of 32%<sup>1</sup>, for the same prior-year period. This year-over-year increase in EBITDA was mainly attributable to higher sales volume. The slight decrease in EBITDA margin is due to a lower net average realized selling price.

For the six-month period ended September 30, 2024, the Company generated net income of \$101.2 million (EPS of \$0.20), compared to \$81.9 million (EPS of \$0.16) for the same prior-year period. The year-over-year increase in net income is mainly due to higher gross profit partially offset by higher income and mining taxes.

<sup>1</sup> 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 22 — 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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 10. Financial Performance (continued)

#### H. All In Sustaining Cost & Cash Operating Margin

	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Variance	2024	2023	Variance
(in dollars per dmt sold)						
Iron ore concentrate sold (dmt)	<b>3,265,700</b>	2,883,800	13 %	<b>6,708,500</b>	5,447,300	23 %
Net average realized selling price <sup>1</sup>	<b>107.5</b>	134.4	(20)%	<b>121.9</b>	125.7	(3)%
C1 cash cost <sup>1</sup>	<b>77.5</b>	73.7	5 %	<b>77.2</b>	77.3	— %
Sustaining capital expenditures	<b>20.2</b>	21.0	(4)%	<b>15.5</b>	14.7	5 %
General and administrative expenses	<b>3.7</b>	4.4	(16)%	<b>3.6</b>	4.7	(23)%
<b>AISC<sup>1</sup></b>	<b>101.4</b>	99.1	2 %	<b>96.3</b>	96.7	— %
<b>Cash operating margin<sup>1</sup></b>	<b>6.1</b>	35.3	(83)%	<b>25.6</b>	29.0	(12)%

#### Second Quarter of the 2025 Financial Year vs Second Quarter of the 2024 Financial Year

During the three-month period ended September 30, 2024, the Company realized an AISC of \$101.4/dmt<sup>1</sup>, compared to \$99.1/dmt<sup>1</sup> for the same period in 2023, mainly attributable to higher C1 cash cost, as previously discussed in this section.

The Company generated a cash operating margin of \$6.1/dmt<sup>1</sup> for each tonne of high-grade iron ore concentrate sold during the three-month period ended September 30, 2024, compared to \$35.3/dmt<sup>1</sup> for the same prior-year period. The variation was due to a lower net average realized selling price, combined with a higher AISC for the period.

#### First Six Months of the 2025 Financial Year vs First Six Months of the 2024 Financial Year

During the six-month period ended September 30, 2024, the Company recorded an AISC of \$96.3/dmt<sup>1</sup>, slightly below \$96.7/dmt<sup>1</sup> for the same period in 2023.

The cash operating margin totalled \$25.6/dmt<sup>1</sup> for the six-month period ended September 30, 2024, compared to \$29.0/dmt<sup>1</sup> for the same prior-year period. The decrease was mainly due to a lower net average realized selling price.

### 11. Exploration Activities and Regional Growth

#### Bloom Lake Reserves and Resources

The technical report titled "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"), was filed on October 3, 2023. The report confirmed Bloom Lake's 18-year LoM based on 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 a 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](http://www.sedarplus.ca).

<sup>1</sup> 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 22 – 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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 11. Exploration Activities and Regional Growth (continued)

#### Exploration and Evaluation Activities

During the three and six-month periods ended September 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 and six-month periods ended September 30, 2024, \$4.8 million and \$7.4 million were incurred in exploration and evaluation expenditures, respectively, compared to \$4.6 million and \$7.3 million, respectively, for the same prior-year periods. During the six-month period ended September 30, 2024, exploration and evaluation expenditures mainly consisted of work done in Québec and in Newfoundland and Labrador.

Details on exploration projects and maps are available on the Company's website at [www.championiron.com](http://www.championiron.com) under the Operations & Projects section.

### 12. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
(in thousands of dollars)				
Operating cash flows before working capital	89,807	121,659	226,515	174,966
Changes in non-cash operating working capital	44,882	40,568	(60,432)	36,529
Net cash flows from operating activities	134,689	162,227	166,083	211,495
Net cash flows used in investing activities	(184,448)	(95,118)	(308,860)	(161,386)
Net cash flows used in financing activities	(24,399)	(3,017)	(74,164)	(57,813)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(74,158)</b>	64,092	<b>(216,941)</b>	(7,704)
Effects of exchange rate changes on cash and cash equivalents	(1,925)	2,098	656	(2,572)
<b>Cash and cash equivalents, beginning of the period</b>	<b>259,859</b>	250,340	<b>400,061</b>	326,806
<b>Cash and cash equivalents, end of the period</b>	<b>183,776</b>	316,530	<b>183,776</b>	316,530
<b>Operating cash flow per share<sup>1</sup></b>	<b>0.26</b>	0.31	<b>0.32</b>	0.41

#### Operating

During the three-month period ended September 30, 2024, the Company generated operating cash flows of \$89.8 million before working capital items, a decrease of \$31.9 million compared to \$121.7 million for the same period last year, mainly due to lower EBITDA, partially offset by lower current income and mining taxes. Changes in non-cash operating working capital generated \$44.9 million operating cash flows for the three-month period ended September 30, 2024, driven primarily by the increase in accounts payable, mainly attributable to the planned semi-annual shutdowns performed in September 2024 and seasonal activities, combined with the decrease in receivables mainly impacted by lower average realized selling prices. This was partially offset by lower income and mining taxes payable at the end of the quarter, compared to June 30, 2024. The operating cash flow per share for the three-month period ended September 30, 2024, was \$0.26<sup>1</sup>, compared to \$0.31<sup>1</sup> for the same prior-year period.

During the six-month period ended September 30, 2024, the Company's operating cash flows before working capital items totalled \$226.5 million, compared to \$175.0 million for the same prior-year period, mostly driven by higher EBITDA and lower current income and mining taxes. The increase in non-cash operating working capital since the beginning of the year reduced operating cash flows by \$60.4 million. This was mainly due to much higher receivables and lower income and mining taxes payable, partially offset by higher accounts payable. These variations are detailed in section 13 — Financial Position. Last year's changes in working capital were mainly impacted by higher accounts payable, lower trade receivables and lower income and mining taxes receivable, partially offset by the high level of iron ore concentrate inventories, which resulted from reduced railway services due to forest fires. The operating cash flow per share for the six-month period ended September 30, 2024, totalled \$0.32<sup>1</sup>, compared to \$0.41<sup>1</sup> for the same prior-year period.

<sup>1</sup> 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 22 — 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.



# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 12. Cash Flows [continued]

#### Investing

##### i. Purchase of Property, Plant and Equipment

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
(in thousands of dollars)				
Tailings lifts	27,997	43,041	44,101	54,987
Stripping and mining activities	17,582	6,542	27,907	9,805
Other sustaining capital expenditures	20,340	10,863	31,919	15,457
<b>Sustaining capital expenditures</b>	<b>65,919</b>	<b>60,446</b>	<b>103,927</b>	<b>80,249</b>
DRPF project	64,677	16,938	123,142	28,021
Other capital development expenditures at Bloom Lake	48,586	13,002	67,574	37,786
<b>Purchase of property, plant and equipment as per cash flows</b>	<b>179,182</b>	<b>90,386</b>	<b>294,643</b>	<b>146,056</b>

#### Sustaining Capital Expenditures

Sustaining capital expenditures were \$15.5/dmt sold for the six-month period ended September 30, 2024, compared to \$14.7/dmt for the same prior-year period. This slight increase reflected additional mining development and equipment rebuild programs required to support additional production over the LoM, partially offset by the timing in tailings lift work programs.

The tailings-related investments for the three and six-month periods ended September 30, 2024, were in line with the Company's long-term plan to support the LoM operations. As part of its ongoing and thorough tailings infrastructure monitoring and inspections, Champion 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 and mostly 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 and six-month periods ended September 30, 2024, was attributable to mine development costs, including topographic and pre-cut drilling work, as part of the Company's mine plan. During the three and six-month periods ended September 30, 2024, \$5.9 million in stripping costs were capitalized (nil and \$0.3 million respectively, for the same periods in 2023).

The increase in other sustaining capital expenditures for the three and six-month periods ended September 30, 2024, was mainly attributable to mining equipment rebuild programs driven by Champion's growing mining fleet, renovations of accommodation complexes, and railcars-related improvements, as part of the Company's plan to increase its rail capacity. These expenditures are in line with the Company's investment strategy to support growth projects over the LoM.

#### DRPF Project

During the three and six-month periods ended September 30, 2024, \$64.7 million and \$123.1 million, respectively, were spent in capital expenditures related to the DRPF project (\$16.9 million and \$28.0 million respectively, for the same prior-year periods). Investments mainly consisted of engineering work, foundations-related civil work and erection of the building extension. Cumulative investments of \$218.4 million were deployed on the DRPF project as at September 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 5 — DRPF Project Update.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 12. Cash Flows (continued)

#### Investing (continued)

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

###### Other Capital Development Expenditures at Bloom Lake

During the three-month period ended September 30, 2024, other capital development expenditures at Bloom Lake totalled \$48.6 million, compared to \$13.0 million for the same period last year. During the six-month period ended September 30, 2024, other capital development expenditures totalled \$67.6 million, compared to \$37.8 million for the same period last year.

The following table details other capital development expenditures at Bloom Lake:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
(in thousands of dollars)				
Infrastructure improvements and conformity (i)	14,907	5,625	25,065	14,016
Mine maintenance garage expansion (ii)	3,680	6,822	7,463	15,184
Deposits or final payment for mining equipment	16,668	5,064	19,420	11,677
Railcars (iii)	9,723	—	9,723	—
Other (iv)	3,608	(4,509)	5,903	(3,091)
<b>Other Capital Development Expenditures at Bloom Lake</b>	<b>48,586</b>	<b>13,002</b>	<b>67,574</b>	<b>37,786</b>

- (i) Infrastructure improvements and conformity expenditures included various capital projects aimed at improving the performance or capacity of assets, including pads to expand the Company's capacity to stockpile concentrate at the site, construction of a core shack, autonomous and remote drilling hardware and bridge conformity work programs.
- (ii) The mine maintenance garage expansion was required to support the Company's expanded truck fleet, which made a significant contribution to the Company's recent mining performance.
- (iii) Champion ordered 400 additional railcars in July 2024, which are expected to improve rail shipment flexibility in the future. The Company started to pay for the first railcars produced and expects the remaining ones to be paid and delivered in the upcoming months. This acquisition should be fully financed by a long-term loan.
- (iv) Other expenditures mainly consisted of capitalized borrowing costs on the DRPF project, partially offset by the receipt of government grants in the 2024 financial year, related to the Company's initiatives to reduce GHG emissions and energy consumption.

##### ii. Other Main Investing Activities

During the three and six-month periods ended September 30, 2024, the Company made advance payments of \$0.3 million and \$6.7 million, respectively, to third-party service providers in Sept-Îles for major replacement parts and asset improvement capital expenditures, compared to nil and \$8.2 million, respectively, in the same periods in 2023. During the three and six-month periods ended September 30, 2024, the Company invested \$4.8 million and \$7.4 million, respectively, in exploration and evaluation assets, compared to \$4.6 million and \$7.3 million, respectively, for the same prior-year periods.

#### Financing

During the three and six-month periods ended September 30, 2024, the Company:

- paid \$51.8 million for the dividend declared in May 2024 (\$51.7 million for the same prior-year periods), of which \$34.8 million was included in the restricted cash account at the end of the previous quarter (\$52.3 million for the same prior-year periods);
- repaid \$6.4 million and \$12.6 million, respectively (\$6.9 million and \$11.1 million, respectively, for the same prior-year periods), and did not make any drawdowns (\$6.3 million and \$16.9 million for the same prior-year periods) from the CAT Financing facility; and
- made payments on lease liabilities of \$1.8 million and \$3.6 million, respectively (\$2.4 million and \$4.7 million, respectively, for the same prior-year periods).

During the six-month period ended September 30, 2024, the Company repaid \$6.4 million of the IQ Loan (\$6.4 million for the same prior-year period).

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 13. Financial Position

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

	As at September 30, 2024	As at March 31, 2024	Variance
(in thousands of dollars)			
Cash and cash equivalents	183,776	400,061	(54%)
Receivables	188,734	120,079	57%
Inventories	341,984	332,611	3%
Other current assets	76,445	47,368	61%
<b>Total current assets</b>	<b>790,939</b>	<b>900,119</b>	<b>(12%)</b>
Advance payments	78,526	83,374	(6%)
Property, plant and equipment	1,766,310	1,545,961	14%
Exploration and evaluation assets	139,218	131,827	6%
Other non-current assets	26,600	28,270	(6%)
<b>Total assets</b>	<b>2,801,593</b>	<b>2,689,551</b>	<b>4%</b>
<b>Total current liabilities</b>	<b>360,195</b>	<b>323,071</b>	<b>11%</b>
Long-term debt	490,028	508,367	(4%)
Lease liabilities	68,934	70,649	(2%)
Rehabilitation obligation	86,122	84,593	2%
Net deferred tax liabilities	325,001	281,142	16%
Other non-current liabilities	24,913	25,219	(1%)
<b>Total liabilities</b>	<b>1,355,193</b>	<b>1,293,041</b>	<b>5%</b>
<b>Total equity</b>	<b>1,446,400</b>	<b>1,396,510</b>	<b>4%</b>
<b>Total liabilities and equity</b>	<b>2,801,593</b>	<b>2,689,551</b>	<b>4%</b>

#### Assets

The Company's cash and cash equivalents balance on September 30, 2024, compared to the amount held on March 31, 2024, is detailed in section 12 — Cash Flows.

The increase in receivables was mostly attributable to the re-evaluation of trade receivables associated with sales subject to provisional pricing as at September 30, 2024, which were reevaluated using a higher average selling price compared to the one used at the end of March 31, 2024, and the timing of sales at the end of the quarter.

Higher inventories were mainly attributable to a higher valuation of concentrate inventory at the end of the quarter, due to the timing of the major scheduled semi-annual shutdowns performed in September 2024. The volume of iron ore concentrate inventories slightly increased during the period.

The increase in other current assets was mainly attributable to the income and mining taxes receivable balance as at September 30, 2024, reflecting tax installments higher than tax expenses since the beginning of the year, compared to a payable balance as at March 31, 2024.

The additions to property, plant and equipment are detailed in section 12 — Cash Flows.

#### Liabilities and Equity

The increase in current liabilities was primarily attributable to higher trade payables mainly resulting from the planned semi-annual shutdowns performed in September 2024, seasonal sustaining capital expenditures, and ongoing growth projects investments. This increase was 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 first quarter of the 2025 financial year.

The decrease in long-term debt was mainly attributable to capital repayments made on the IQ Loan and the CAT Financing facility, combined with a positive foreign exchange impact during the six-month period ended September 30, 2024.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 13. Financial Position (continued)

#### Liabilities and Equity (continued)

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 six-month period ended September 30, 2024, and the dividend paid on the Company's ordinary shares.

#### 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 six-month period ended September 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 September 30, 2024, the Company held \$183.8 million in cash and cash equivalents, and had \$575.5 million in undrawn loans for a total available liquidity of \$759.3 million<sup>1</sup>.

	<b>As at September 30,</b>
	<b>2024</b>
(in thousands of dollars)	
Senior Credit Facilities	<b>522,794</b>
Caterpillar Financial Services Limited	<b>52,699</b>
<b>Total available and undrawn loans</b>	<b>575,493</b>

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;
- DRPF project expenditures;
- 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.

### 14. 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.

### 15. 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.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 16. 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 September 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)	317,509	—	—	317,509
Long-term debt	69,579	575,229	20,721	665,529
Lease liabilities	9,170	27,413	74,881	111,464
Commitments as per note 17 to the Financial Statements	178,901	91,619	254,330	524,850
	575,159	694,261	349,932	1,619,352

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 available portion of the revolving facility totalled \$522.8 million (US\$387.3 million) as at September 30, 2024, and is subject to standby commitment fees.

As at September 30, 2024, the undrawn portion of the finance agreement with Caterpillar Financial Services Limited amounted to \$52.7 million (US\$39.0 million) and is also subject to standby commitment fees.

### 17. 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.

### 18. New Accounting Amendments Issued and Adopted by the Company

The new accounting amendments issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the three and six-month periods ended September 30, 2024.

### 19. New Accounting Standards or Amendments Issued to Be Adopted at a Later Date

The new accounting standards or amendments issued but not yet in effect are disclosed in note 2 to the Financial Statements for the three and six-month periods ended September 30, 2024.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 20. 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. In connection with related party transactions, no significant changes occurred in the three and six-month periods ended September 30, 2024.

### 21. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the three and six-month periods ended September 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.

	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
<b>Financial Data (\$ millions)</b>								
Revenues	351.0	467.1	332.7	506.9	387.6	297.2	463.9	351.2
Operating income	39.6	145.5	55.2	211.3	123.6	39.1	153.2	87.7
EBITDA <sup>1</sup>	74.5	181.2	85.1	246.6	155.0	65.8	195.7	118.2
Net income	19.8	81.4	25.8	126.5	65.3	16.7	88.2	51.4
Adjusted net income <sup>1</sup>	19.8	81.4	25.8	126.5	65.3	19.0	88.2	54.1
EPS - basic	0.04	0.16	0.05	0.24	0.13	0.03	0.17	0.10
EPS - diluted	0.04	0.15	0.05	0.24	0.12	0.03	0.17	0.10
Adjusted EPS - basic <sup>1</sup>	0.04	0.16	0.05	0.24	0.13	0.04	0.17	0.10
Net cash flow from operating activities	134.7	31.4	100.5	162.6	162.2	49.3	167.7	13.4
<b>Operating Data</b>								
Waste mined and hauled (thousands of wmt)	9,324	6,734	6,499	6,993	6,265	5,199	5,024	4,372
Ore mined and hauled (thousands of wmt)	9,287	10,779	9,471	11,216	10,594	9,594	9,194	8,840
Stripping ratio	1.00	0.62	0.69	0.62	0.59	0.54	0.55	0.49
Ore milled (thousands of wmt)	9,125	11,084	9,349	11,137	10,340	9,896	9,055	8,503
Head grade Fe (%)	29.1	29.1	28.7	29.4	28.2	28.8	28.4	28.5
Fe recovery (%)	78.7	79.3	80.2	81.4	77.8	78.2	78.6	80.1
Product Fe (%)	66.3	66.3	66.1	66.3	66.1	66.1	66.1	66.0
Iron ore concentrate produced (thousands of wmt)	3,170	3,877	3,275	4,043	3,447	3,397	3,084	2,963
Iron ore concentrate sold (thousands of dmt)	3,266	3,443	2,969	3,228	2,884	2,564	3,093	2,694
<b>Statistics (in dollars per dmt sold)</b>								
Gross average realized selling price <sup>1</sup>	161.8	171.6	166.3	195.8	169.4	168.8	183.2	171.6
Net average realized selling price <sup>1</sup>	107.5	135.7	112.1	157.1	134.4	115.9	150.0	130.4
C1 cash cost <sup>1</sup>	77.5	76.9	76.6	73.0	73.7	81.3	79.0	76.0
AISC <sup>1</sup>	101.4	91.6	88.0	83.9	99.1	94.1	85.7	86.7
Cash operating margin <sup>1</sup>	6.1	44.1	24.1	73.2	35.3	21.8	64.3	43.7
<b>Statistics (in U.S. dollars per dmt sold)<sup>2</sup></b>								
Gross average realized selling price <sup>1</sup>	118.9	125.3	123.4	144.0	126.2	125.7	135.5	126.5
Net average realized selling price <sup>1</sup>	79.0	99.2	82.9	115.6	100.3	86.3	110.9	96.1
C1 cash cost <sup>1</sup>	56.8	56.2	56.8	53.6	55.0	60.5	58.4	56.0
AISC <sup>1</sup>	74.3	66.9	65.3	61.6	73.9	70.1	63.4	63.9
Cash operating margin <sup>1</sup>	4.7	32.3	17.6	54.0	26.4	16.2	47.5	32.2

<sup>1</sup> 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 22 — 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.

<sup>2</sup> See the "Currency" subsection of this MD&A included in section 8 — Key Drivers.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 22. 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 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 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

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 22. 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.

	December 31, 2023	March 31, 2024	June 30, 2024	Three Months Ended September 30, 2024	Six Months Ended September 30, 2024
(in thousands of dollars)					
Income before income and mining taxes	204,981	46,693	137,377	<b>31,777</b>	<b>169,154</b>
Net finance costs	8,747	8,831	8,259	<b>7,486</b>	<b>15,745</b>
Depreciation	32,881	29,575	35,524	<b>35,273</b>	<b>70,797</b>
<b>EBITDA</b>	<b>246,609</b>	<b>85,099</b>	<b>181,160</b>	<b>74,536</b>	<b>255,696</b>
Revenues	506,891	332,673	467,084	<b>350,980</b>	<b>818,064</b>
<b>EBITDA margin</b>	<b>49%</b>	<b>26%</b>	<b>39%</b>	<b>21%</b>	<b>31%</b>

	December 31, 2022	March 31, 2023	June 30, 2023	Three Months Ended September 30, 2023	Six Months Ended September 30, 2023
(in thousands of dollars)					
Income before income and mining taxes	85,629	144,457	28,966	112,187	141,153
Net finance costs	1,858	8,774	6,926	11,634	18,560
Depreciation	30,719	42,478	29,913	31,215	61,128
<b>EBITDA</b>	<b>118,206</b>	<b>195,709</b>	<b>65,805</b>	<b>155,036</b>	<b>220,841</b>
Revenues	351,233	463,913	297,162	387,568	684,730
<b>EBITDA margin</b>	<b>34%</b>	<b>42%</b>	<b>22%</b>	<b>40%</b>	<b>32%</b>

#### 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, they 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.



# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 22. 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.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
(in thousands of dollars except per share)					
<b>Net income</b>	126,462	25,791	81,357	<b>19,807</b>	<b>101,164</b>
<b>Adjusted net income</b>	126,462	25,791	81,357	<b>19,807</b>	<b>101,164</b>
(in thousands)					
Weighted average number of ordinary shares outstanding - Basic	517,761	518,104	518,080	<b>518,111</b>	<b>518,095</b>
<b>Adjusted EPS</b>	0.24	0.05	0.16	<b>0.04</b>	<b>0.20</b>

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2022	2023	2023	2023	2023
(in thousands of dollars except per share)					
<b>Net income</b>	51,406	88,217	16,657	65,281	81,938
<b>Non-cash item</b>					
Write-off of non-current investment	—	—	2,744	—	2,744
<b>Cash items</b>					
Bloom Lake Phase II start-up costs	4,292	—	—	—	—
	4,292	—	—	—	—
Tax effect of adjustments listed above <sup>1</sup>	(1,631)	—	(370)	—	(370)
<b>Adjusted net income</b>	54,067	88,217	19,031	65,281	84,312
(in thousands)					
Weighted average number of ordinary shares outstanding - Basic	517,193	517,193	517,193	517,258	517,226
<b>Adjusted EPS</b>	0.10	0.17	0.04	0.13	0.16

<sup>1</sup> The tax effect of adjustments is calculated using the applicable tax rate.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 22. 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.

	<b>As at September 30,</b>	As at June 30,
	<b>2024</b>	2024
Cash and cash equivalents	<b>183,776</b>	259,859
Undrawn amounts under credit facilities	<b>575,493</b>	600,913
<b>Available liquidity</b>	<b>759,269</b>	860,772

#### 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 its 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.

	December 31,	March 31,	June 30,	<b>Three Months Ended</b>	<b>Six Months Ended</b>
	2023	2024	2024	<b>September 30,</b>	<b>September 30,</b>
				<b>2024</b>	<b>2024</b>
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	<b>3,265,700</b>	<b>6,708,500</b>
(in thousands of dollars except per tonne)					
Cost of sales	235,457	227,496	264,911	<b>252,960</b>	<b>517,871</b>
<b>C1 cash cost (per dmt sold)</b>	73.0	76.6	76.9	<b>77.5</b>	<b>77.2</b>

	December 31,	March 31,	June 30,	<b>Three Months Ended</b>	<b>Six Months Ended</b>
	2022	2023	2023	September 30,	September 30,
				2023	2023
Iron ore concentrate sold (dmt)	2,694,200	3,092,900	2,563,500	2,883,800	5,447,300
(in thousands of dollars except per tonne)					
Cost of sales	209,070	244,444	208,485	212,584	421,069
Less: Bloom Lake Phase II start-up costs	(4,292)	—	—	—	—
	204,778	244,444	208,485	212,584	421,069
<b>C1 cash cost (per dmt sold)</b>	76.0	79.0	81.3	73.7	77.3

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 22. 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 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.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	<b>3,265,700</b>	<b>6,708,500</b>
(in thousands of dollars except per tonne)					
Cost of sales	235,457	227,496	264,911	<b>252,960</b>	<b>517,871</b>
Sustaining capital expenditures <sup>1</sup>	24,031	19,759	38,008	<b>65,919</b>	<b>103,927</b>
General and administrative expenses	11,206	13,973	12,350	<b>12,114</b>	<b>24,464</b>
	270,694	261,228	315,269	<b>330,993</b>	<b>646,262</b>
<b>AISC (per dmt sold)</b>	<b>83.9</b>	<b>88.0</b>	<b>91.6</b>	<b>101.4</b>	<b>96.3</b>

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2022	2023	2023	2023	2023
Iron ore concentrate sold (dmt)	2,694,200	3,092,900	2,563,500	2,883,800	5,447,300
(in thousands of dollars except per tonne)					
Cost of sales	209,070	244,444	208,485	212,584	421,069
Less: Bloom Lake Phase II start-up costs	(4,292)	—	—	—	—
Sustaining capital expenditures <sup>1</sup>	19,495	9,303	19,803	60,446	80,249
General and administrative expenses	9,212	11,466	12,949	12,729	25,678
	233,485	265,213	241,237	285,759	526,996
<b>AISC (per dmt sold)</b>	<b>86.7</b>	<b>85.7</b>	<b>94.1</b>	<b>99.1</b>	<b>96.7</b>

<sup>1</sup> 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 12 — Cash Flows of this MD&A.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 22. 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.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	<b>3,265,700</b>	<b>6,708,500</b>
(in thousands of dollars except per tonne)					
Revenues	506,891	332,673	467,084	<b>350,980</b>	<b>818,064</b>
Net average realized selling price (per dmt sold)	157.1	112.1	135.7	<b>107.5</b>	<b>121.9</b>
AISC (per dmt sold)	83.9	88.0	91.6	<b>101.4</b>	<b>96.3</b>
<b>Cash operating margin (per dmt sold)</b>	73.2	24.1	44.1	<b>6.1</b>	<b>25.6</b>
<b>Cash profit margin</b>	47%	21%	32%	<b>6%</b>	<b>21%</b>

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2022	2023	2023	2023	2023
Iron ore concentrate sold (dmt)	2,694,200	3,092,900	2,563,500	2,883,800	5,447,300
(in thousands of dollars except per tonne)					
Revenues	351,233	463,913	297,162	387,568	684,730
Net average realized selling price (per dmt sold)	130.4	150.0	115.9	134.4	125.7
AISC (per dmt sold)	86.7	85.7	94.1	99.1	96.7
<b>Cash operating margin (per dmt sold)</b>	43.7	64.3	21.8	35.3	29.0
<b>Cash profit margin</b>	34%	43%	19%	26%	23%

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

### 22. 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 sale 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.

	December 31, 2023	March 31, 2024	June 30, 2024	Three Months Ended September 30, 2024	Six Months Ended September 30, 2024
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	<b>3,265,700</b>	<b>6,708,500</b>
(in thousands of dollars except per tonne)					
Revenues	506,891	332,673	467,084	<b>350,980</b>	<b>818,064</b>
Provisional pricing adjustments	(15,997)	31,005	(27,947)	<b>22,947</b>	<b>(5,000)</b>
Freight and other costs	140,971	130,074	151,547	<b>154,425</b>	<b>305,972</b>
Gross revenues	631,865	493,752	590,684	<b>528,352</b>	<b>1,119,036</b>
<b>Gross average realized selling price (per dmt sold)</b>	195.8	166.3	171.6	<b>161.8</b>	<b>166.8</b>

	December 31, 2022	March 31, 2023	June 30, 2023	Three Months Ended September 30, 2023	Six Months Ended September 30, 2023
Iron ore concentrate sold (dmt)	2,694,200	3,092,900	2,563,500	2,883,800	5,447,300
(in thousands of dollars except per tonne)					
Revenues	351,233	463,913	297,162	387,568	684,730
Provisional pricing adjustments	5,205	(14,325)	46,806	(1,559)	45,247
Freight and other costs	105,987	117,137	88,697	102,411	191,108
Gross revenues	462,425	566,725	432,665	488,420	921,085
<b>Gross average realized selling price (per dmt sold)</b>	171.6	183.2	168.8	169.4	169.1

### 23. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of October 30, 2024, there were 518,251,001 ordinary shares issued and outstanding, and 15,000,000 ordinary shares issuable pursuant to warrants. In addition, there were 5,165,940 restricted share units, deferred share units and performance share units issued under the Company's Omnibus incentive plan.

# Champion Iron Limited

## Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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### 24. 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](http://www.sedarplus.ca), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://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.

### 25. 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 July 1, 2024, and ended on September 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.

### 26. 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 October 31, 2024.

# **Champion Iron Limited**

## **Management's Discussion and Analysis**

(Expressed in Canadian dollars, except where otherwise indicated)

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### **27. 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.

### **28. Additional Information**

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