CHAMPION IRON

Q1 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Champion Iron Limited ("Champion Iron", "we", "our" or the "Company") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of the Company. This MD&A should be read in conjunction with Champion Iron's unaudited condensed consolidated interim financial statements and related notes for the three months ended June 30, 2018 and 2017 which are prepared in accordance with International Accounting Standard Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). This MD&A contains certain forward-looking statements. Refer to the cautionary language at the end of this MD&A. All dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in millions of Canadian dollars; (ii) per share or per ton amounts; or (iii) unless otherwise specified. This MD&A is dated August 7, 2018. The Company's public filings can be viewed on the SEDAR website (www.sedar.com). Certain non-IFRS financial performance measures are included in this MD&A. Champion Iron believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. The non-IFRS financial performance measures included in this document are: total cash costs, all-in sustaining costs ("AISC"), average realized price and average realized margin. The following abbreviations are used throughout this document: USD, US$ or U.S. dollar (United States dollar), CAD, CA$ or CAN$ (Canadian dollar), AISC (All-in sustaining costs), wmt (wet metric tonnes), dmt (dried metric tonnes), M (Million), km (kilometres), m (metres), TMA (tailings management area), tpd (tonnes per day), ROM (run-of-mine), and LOM (life of mine). The Company's fiscal year (FY) 2019 is from April 1, 2018 to March 31, 2019.

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BUSINESS OVERVIEW

Champion Iron Limited was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA) and Australian Stock Exchange (ASX: CIA). Champion Iron is an iron ore mining company with a 63.2% interest in its subsidiary, Quebec Iron Ore Inc. (QIO) operating the Bloom Lake mine, a long-life, large-scale open pit operation located in northern Quebec, approximately 300 km north of Sept-Iles and 13 km by road from the town of Fermont. Ressources Québec, a subsidiary of governmental agency Investissement Québec, is the owner of the remaining 36.8% share. The Company continues to focus on improving the Bloom Lake mine and on organic growth by exploring and developing its large Bloom Lake property, which consists of a block of mining claims and leases. In addition, through its wholly-owned subsidiary Champion Iron Mines Limited (CIML), the Company owns interests in 9 properties (each a "Property"), covering approximately 752 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of northeastern Quebec. The Company also own 100% of the Gullbridge-Powderhorn property located in Northern Central Newfoundland. The Company's near-term strategy is to continue with operational improvements at the Bloom Lake mining operation while applying cost and capital discipline. With the mine now generating positive cash flow from operations, the Company is in a position to focus on strengthening its financial position and pursuing growth opportunities.

FIRST QUARTER 2019 HIGHLIGHTS

- Iron ore concentrate production of 1,542,859 wmt compared to nil in Q1 2018
- Revenues of $150.7 million on iron ore concentrate sales of 1,740,369 dmt at an average realized price[1] of $86.61 per dmt compared to $nil million on iron ore concentrate sales of nil dmt at an average realized price of $nil per dmt in Q1 2018
- Net income of $20.7 million compared to a loss of $7.8 million in Q1 2018
- Cash and cash equivalents of $89.0 million at June 30, 2018 (March 31, 2018 - $25.2 million)
- Undrawn balance of US$34.7 million on the USD$180.0 million financing

[1] Refer to "Non-IFRS measure performance" section for a reconciliation of this metric.

OUTLOOK FY2019[2]

Outlook and Guidance Revisions

Following the first quarter results, further work will continue in optimising the mine and plant production.

As and when consistent and optimised production is achieved at the Bloom Lake mine, the Company will, at that point, consider the issue of further guidance.

[2] Fiscal Year (FY) 2019 refers to the period from April 1, 2018 to March 31, 2019.

CORPORATE DEVELOPMENTS

Bloom Lake mine Phase II development

The Champion Iron board of directors has approved a budget to undertake initial work regarding a Bloom Lake mine production expansion. The funds will be invested towards a pre-feasibility study. The expansion would mainly involve the completion of construction work on a processing plant and other supporting infrastructure which was interrupted in November 2012 by the previous owner. The expansion would produce 7,5M tons of high grade 66% Fe concentrate. If approved, construction is expected to resume in 2019-20 with first production expected in 2021. The mine would create over 500 jobs during construction and 200 permanent operational jobs.

EXPLORATION ACTIVITIES

Champion Iron has a 100% interest in the 752 km^2 Fermont property located in the Fermont Iron Ore District of Northeastern Quebec. The Company has also a 63.2% interest in the Bloom Lake property that is currently in operation. With the Bloom Lake mine resuming operations in early 2018, the Company's exploration activities have focused on evaluating the exploration potential of its Bloom Lake property. The Company has also looked at opportunities in proximity to its main asset for future organic growth. Champion Iron also has a 100% interest in the Gullbridge-Powderhorn property in Northern Central Newfoundland. This 63 km^2 property is host of several Copper (Cu) and Zinc (Zn) showings and is at an early exploration stage. The Gullbridge Mine is a past copper producer and is located in the northern part of the property.

2018 Exploration Program

A 3,500 m drilling program was completed in March-April 2018 at Powderhorn to test a major electromagnetic target to the south of the property. Several zinc-rich zones were intersected in most of the drill holes. Following these encouraging results, Champion Iron is planning a 12,000 m drilling program in the second half of 2018. A 3,500 m drilling program in the Fermont Ore District started in June and aims at known iron mineralization at Peppler Lake and Jean Lake. The drilling at Peppler will be used for geometallurgical testing of a magnetite-rich iron formation, while the drilling at Lake Jean will help define the extent of the known orebody and its correlation the geophysical data.

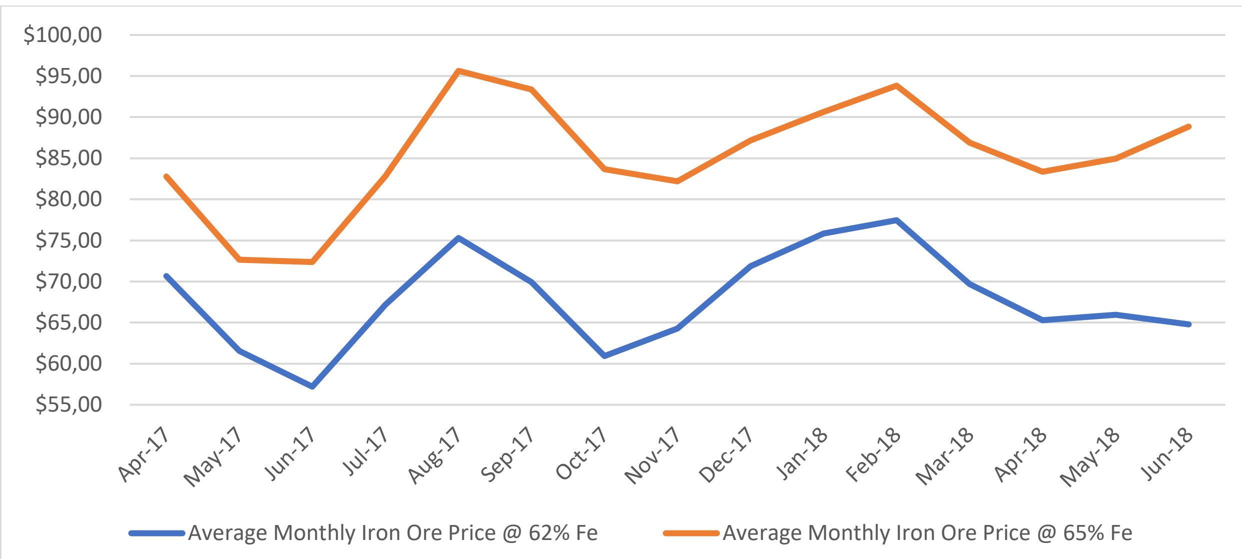
KEY PERFORMANCE DRIVERS

The Company's key internal performance drivers are production volumes and costs which are disclosed in the sections "Operating Results" and "First Quarter 2019 Financial Results". The key external performance drivers are the price of iron ore concentrate, the foreign exchange rates and the sea freight price.

Iron Ore Concentrate price

The price of iron ore concentrate is the most significant external financial factor affecting the Company's profitability and cash flow from operations. Therefore, the financial performance of the Company is expected to be closely linked to the price of iron ore concentrate. The price of iron ore concentrate is subject to volatile fluctuations over short periods of time and is affected by numerous industry and macroeconomic factors.

USD Sales of Iron ore concentrate per DMT (As per Platts index)

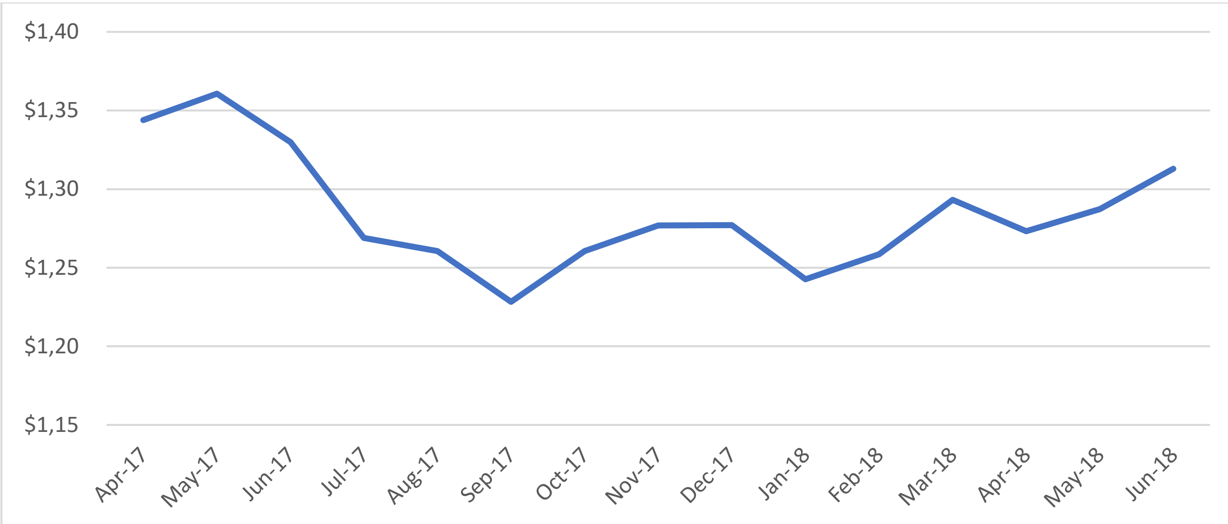


During the first quarter of 2019, the iron ore 65% FE CFR China price traded in a range of US$81.35 to US$91.45 per dmt. The average market price for the quarter was US$85.67 per dmt, a 13.2% increase compared to the average market price of US$75.70 per dmt for the first quarter of 2018. The Company's sales contracts are principally based on the P65 index. The iron ore concentrate price improved in the first quarter of 2019 in response to general growth in global steel output. In addition, realized prices were positively impacted by shortages in the market for high-grade sinter concentrate due to strike at IOC and the stoppage of production at Minas Rio, both major high-grade iron ore concentrate producers. During the first quarter of 2019 and as at June 30, 2018, the Company had no hedging contracts in place and therefore had full exposure to the iron ore concentrate price fluctuations.

Foreign exchange rates

The Company's reporting currency is the Canadian dollars. All sales from the Bloom Lake mine operations, as well as the main credit facilities, are denominated in United States dollars. Consequently, the Company's operating results and cash flows are influenced by changes in the Canadian dollar against the U.S. dollar exchange rate.

Monthly exchange rate – CAD to USD

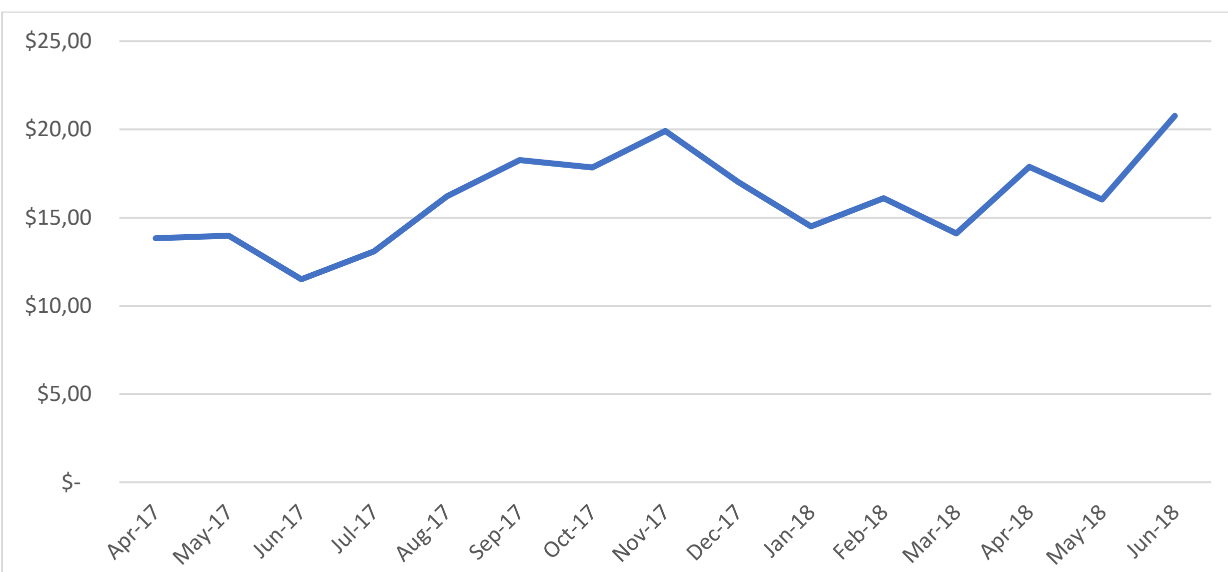


The average Canadian dollar exchange rate decreased by 4% during the first quarter of 2019 compared to the first quarter of 2018. During the first quarter of 2019 and as at June 30, 2018, the Company had no hedging contracts in place and therefore had full exposure to the foreign exchange rate fluctuations.

Sea freight price

The sea freight is an important component of the Company's marketing structure. No index exists based on shipments from Sept-Iles. Actual shipping rates from Sept-Iles to China are higher due to the longer distance of about 14,000 miles compared to 11,000 miles from Brazil to China and due to ice conditions during the winter season.

Monthly sea freight per wmt (Dry bulk index C3 – Brazil to China)



KEY OPERATING AND FINANCIAL STATISTICS

The key operating and financial data for the periods are as follows:

Operating Data		**Q1 2019**	**Q1 2018**
Ore mined	WMT	4,647,874	0
Waste mined	WMT	3,372,870	0
Total mined	WMT	8,020,744	0
Strip ratio	waste:ore	0.7	0
Ore milled	WMT	4,244,040	0
Head grade	%	31.1	0
Recovery	%	77.1	0
Throughput	TPH	2,230	0
Iron ore concentrate produced	WMT	1,542,859	0
Iron ore concentrate sold	DMT	1,740,369	0
Financial Data			
Sales	$	150,740,818	0
Net Income / (Loss)	$	20,748,938	(7,794,332)
Total assets	$	477,513,280	178,539,266
Long Term Debt	$	180,442,360	0
Convertible debentures	$	25,369,080	8,902,596
Average realized price	$/DMT sold	$86.61	0
Total cash costs	$/DMT sold	$56.15	0
Average realized margin[3]	$/DMT sold	$30.46	0

[3] Refer to "Non-IFRS measure performance" section for a reconciliation of this metric.

OPERATING RESULTS

Iron ore concentrate production

The Bloom Lake mine produced 1,542,859 wmt of iron ore concentrate in the first quarter of 2019 compared to nil in the prior year period. Iron ore concentrate production for the first quarter of 2019 reflected the production ramp up following Bloom Lake mine operations restart in Q4 FY18.

Mining

The Company mined a total of 8,020,744 wmt of ore and waste in the first quarter of 2019, compared to nil from the prior year period. Mining rates and stripping ratio of 0.7 for the first quarter were as planned. At the end of the first quarter, raw ore stockpiles decreased to 1.8M tonnes from 2.2M tonnes in the previous quarter. Ore stockpiles are expected to be maintained at a level equivalent to one month of supply which correspond to a range of 1.6M to 2.0M tonnes.

Milling

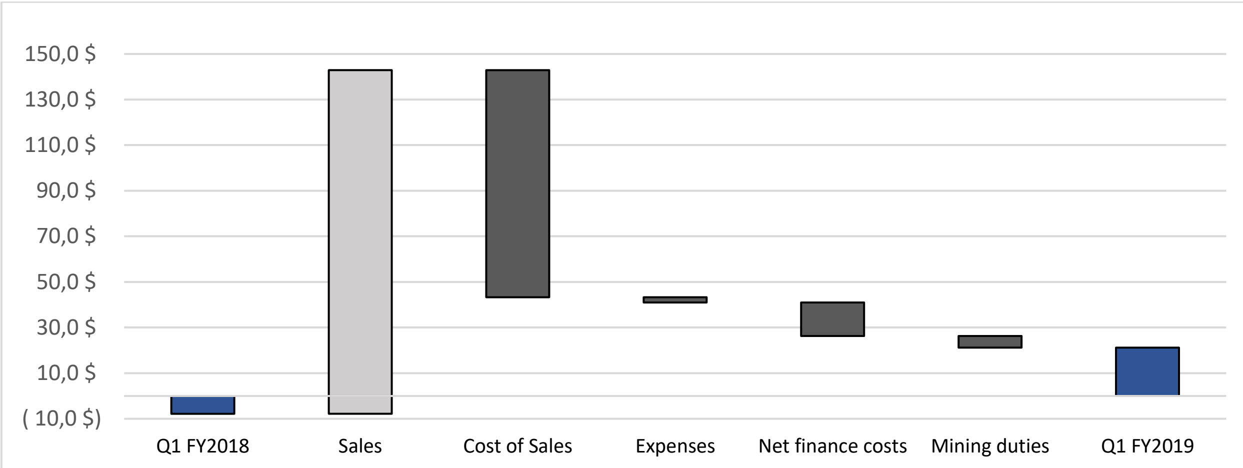
During the first quarter of 2019, the mill processed 4,244,040 wmt of ore, compared to nil in the first quarter of 2018. As planned, the first major shutdown occurred in early April mobilizing over 300 workers to replace crusher's liners, mantle and grinder wear parts. The production ramp-up is progressing as expected and process plant performance indicators reached projected targets.

Operating Data		Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Ore mined	WMT	4,647,874	2,158,651	574,783	0	0
Waste mined	WMT	3,372,870	2,280,737	1,973,341	0	0
Total mined	WMT	8,020,744	4,439,388	2,548,124	0	0
Strip ratio	waste:ore	0.7	1.1	3.4	0	0
Ore milled	WMT	4,244,040	1,754,331	0	0	0
Head grade	%	31.1	29.0	0	0	0
Recovery	%	77.1	76.3	0	0	0
Throughput	TPH	2,230	2,014	0	0	0
Tonnes produced	WMT	1,542,859	623,333	0	0	0
Tonnes sold	DMT	1,740,369	0	0	0	0

FIRST QUARTER 2019 FINANCIAL RESULTS

First Quarter Net Income Variance

In millions of Canadian dollars



Sales

Sales for the first quarter of 2019 were $150.7 million compared to nil in the prior year period, reflecting the Bloom Lake mine restart in February 2018. Iron ore concentrate sales during the first quarter of 2019 amounted to 1,740,369 dmt, compared to nil in the prior year period. The average realized price for the first quarter of 2019 was $86.61 per dmt. The Company's sales contracts are principally based on the P65% index. The average FE grade of 66.2% on sales has resulted in the quarter in a premium of approximately 35% achieved above the benchmark P62% index.

Cost of sales

Cost of sales for the first quarter of 2019 was $100.7 million compared to nil in the first quarter of 2018. This balance is comprised of production costs and depreciation. The increase is attributable to the restart of production and associated sales. Production costs include costs associated with mining, processing and site administration. Production costs during the first quarter of 2019 were $97.7 million compared to nil in the first quarter of 2018. Depreciation during the first quarter of 2019 was at $3.0 million compared to $1.1 million in the first quarter of 2018. The increase is due to capital addition during restart and utilization of assets amortized on a production unit basis. Sustaining capital expenditures in the first quarter of 2019 amounted to $5.9 million (including $2.5 million of deferred stripping) compared to nil in the prior period. Sustaining capital expenditures in the first quarter of 2019 are for mining operations (mainly relating to new service shovels and significant components to the mobile fleet).

Expenses

Expenses for the first quarter of 2019 were $9.3 million compared to $7.0 million in the prior year period. This balance is comprised of general and administration costs, other operating income and restart costs. The increase is mainly due to additional expenses required to support an operating mine site as opposed to an idle operating site in the corresponding period of last year.

Net finance costs

During the first quarter of 2019, the Company recorded net finance costs of $14.5 million compared to $(0.3) million in the prior year period. The increase is mainly attributable to interest on term facilities, change in fair value of derivative liabilities related to financing facilities, unrealized foreign exchange losses and accretion of borrowing costs. During the first quarter of 2019, the Company drew down US$22.5 million on its US$180.0 million credit facilities compared to nil in the prior year period. The draw down was mainly related to the completion of the restart.

Income and mining tax

During the first quarter of 2019, a mining duties tax expense of $5.5 million was recognized (first quarter of 2018 - nil). No corporate tax was recorded since the Company has unrecorded non-capital losses available with which to offset the corporate tax liability.

Net earnings

Net income for the first quarter of 2019 was $20.7 million, or $0.03 per share, compared to a net loss of $7.8 million, or $0.01 per share in the first quarter of 2018. The increase primarily reflects the restart of operations at Bloom Lake.

FINANCIAL POSITION REVIEW

In millions of Canadian dollars	As at June 30, 2018	As at March 31, 2018
Cash and cash equivalents	$71.7	$7.9
Cash and cash equivalents - Restricted	17.3	17.3
Receivables	45.1	25.8
Prepaid and advances	55.3	53.4
Inventories	32.3	48.2
Property, Plant and Equipment	179.5	172.7
Other assets	76.3	76.4
Total assets	**$477.5**	**$401.7**
Trade and other payables	$90.1	$79.5
Long-term debt	180.4	141.2
Convertible debentures	25.4	23.8
Other liabilities	106.7	102.8
Total liabilities	**$402.6**	**$347.3**
Total equity	**$74.9**	**$54.4**

Total assets were $477.5 million at June 30, 2018, an increase of $75.8 million compared to March 31, 2018. The Company's asset base is primarily comprised of cash, receivables, non-current assets, property, plant and equipment, reflecting the capital-intensive nature of mining. The net increase in total assets primarily reflects an increase in cash and cash equivalents and increase in trade receivables.

At June 30, 2018, cash and cash equivalent increase by $63.8 million from $7.9 million to $71.7 million. Refer to section "Liquidity and capital resources" for additional details.

Receivables at June 30, 2018 of $45.1 million primarily included $23.9 million of trade receivables (March 31, 2018 - $0 million) in connection with iron ore concentrate sales contracts. It was also including Quebec and Federal Sales Tax (QST and GST) refunds. At any period end, the Company expects to have one or two months of QST / GST refunds outstanding.

Prepaid and advance expenses are mainly related to railway transport and port handling contracts. No significant change occurred during the last quarter.

Inventories at June 30, 2018 of $32.3 million included $ 9.0 million of stockpiled raw ore (March 31, 2018 - $8.1 million), $17.0 million of iron ore concentrate inventory (March 31, 2018 - $36.4 million), and $6.2 million of materials and supplies (March 31, 2018 - $3.6 million). The decrease is mainly due to sales of material produced in Q4 2018.

Property, plant and equipment increased by net $6.8 million during the first quarter of 2019. Net additions to property, plant and equipment of $9.8 million were mainly attributable to the progress on the boiler project, to the receiving of three new service shovels and to the stripping activity asset. This balance was partially offset by $3.0 million of depreciation expense.

Trade and other payables increased to $90.1 million from $79.5 million, primarily due to the timing of payments. The Company's payables include trade, mining duties and property tax. The Company's derivatives (Refer to section "Liquidity and capital resources" for more details) are included in Other liabilities in the table above. The movement in these balances is due to the change in fair value at period end.

The Company's debt at June 30, 2018 consists of its Credit Facility, of which US$145.3 million was drawn at June 30, 2018. Refer to section "Liquidity and capital resources" for additional details.

The variance in convertible debentures, which consist of financing instruments with Glencore and Altius, is explained by the accretion of debt discount and the interest partially offset by the effect of the extension of the Altius debenture maturity date resulting in a revaluation of derivatives instruments and associated accretion expenses. The derivative instruments are related to the conversion feature of the debentures. Refer to "Liquidity and Capital Resources" for additional details.

Total shareholders' equity was $75.4 million at June 30, 2018, an increase of $21.0 million compared to March 30, 2018, primarily due to net income of $21.2 million for the first quarter of 2019.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly. The Company monitors forecasts of the Company's liquidity in the form of cash and cash equivalents to ensure it has sufficient cash to meet operational needs. Forecasting takes into consideration the Company's debt servicing requirements, covenant compliance and internal liquidity targets. In addition, factors that can impact the Company's liquidity are monitored regularly and include assumptions of iron ore concentrate market prices, foreign exchange rates, production levels, operating costs and capital costs. Contractual obligations and other commitments that could impact the Company's liquidity are detailed in the "Commitments" section of this document.

Liquidity and capital resources

The Company uses a mix of cash, debt and shareholders' equity to maintain an efficient capital structure and ensure adequate liquidity exists to meet the needs of the operations and the Company. As at June 30, 2018, the Company had cash and cash equivalents of $89.0 million compared to $25.2 million at March 31, 2018. The funds are maintained in interest bearing accounts at select Canadian chartered banks.

Long term debt

As at June 30, 2018, the Company credit facility utilization is as follow:

In million of US dollars	**CDP**	**Sprott**	**Total**
Total facilities	$100.0	$80.0	$180.0
Draw down as of June 30, 2018	80.7	64.6	145.3
Undrawn facilities as of June 30, 2018	**$19.3**	**$15.4**	**$34.7**

Sprott provided US$80.0 million by way of a 5-year senior secured loan bearing interest at 7.5% per annum plus the greater of US dollar 3-month LIBOR and 1% per annum. CDP provided US$100 million by way of a 7-year subordinated loan bearing interest at 12% for the first year, and thereafter, at an interest rate linked to the price of iron ore.

In connection with the debt financing, the Company issued: (a) 3,000,000 common share purchase warrants to Sprott, entitling the holder to purchase 3,000,000 ordinary shares of the Company at $1.125 per share until October 16, 2022 and (b) 21,000,000 common share purchase warrants to CDP, entitling the holder to purchase 21 000 000 ordinary shares of the Company at $1.125 per share after October 16, 2018 until October 16, 2024. Ressources Québec ("RQ") will provide compensation commensurate with their 36.8% interest in QIO to the Company for issuing the common share purchase warrants.

The Credit Facility is secured against all assets of the Company and contains covenants customary for a loan facility of this nature, including limits on indebtedness, asset sales and liens. The Company is in compliance with all Credit Facility covenants as at June 30, 2018. The credit facility and associated derivatives instruments are estimated as follow:

In millions of dollars

	CDPQ	Sprott	Total
Draw down	$102.1	$81.6	$183.7
Transactions costs and other	(1.5)	(2.5)	(4.0)
Fair value of warrants	(15.8)	(2.0)	(17.8)
Accretion of debt expense	0.9	0.7	1.6
Interest capitalized	5.6	3.6	9.2
Foreign exchange unrealized	4.3	3.4	7.7
Long term debt	$95.6	$84.8	$180.4

Convertible debentures

As of June 30, 2018, the Company's financing structure includes a non-brokered private placement of $31.2 million unsecured subordinated convertible debenture ("Debenture") to Glencore International AG ("Glencore"). The Debenture is unsecured; bears interest at the rate of 12% for the first year, and thereafter, an interest rate linked to the price of iron ore; convertible into ordinary shares of the Company at a conversion price of $1.125 per ordinary share; mandatory conversion into ordinary shares of the Company at a conversion price of $0.85 per ordinary share upon (a) the occurrence of a mandatory conversion event or (b) Sprott or Caisse, lenders for the debt financing of US$180.0 million, exercising their respective option to require a mandatory conversion.

The financing also includes a $10.0 million unsecured convertible debenture bearing interest at the rate of 8% payable quarterly and matures on December 31, 2018 ("Debenture"). The Debenture is convertible at the option of the holder at any time into ordinary shares of the Company ("Shares") at a conversion price of $1.00 per Share. The maximum number of Shares that may be issued upon conversion of the Debenture is 50,000,000 Shares, with the balance of the unconverted principal amount of the Debenture to be repaid in cash or converted into a proportion of the Royalty at the option of the Company. If the principal amount is not repaid in full on or before June 1, 2019, the holder will have the right to convert the entire outstanding principal amount into a 0.21% gross overriding royalty on Bloom Lake (the "Royalty").

In the current iron ore concentrate price environment, the Company considers its liquidity and capital resources together with the expected cash flows from operations to be sufficient to support the Company's normal operating requirements for the foreseeable future.

Cash flows

Cash flow from operating activities

The Company generated $44.3 million of operating cash flow during the first quarter of 2019 compared to $0.8 million in the prior period. The Company benefited from the restart of the operations at Bloom Lake mine and associated sales.

Cash flow used in financing activities

Net financing cash inflows during the first quarter of 2019 amounted to $28.0 million compared to $9.3 million in the prior year period. The increase in financing activities of $18.7 million primarily relate to debt draw down of US$22.5 million in the first quarter of 2019 compared to nil the prior year period partially offset by bridge financing and Altius debenture proceeds in the first quarter of 2018.

Cash flow used in investing activities

Cash outflows from investing activities amounted to $7.8 million for the first quarter of 2019 compared to $9.7 million in the first quarter of 2018. Cash used in investing activities is primarily for capital expenditures at the Bloom Lake mine. The $1.9 million decrease in spend in the first quarter of 2019 was primarily due to the planned recovery of an advance on transportation and material handling contracts. It also includes sustaining capital of $2.5 million of deferred stripping compared to nil in the prior year period.

In millions of dollars	**For three months ended**	
	June 30, 2018	**June 30, 2017**
Cash flow from operating activities	$44.3	$0.8
Cash flow from financing activities	28.0	9.3
Cash flow used in investing activities	(7.8)	(9.7)
Effect of foreign exchange rate on cash	(0.7)	0.0
Net Increase in cash	$63.8	$0.4
Cash and cash equivalents, beginning of the period	7.9	1.8
Cash and cash equivalents, end of period	$71.7	$2.2
Restricted cash	17.3	0.0
Cash and cash equivalent, end of period	$89.0	$2.2

COMMITMENTS

Financial commitments

As at June 30, 2018, total commitments for the Company are as follow:

In millions of Canadian dollars

Contractual obligations

	Total	**< than 1 year**	**Years 1-3**	**Years 4-5**	**>Year 5**
Purchase obligations	$30.7	$30.7	$0.0	$0.0	$0.0
Rail transport contracts	304.0	57.5	186.5	60.0	0.0
Material handling contracts	89.2	11.7	37.9	24.9	14.7
Office lease and other	2.2	1.0	0.3	0.2	0.7
Total	**$426.1**	**$100.9**	**$224.7**	**$85.1**	**$15.4**

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

In millions of dollars, except per share and tons amounts

	2019		2018				2017	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Iron ore concentrate (000 wmt)								
Produced	1,542.9	623.3	0.0	0.0	0.0	0.0	0.0	0.0
Sold	1,797.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales	$150.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Costs of sales	97.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	3.0	0.9	1.1	1.1	1.1	0.8	0.6	0.5
Total costs of Sales	100.7	0.9	1.1	1.1	1.1	0.8	0.6	0.5
Earning from mine operations	**50.0**	**(0.9)**	**(1.1)**	**(1.1)**	**(1.1)**	**(0.8)**	**(0.6)**	**(0.5)**
Expenses[4]	9.3	20.6	38.5	13.7	7.0	13.3	6.3	5.4
Net Finance costs	14.5	9.4	14.5	(0.3)	(0.3)	(0.3)	0.3	1.8
Mining duties	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	**20.7**	**(30.9)**	**(54.1)**	**(14.5)**	**(7.8)**	**(13.8)**	**(7.2)**	**(7.7)**
Earnings per share								
Basic	0.03	(0.05)	(0.09)	(0.03)	(0.01)	(0.02)	(0.01)	(0.01)
Diluted	0.02	(0.05)	(0.09)	(0.03)	(0.01)	(0.02)	(0.01)	(0.01)

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included certain non-IFRS measures in this document. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Total cash costs

Total cash costs is a common financial performance measure in the iron ore mining industry but with no standard meaning under IFRS. Champion Iron reports total cash costs 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 flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance. Total cash costs include production costs such as mining, processing,

[4] Expenses include General and administration expenses, Restart costs and Other operating income.

and site administration, less depreciation to arrive at total cash costs per dmt sold. Other companies may calculate this measure differently.

All-in sustaining costs (AISC)

The Company believes that AISC more fully defines the total costs associated with producing iron ore concentrate. The Company calculates AISC as the sum of total cash costs (as described above), general and administrative expense and sustaining capital, including deferred stripping, all divided by the iron ore concentrate dmt sold to arrive at a per dmt figure. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital.

Total cash costs and AISC reconciliation

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measures.

		Three months ended	
In million of Canadian dollars, except per dmt figures		**June 30, 2018**	**June 30, 2017**
Iron ore concentrate sold	dmt	1,740,369	0
Cash cost reconciliation			
Cost of sales		$100,681,092	$0
Less: Depreciation		2,952,647	0
Total Cash Cost		97,728,445	0
Total Cash Cost per dmt		$56.15	$0.00
All sustaining costs reconciliation			
Total cash costs		$97,728,445	$0
Depreciation		2,952,647	1,090,482
General and administration expenses[5]		4,765,660	1,600,474
Restart costs		4,497,395	5,412,443
Sustaining capital costs (including stripping act.)		5,918,720	0
Total AISC		115,862,867	8,103,399
Total AISC per dmt		$66.57	n/a

Average realized price and Average realized margin

Average realized price and average realized margin per dmt sold are used by management to better understand the iron ore concentrate price and margin realized throughout a period. Average realized price is calculated as metal sales per the statement of comprehensive earnings. Average realized margin represents average realized price per iron ore concentrate dmt sold less total cash costs per ounce sold.

Three months ended

[5] Net of Other operating income.

In millions of Canadian dollars, except per dmt figures		June 30, 2018	June 30, 2017
Iron ore concentrate sold	dmt	1,740,369	0
Revenue from iron ore concentrate sales		$150,740,818	$0
Average realized price per dmt sold		86.61	0.00
Less: Total cash costs per dmt sold		56.15	0.00
Average realized margin per dmt sold		$30.46	$0.00

ADDITIONAL IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included the additional IFRS measure "Earnings from mine operations" in this document. The Company believes that this measure provides useful information to investors as an indication of the Company's principal business activities before consideration of how those activities are financed, sustaining capital expenditures, corporate administration expense, exploration and evaluation expenses, other operating (income) expenses, finance cost, and taxation.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from these estimates. The critical accounting estimates and judgments applied in preparation of the Company's condensed interim consolidated financial statement for the three months ended June 30, 2018 are consistent with those applied and disclosed in the Company's audited annual consolidated financial statements for the year ended March 31, 2018.

SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Company in these financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended March 31, 2018.

New standards adopted by the Company and changes in accounting policies

Effective April 1, 2018, the Company adopted the following accounting policies:

IFRS 9, Financial Instruments ("IFRS 9")

In July 2014, the International Accounting Standards Board ("IASB") issued IFRS 9, which represents the final version of this standard and completes the IASB's project to replace International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. This standard includes updated guidance on the classification and measurement of financial assets and liabilities. This standard also introduces a new, expected credit loss impairment model that will require more timely recognition of expected credit losses. IFRS 9 also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting. There was no significant impact to the Group's consolidated financial statements as a result of adopting this standard.

IFRS 15, Revenue from contracts with customers ("IFRS 15")

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18, Revenue, IAS 11, Construction Contracts, and several revenue-related interpretations. This standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRS, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Group adopted IFRS 15 on April 1, 2018. As the Group did not have any revenues in the previous financial year, adoption of IFRS 15 had no impact on the opening balances of the Group's consolidated financial statements.

New standards and interpretations not yet adopted

Australian Accounting Standards and International Financial Reporting Standards that have been issued but are not yet effective have not been adopted by the Company for the quarter ended June 30, 2018.

IFRS 16, Leases ("IFRS 16")

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact, the Company is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will become lease contracts under IFRS 16's new definition of a lease;

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices;

- determining which optional accounting simplifications are available and whether to apply them and assessing the additional disclosures that will be required.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework that has been used is the COSO (2013) framework. There was no material change in the Company's internal controls over financial reporting that occurred during the first quarter of 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure controls and procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures as of June 30, 2018, that the Company's disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company are appropriately designed. Since the March 31, 2018 evaluation, there have been no material changes to the Company's disclosure controls and procedures.

Limitations of controls and procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

OUTSTANDING SHARES

Outstanding Share Data at August 7, 2018

Number in millions

Common shares	415.9
Share purchase options and shares from derivative instruments	48.2
Total diluted	**464.1**

TRANSACTION BETWEEN RELATED PARTIES

The Company pays offices lease on behalf of entities controlled by either directors or management members of the Company.

In Canadian dollars	Three months ended June 30, 2018	June 30, 2017
General and administration paid on behalf on other entities	$25,317	$13,635

RISKS AND UNCERTAINTIES

The Company's major risk factors are disclosed in the Annual Information Form (AIF) for the year ended March 31, 2018 filed with the Canadian provincial securities regulatory authorities. The risk factors disclosed should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business. Any of the following risk factors could cause circumstances to differ materially from those described in forward-looking statements relating to the Company, and could have a material adverse effect upon the Company, its business, operations, results of operations, financial condition and future prospects. Although the risk factors disclosed in the AIF are the major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Company. In addition, other risks and uncertainties not presently known by management could impair the Company and its business, operations, results of operations, financial condition and future prospects in the future.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). Forward-looking statements reflect current expectations or beliefs regarding future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "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. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date or dates specified in such statements. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Champion Iron undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

CORPORATE INFORMATION

Directors

Michael O'Keeffe	Executive Chairman and CEO
Michelle Cormier (1) (2)	Corporate director
Andrew J. Love (1) (2)	Corporate director
Gary Lawler (1) (2)	Corporate director
Hon. Wayne Wouters	Corporate director
Jyotish Devina George	Corporate director

Board Committees

(1) Audit committee
(2) Remuneration and nominating committee

Management

Michael O'Keeffe	Executive Chairman and CEO
Miles Nagamatsu	Chief Financial Officer
David Cataford	Chief Operating Officer
Jorge Estepa	Corporate Secretary – Canada
Pradip Devalia	Corporate Secretary - Australia

Auditors

Ernst & Young

Company Information

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