Champion Iron Limited

(ACN: 119 770 142)

Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019

(Expressed in thousands of Canadian dollars - audited)

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

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

Ernst & Young, an independent partnership of Chartered Accountants, has been appointed by the shareholders to audit the consolidated financial statements as at March 31, 2020 and 2019 and for the years then ended and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

/s/ David Cataford

David Cataford Chief Executive Officer

/s/ Natacha Garoute

Natacha Garoute Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Champion Iron Limited

Opinion

We have audited the consolidated financial statements of Champion Iron Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of equity and consolidated statements of cash flow for fiscal years ended March 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for fiscal years ended March 31, 2020 and 2019 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young

Chartered Accountants
Sydney, Australia
May 20, 2020

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Independent Auditor's Report to the Members of Champion Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Champion Iron Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 31 March 2020 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Key Audit Matters

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

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

Revenue from Iron Ore Sales

Why significant	How our audit addressed the key audit matter
The Group recognised revenues of $785 million from the sale of iron ore for the year ended 31 March 2020. The amount of revenue recognised is impacted by the Group's provisional pricing arrangements, where the final sales price is determined based on iron ore prices subsequent to a shipment arriving at the port of discharge. The Group initially recognises sales at the contracted provisional price on the shipment date and re-estimates the consideration to be received using forecast iron ore prices at the end of each reporting period. The impact of iron ore price movements until final settlement is recorded as an adjustment to sales revenue. This was considered to be a key audit matter due to the estimation involved in re-measuring receivables on sales that remain provisional at period-end.	Our audit procedures included the following: ▸ Understood the Group's process relating to the initial recognition of revenue and the re-measurement of receivables; ▸ For a sample of provisional and final sales, agreed volumes, quality and pricing to shipping documentation and invoices and verified cash receipts to bank statements; ▸ For the sample referred to above, confirmed timing of recognition of revenue was appropriate; ▸ Re-performed the measurement of receivables for which final pricing remained outstanding as at 31 March 2020, including assessing the appropriateness of forecast iron ore prices used in forming the estimate; ▸ Confirmed the existence of a sample of receivables outstanding as at 31 March 2020 by agreeing collection to subsequent cash receipt; and ▸ Considered the adequacy of the disclosures included within the financial report.

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Bloom Lake Rehabilitation Provision

Why significant	How our audit addressed the key audit matter
As at 31 March 2020, the consolidated statement of financial position included $42.8m of mine rehabilitation and closure provisions in respect of Bloom Lake. As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the land and area impacted by mining. Rehabilitation activities are governed by a combination of legislative requirements and Group policies. Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as when the rehabilitation will take place, the time period required for the rehabilitation to be effective, the extent and costs of rehabilitation activities, technological and regulatory changes, cost increases and changes in economic assumptions, including an appropriate rate to discount these future costs back to their net present value. This was considered to be a key audit matter due to the significant judgments and assumptions involved in the calculation of these mine rehabilitation and closure provisions.	Our audit procedures included the following: ▸ Understood the Group's process relating to the recognition, review and approval of rehabilitation provisions; ▸ Considered the qualifications, competence and objectivity of the Group's internal experts, who produced the surveys and updated the detailed cost estimates that were prepared by external experts in the prior year; ▸ Tested the mathematical accuracy of the rehabilitation model to support the provision balance; ▸ Considered the reasonability of assumptions used by management in the rehabilitation model, including the discount rate applied; and ▸ Considered the adequacy of the disclosures included within the financial report.

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Existence of Inventory at 31 March 2020

Why significant	How our audit addressed the key audit matter
As at 31 March 2020 the Group held $59.6m in inventory balances. During FY20, the group performed various cycle counts on spare parts. The group also conducted various year-end inventory count procedures on all inventory types including physical count procedures as well as internal and external surveys of in-pit and concentrate stockpiles. As disclosed in Note 2 in the notes to the financial statements, the World Health Organisation declared the COVID-19 outbreak a pandemic in March 2020. The outbreak and the response of Governments in dealing with the pandemic has resulted in travel restrictions being imposed. As a result, we were unable to physically attend the stock counts performed by the group. We were however able to virtually attend inventory counts for spare parts and the survey of ore concentrate located at the port. Given the value of the balance, and significant audit consideration given to performing sufficient alternate audit procedures, we considered this a key audit matter.	Due to the fact we were unable to physically attend the stock , we were required to perform alternate procedures to verify the existence of inventory at year end. Our procedures included the following: ▸ Updated our understanding of the Group's count procedures for its spare parts inventory; ▸ Updated our understanding of the Group's physical inventory management and survey processes related to stockpiles and in-pit inventory, including the methodologies and calculations applied to period end inventory balances by management's internal and external experts; ▸ Considered the qualifications and experience of the Group's internal and external experts used to survey in-pit and concentrate stockpiles; ▸ Virtually attended a sample of stock counts of spare parts held at the mine and the year-end survey of ore concentrate located at the port; ▸ Re-performed calculations based on count and survey results for in-pit inventory as well as ore concentrate; ▸ Reconciled the physical movement in ore and concentrate stockpile volumes and quantities for the year to tonnes produced, tonnes sold and adjustments for survey differences during the year; ▸ Agreed the quantities used in the above reconciliation to the Group's production system information and sales quantities to Group's sales registers; ▸ On a sample basis, agreed sales quantities reported per the Group's sales registers to 3rd party quantity confirmations received at the time of sale, such as bills of lading; and; ▸ Considered the adequacy of the disclosures included within the financial report.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon. We obtained the Chairman's Report, Report on Operations and Directors' Report that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 46 to 68 of the directors' report for the year ended 31 March 2020.

In our opinion, the Remuneration Report of Champion Iron Limited for the year ended 31 March 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

R Fisk

Ryan Fisk
Partner
Sydney, Australia
May 20, 2020

Champion Iron Limited

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars - audited)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Current			
Cash and cash equivalents	3	281,363	135,424
Short-term investments	4	17,291	17,907
Receivables	5	31,249	93,012
Prepaid expenses and advances	6	13,035	24,186
Inventories	7	58,611	44,154
		401,549	314,683
Non-current			
Investments	8	1,546	2,653
Advance payments	9	32,438	38,250
Property, plant and equipment	10	371,540	224,123
Exploration and evaluation assets	11	75,525	81,508
Derivative assets	12	—	10,800
Total assets		882,598	672,017
Liabilities			
Current			
Accounts payable and other	13,17	55,158	44,697
Income and mining taxes payable	26	57,761	34,059
Current portion of long-term debt	16	—	35,852
		112,919	114,608
Non-current			
Property taxes payable	14	—	13,940
Convertible debenture	15	—	12,067
Derivative liability	15	—	43,819
Long-term debt	16	275,968	193,038
Lease liabilities	17	1,902	—
Rehabilitation obligation	18	42,836	36,565
Other long-term liabilities		4,410	4,798
Deferred tax liabilities	26	67,941	37,460
Total liabilities		505,976	456,295
Shareholders' equity			
Share capital	19	431,556	237,969
Contributed surplus		21,100	21,404
Warrants	19	75,336	17,730
Foreign currency translation reserve		381	420
Non-controlling interest	20	—	65,376
Accumulated deficit		(151,751)	(127,177)
Total equity		376,622	215,722
Total liabilities and equity		882,598	672,017
Commitments	31		

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

Approved on May 20, 2020 on behalf of the directors

/s/ Michael O'Keeffe
Director

/s/ Andrew Love
Lead Director

Champion Iron Limited

Consolidated Statements of Income

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

		Year Ended March 31,	
	Notes	**2020**	2019
Revenues	**21**	**785,086**	655,129
Cost of sales	**22**	**(399,368)**	(351,946)
Depreciation		**(22,001)**	(14,551)
Gross profit		**363,717**	288,632
Other expenses			
Share-based payments	**19**	**(2,551)**	(1,808)
General and administrative expenses	**23**	**(21,087)**	(14,039)
Restart costs		**—**	(4,497)
Sustainability and other community expenses	**24**	**(13,540)**	(12,226)
Property taxes adjustment	**14**	**—**	7,559
Operating income		**326,539**	263,621
Net finance costs	**25**	**(85,351)**	(50,010)
Income before income and mining taxes		**241,188**	213,611
Current income and mining taxes	**26**	**(89,657)**	(34,017)
Deferred income and mining taxes	**26**	**(30,481)**	(31,995)
Net income		**121,050**	147,599
Attributable to:			
Champion shareholders		**89,426**	83,046
Non-controlling interest	**20**	**31,624**	64,553
Earnings per share			
Basic	**27**	**0.20**	0.20
Diluted	**27**	**0.19**	0.18
Weighted average number of common shares outstanding			
Basic		**441,620,000**	420,677,000
Diluted		**464,645,000**	449,508,000

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

Champion Iron Limited

Consolidated Statements of Comprehensive Income

(Expressed in thousands of Canadian dollars - audited)

	Note	Year Ended March 31, 2020	2019
Net income		**121,050**	147,599
Item that may be reclassified subsequently to the consolidated statement of income			
Net movement in foreign currency translation reserve		**(39)**	(158)
Comprehensive income		**121,011**	147,441
Attributable to:			
Champion shareholders		**89,387**	82,888
Non-controlling interest	**20**	**31,624**	64,553

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

Champion Iron Limited

Consolidated Statements of Equity

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

		Ordinary Shares		Preferred Shares							
	Notes	Shares[1]	$	Shares	$	Contributed Surplus	Warrants	Foreign Currency Translation	Non-Controlling Interest	Accumulated Deficit	Total
Balance - March 31, 2019		**430,470,000**	**237,969**	**—**	**—**	**21,404**	**17,730**	**420**	**65,376**	**(127,177)**	**215,722**
Net income		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31,624**	**89,426**	**121,050**
Other comprehensive loss		**—**	**—**	**—**	**—**	**—**	**—**	**(39)**	**—**	**—**	**(39)**
Total comprehensive income (loss)		**—**	**—**	**—**	**—**	**—**	**—**	**(39)**	**31,624**	**89,426**	**121,011**
Exercise of stock options	**19**	**2,500,000**	**832**	**—**	**—**	**(335)**	**—**	**—**	**—**	**—**	**497**
Repurchase of RQ investment	**20**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(97,000)**	**(114,000)**	**(211,000)**
Issuance of preferred shares	**19**	**—**	**—**	**185,000,000**	**159,507**	**—**	**—**	**—**	**—**	**—**	**159,507**
Fair value of warrants issued - Glencore	**15,19**	**—**	**—**	**—**	**—**	**—**	**45,362**	**—**	**—**	**—**	**45,362**
Fair value of warrants issued - CDPI	**19**	**—**	**—**	**—**	**—**	**—**	**22,288**	**—**	**—**	**—**	**22,288**
Exercise of warrants	**16,19**	**13,719,000**	**25,478**	**—**	**—**	**—**	**(10,044)**	**—**	**—**	**—**	**15,434**
Exercise of compensation options	**19**	**21,000,000**	**7,770**	**—**	**—**	**(2,520)**	**—**	**—**	**—**	**—**	**5,250**
Share-based payments	**19**	**—**	**—**	**—**	**—**	**2,551**	**—**	**—**	**—**	**—**	**2,551**
Balance - March 31, 2020		**467,689,000**	**272,049**	**185,000,000**	**159,507**	**21,100**	**75,336**	**381**	**—**	**(151,751)**	**376,622**
Balance - March 31, 2018		414,618,000	224,336	—	—	21,204	17,730	578	823	(210,223)	54,448
Net income		—	—	—	—	—	—	—	64,553	83,046	147,599
Other comprehensive loss		—	—	—	—	—	—	(158)	—	—	(158)
Total comprehensive income (loss)		—	—	—	—	—	—	(158)	64,553	83,046	147,441
Exercise of stock options	**19**	5,100,000	2,633	—	—	(608)	—	—	—	—	2,025
Fair value of share rights exercised	**19**	752,000	1,000	—	—	(1,000)	—	—	—	—	—
Exercise of conversion options - Altius	**19**	10,000,000	10,000	—	—	—	—	—	—	—	10,000
Share-based payments	**19**	—	—	—	—	1,808	—	—	—	—	1,808
Balance - March 31, 2019		430,470,000	237,969	—	—	21,404	17,730	420	65,376	(127,177)	215,722

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

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

Champion Iron Limited

Consolidated Statements of Cash Flow

(Expressed in thousands of Canadian dollars - audited)

	Notes	Year Ended March 31, 2020	2019
Cash provided by (used in)			
Operating Activities			
Net income		**121,050**	147,599
Items not affecting cash			
Depreciation	**10,35**	**22,001**	14,551
Share-based payments	**19**	**2,551**	1,808
Loss on debt repayments	**25**	**57,274**	—
Accretion of borrowing costs and debt discount	**25**	**3,211**	3,811
Change in fair value of derivative liability	**25**	**1,543**	19,136
Accretion of the rehabilitation obligation	**25**	**171**	167
Unrealized loss on investments	**25**	**1,107**	1,597
Unrealized foreign exchange loss		**2,487**	3,446
Change in fair value of derivative assets	**12,25**	**(1,907)**	(10,800)
Deferred income and mining taxes	**26**	**30,481**	31,995
Interest		**(19,517)**	17,650
		220,452	230,960
Changes in non-cash operating working capital	**35**	**89,115**	(54,262)
Net cash flows from operating activities		**309,567**	176,698
Financing Activities			
Proceeds of long-term debt	**16**	**267,522**	74,195
Repayment of long-term debt	**16**	**(234,464)**	(7,636)
Repurchase of common shares - RQ	**20**	**(211,000)**	—
Issuance of preferred shares, net of transaction costs	**19**	**181,795**	—
Repayment of convertible debenture	**15**	**(31,980)**	—
Transaction costs on credit facilities	**16**	**(7,322)**	(1,618)
Exercise of warrants	**19**	**15,434**	—
Exercise of compensation options	**19**	**5,250**	—
Payment of lease liabilities	**17**	**(622)**	—
Termination of production payment agreement ("PPA")		**—**	(4,564)
Repayment of capitalized interest - Glencore	**15**	**—**	(4,429)
Exercise of stock options		**497**	2,025
Repayment of note payable		**—**	(37,472)
Net cash flows from financing activities		**(14,890)**	20,501
Investing Activities			
Withdrawal (investment) in short-term investments		**616**	(616)
Purchase of property, plant and equipment	**10,35**	**(152,817)**	(62,942)
Exploration and evaluation assets		**(691)**	(9,372)
Net cash flows from investing activities		**(152,892)**	(72,930)
Net increase in cash and cash equivalents		**141,785**	124,269
Cash and cash equivalents, beginning of year		**135,424**	7,895
Effects of exchange rate changes on cash and cash equivalents		**4,154**	3,260
Cash and cash equivalents, end of year		**281,363**	135,424
Interest paid		**41,405**	13,526
Mining tax paid		**65,949**	—

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

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

1. Nature of Operations

Champion Iron Limited ("Champion" or the "Company") was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA) and Australian Securities Exchange (ASX: CIA). Champion is an iron ore mining company with its key asset, the Bloom Lake Mine, a long-life, large-scale open pit operation located in northern Québec, approximately 300 km north of Sept-Iles and 13 km from the town of Fermont, Québec, Canada. The Company declared commercial production at the Bloom Lake Mine as of June 30, 2018.

The Bloom Lake Mine assets are held through Québec Iron Ore Inc. ("QIO"), a wholly-owned subsidiary of Champion. Ressources Québec ("RQ"), a subsidiary of the governmental agency Investissement Québec, was the owner of a 36.8% interest in QIO until August 16, 2019 when the Company acquired RQ's 36.8% equity interest in QIO. Refer to note 20 - Non-Controlling Interest.

2. Significant Accounting Policies and Future Accounting Changes

A. Basis of preparation

The Company's audited consolidated financial statements are for the group consisting of Champion Iron Limited and its subsidiaries.

These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

The financial report is a general purpose financial report which has been prepared for a for-profit enterprise in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investments and derivative financial instruments which have been measured at fair value.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

B. Statement of compliance

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has consistently applied the accounting policies used in the preparation of its IFRS consolidated financial statements with the exception of those arising from new accounting standards issued and adopted by the Company as described in this note. These consolidated financial statements were approved and authorized for issue by the Board of Directors on May 20, 2020.

C. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Basis of consolidation and functional currency
The consolidated financial statements include the accounts of the Company and its significant subsidiaries listed below:

	Ownership Percentage	Country of Incorporation	Functional Currency
Champion Iron Mines Limited	100.0%	Canada	Canadian dollars
Québec Iron Ore Inc.	100.0%	Canada	Canadian dollars
Lac Bloom Railcars Corporation Inc.	100.0%	Canada	U.S. dollars

The ownership percentage of QIO increased from 63.2% to 100% during the year ended March 31, 2020. Refer to note 20 - Non-Controlling Interest. There have been no changes in ownership percentages from the comparative period for the other significant subsidiaries.

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Non-controlling interest

Non-controlling interest represents the minority shareholder's portion of the profit or loss and net assets of subsidiaries and is presented separately in the consolidated statements of financial position and consolidated statements of income. Losses within a subsidiary are attributable to the non-controlling interests even if that results in a deficit balance.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, and which has been identified as the management team that makes strategic decisions.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank, cash held in trust and short-term deposits with a maturity of less than three months.

Inventories

Inventories of ore and concentrate are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrates in the ordinary course of business based on the prevailing metal prices on the reporting date, less estimated costs to complete production and to bring concentrates to sale. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labour and manufacturing overhead costs, based on normal capacity of the production facilities.

Supplies and spare parts are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses.

Depreciation is calculated on the following basis over the estimated useful lives of property, plant and equipment:

Mining and processing equipment	Straight-line over 2 to 12 years or units-of-production basis over the recoverable reserves
Locomotives, railcars and rails	Straight-line over 23 to 24 years or units-of-production basis over the recoverable reserves
Tailings dykes	Straight-line over 3 years or units-of-production basis over the recoverable reserves
Mining development and stripping asset	Straight-line over 5 years or units-of-production basis over the recoverable reserves
Asset rehabilitation obligation and other	Straight-line over 3 to 24 years or units-of-production basis over the recoverable reserves
Right-of-use assets	Straight-line over 2 to 8 years or units-of-production basis over the recoverable reserves

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Stripping (waste removal) costs
Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a stripping costs, if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable;
b) The component of the ore body for which access will be improved can be accurately identified; and
c) The costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

The stripping ratio varies depending of the stage of the mine life. In the case of the Bloom Lake mine, the life of mine stripping ratio is estimated at 0.5 based on the 43-101 Technical report on the Bloom Lake mine re-start feasibility study (the "Feasibility Study"). All costs related to a stripping ratio over the life of mine ratio are capitalized and all costs related to a stripping ratio lower than the life of mine ratio results in amortization of the stripping activity asset. The capitalized expenses are revalued on a monthly basis. Stripping costs incurred in the pre-production period have also been capitalized using the same methodology. The production start date has been determined by the Company using various relevant criteria as level of capital expenditures incurred compared to original budget, completion of reasonable period of testing, ability to produce concentrate in saleable form and ability to sustain ongoing production of concentrate.

Assets under construction
i) Property, plant and equipment in the course of construction or use for its own purposes
The cost comprises their purchase price and any costs directly attributable to bringing them into working condition for their intended use. Assets under construction are carried at cost less any recognized impairment loss and are not subject to depreciation. Assets under construction are classified to the appropriate category of property, plant and equipment and the depreciation of these assets commences when the assets are ready for their intended use.

ii) Mineral properties under development
Costs incurred subsequent to the establishment of the technical feasibility and commercial viability of the extraction of resources from a particular mineral property. Capitalized costs, including mineral property acquisition costs and certain mine development and construction costs, are not depreciated until the related mining property has reached a level of operating capacity pre-determined by management, often referred to "as commercial production" or expected capacity. The date of transition from construction to commercial production or expected capacity accounting is based on both qualitative and quantitative criteria such as substantial physical project completion, sustained level of mining, sustained level of processing activity, and passage of a reasonable period of time. Upon completion of mine construction activities (based on the determination of commercial production or expected capacity), costs are removed from assets under development and incorporated into the appropriate categories of property, plant and equipment and supplies inventories.

Exploration and evaluation assets
Exploration and evaluation assets, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Mining tax credits earned in respect to costs incurred in Québec are recorded as a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation assets do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets are first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the consolidate statements of income to the extent of any impairment.

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Impairment of non-financial assets
The Company's non-financial assets, such as property, plant and equipment and exploration and evaluation assets are reviewed for an indication of impairment at each reporting date and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized in the consolidated statements of income when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected cash flows of the relevant assets or CGUs). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. However, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Long-term debt
The long-term are initially measured at fair value, net of transactions costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

Convertible debenture - Glencore
The convertible debenture, Glencore consisted of a debt instrument with a derivative liability conversion option. At initial recognition, the Company estimated the fair value of the derivative feature. The fair value of the derivative was reassessed at each reporting date. The equity conversion feature was accounted for as a derivative liability on the Company's consolidated statement of financial position.

Rehabilitation obligation
The Company records a rehabilitation obligation for legal and constructive asset retirement obligations. Rehabilitation obligation is recorded for an amount that represent the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the Company will adjust the amount of the provision which will be the present value of the expenditures expected to be required to settle the obligation, discounted by the number of years between the reporting date and the rehabilitation date.

Share capital and issuance costs
Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Proceeds from issuance of share capital are allocated between shares capital and ordinary share purchase warrants by calculating the fair value of the warrants using the Black-Scholes option pricing model and recording the share capital portion using the residual method as the difference between the fair value of the warrants and the proceeds received. Issuance costs are allocated pro rata between the share capital and warrants and netted against each component.

Foreign currency translation reserve
Exchange differences relating to the translation of the results and net assets of the Company's operations from their functional currency to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve with the exception of those balances that are within the scope of AASB 9 Financial Instruments and IFRS 9 Financial Instruments.

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Foreign currency transactions
Foreign currency transactions are translated into the functional currency of the Company's entities using the exchange rates prevailing at the dates of the transactions or an appropriate average exchange rate. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Functional and presentation currency
Items included in the financial statements of each consolidated entity of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements of entities that have a functional currency different from the Company are translated into Canadian dollars as follows: assets and liabilities are translated at the closing rate at the reporting date, and income and expenses are translated at the average rate during an appropriate year. Equity transactions are translated using the exchange rate at the date of the transaction and all resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Share-based payments
i) Stock option plan
The Company offers a stock option plan for its directors and employees. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

ii) Other equity settled awards
For other equity settled awards, share-based compensation costs are measured at fair value and the awards expected to vest are accrued on a straight-line basis over the vesting period with a corresponding increase in contributed surplus. The grant date fair value of performance share unit ("PSU") awards, restricted share unit ("RSU") awards and deferred share unit ("DSU") awards is determined using the stock price of the Company on the Toronto Stock Exchange at the grant date.

iii) Share-based payment transactions
The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation assets are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Restart costs
Restart costs include all costs related to staff mobilization and training, expenses incurred to return an asset back to historical level and other expenditures that did not increase capacity or life duration and have been expensed.

Government grants
The Company receives certain grants from the government. Those grants are recognized only when there is a reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Those grants are recorded against the expenditure that they are intended to compensate.

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Income tax
Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial assets
i) Initial recognition
Financial assets are either classified and measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income.

In order for financial assets to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that represent solely payments of principal and interest ("SPPI") on the principal amount outstanding.

ii) Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statements of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Financial assets *(continued)*
iii) Financial assets at fair vale through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotation period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognized in the consolidated statements of income.

iv) Financial assets at amortized cost
Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is recognized as part of finance income in the statement of income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

v) Impairment of financial assets
The Company recognizes an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Financial assets (continued)

v) Impairment of financial assets (continued)

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of income.

iii) Derecognition

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

2. Significant Accounting Policies and Future Accounting Changes (continued)

C. Significant accounting policies and future accounting changes (continued)

Lease

i) Policies applicable starting April 1,2019 following adoption of IFRS 16, Leases

Leases are recognized as a right-of-use asset in property, plant and equipment and a corresponding liability in lease liabilities at the date at which the leased asset is available for use by the Company.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the Company; and
- restoration costs.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation. The right-of use asset is depreciated either over the shorter of the asset's useful life and the lease term on a straight-line basis or the units-of-production basis over the recoverable reserves. Right-of-use assets are subject to impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the Company's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable in which case the latter is used.

Each lease payment is allocated between the repayment of the principal portion of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Payments associated with short-term leases, leases of low value assets and certain variable lease payments are recognized on a straight-line basis as an expense in profit or loss.

ii) Policies applicable prior to April 1,2019 when the Company followed IAS 17, Leases ("IAS 17") and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4")

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized as property, plant and equipment at the lower of the fair value and the present value of minimum lease payments at inception of the lease. A corresponding liability is recorded as a finance lease obligation. All other leases are classified as operating leases. Operating lease payments are recognized as an operating cost in profit or loss on a straight-line basis over the lease term.

Borrowing Costs

Borrowing costs attributable to the acquisition, development or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use. Interests on long-term debt are capitalized in assets under construction until substantially all the activities necessary to prepare the asset for its intended use are complete. Otherwise, borrowing costs are expensed as incurred in profit or loss.

2. Significant Accounting Policies and Future Accounting Changes (continued)

D. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Uncertainty due to COVID-19
In March 2020, the World Health Organization declared a global pandemic related to COVID-19. To date there have been significant stock market declines and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods has become restricted. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19.

On March 24, 2020, the Company announced the ramp down of operations at Bloom Lake, following a directive from the Québec Government, which required mining activities to be reduced to a minimum in the province of Québec, Canada. On April 23, 2020, the Company announced it will gradually ramp up operations at Bloom Lake following a subsequent announcement from the Government that effective April 15, 2020, mining activities were to be considered a "priority service" and allowed to resume normal operations, conditional on the implementation of guidelines aiming to contain the risks related to the COVID-19 pandemic.

In the current environment, the inputs and assumptions and judgments are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends but is not limited to the Company's valuation of the long-term assets (including the assessment for impairment), estimation of reclamation provisions and estimation of mineral reserves and mineral resources. While the Company has considered the impact of COVID-19 on these financial accounts, actual results may differ materially from these estimates.

Estimates of mineral reserves and resources
The amounts used in units of production depreciation, impairment indicators analysis and stripping costs are based on estimates of mineral reserves and resources. Reserve and resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its reserve and resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices. Refer to note 10 - Property, Plant and Equipment.

Impairment of exploration and evaluation assets
Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which the Company has the right to explore in a specific area, actual and planned expenditures, and results of exploration. Management judgment is also applied in determining whether an economically-viable operation can be established, significant negative industry or economic trends, cash generating units, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest. Refer to note 11 - Exploration and Evaluation Assets.

Estimate of rehabilitation obligation
The rehabilitation obligation is based on the best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The best estimate of the expenditure required to settle the present obligation is the amount that the company would rationally pay to settle obligation at the end of the reporting period or to transfer it to a third party. The rehabilitation obligation has been determined based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the time. Furthermore, the timing of rehabilitation is likely to depend on when the Bloom Lake ceases to produce at economically viable rates. This, in turn, will depend upon future iron ore prices, which are inherently uncertain. Refer to note 18 - Rehabilitation Obligation.

2. Significant Accounting Policies and Future Accounting Changes (continued)

D. Significant accounting judgments, estimates and assumptions (continued)

Share-based payments
The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation may vary from the amounts estimated. Refer to note 19 - Share Capital and Reserves.

Revenue recognition
The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon shipment. Thus, the performance obligation is satisfied at a point in time. At that time, Company has transferred the significant risks and rewards relating to the customer, the legal title and the Company has physically transferred the concentrate.

Revenue is recognized, at fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, net of sale taxes.

For all the sales contracts, the sales price is determined provisionally at the date of sale, with the final pricing determined at a mutually agreed date (generally between 2 to 3 months from the date of the sale), at a quoted market price at that time. This provisional pricing arrangement fails the SPPI and the receivable is recorded at fair value based on the forward iron concentrate prices for the relevant contract period. All subsequent mark-to-market adjustments are recorded in sales revenue up to the date of final settlement.

Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues. As at March 31, 2020, there was US$62,099,000 (March 31, 2019: US$81,472,000) in revenues that were awaiting final pricing.

Valuation of deferred income tax assets
To determine the extent to which deferred income tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Such estimates are made as part of the budget on an undiscounted basis and are reviewed on a quarterly basis. Management exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering factors such as the number of years to include in the forecast period. Refer to note 26 - Income and Mining Taxes.

Valuation of lease liabilities and right-of-use assets
The application of IFRS 16, Leases, requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include determining contracts in scope of IFRS 16, determining the contract term, determining the interest rate used for discounting future cash flows and separating components of a contract. The lease term determined by the Company generally comprises a non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets. The separation of components of a contract requires estimates and judgments for allocating the consideration in the contract to each lease component and non-lease component.

E. New accounting standards issued and adopted by the Company

New standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standards.

IFRS 16, Leases ("IFRS 16")
In January 2016, the IASB released IFRS 16, Leases, to replace the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements.

IFRS 16 was adopted on April 1, 2019, and the Company elected to use the modified retrospective approach, whereby the comparative periods were not restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

2. Significant Accounting Policies and Future Accounting Changes (continued)

E. New accounting standards issued and adopted by the Company (continued)

IFRS 16, Leases ("IFRS 16") (continued)
The Company applied the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application and did not reassess contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. In addition, the Company elected to apply recognition exemptions available in the standard for lease contracts where the lease term ends within 12 months of the date of initial application or lease commencement date and that do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

Where the Company is a lessee, IFRS 16 results in the on-balance sheet recognition of its leases that are considered operating leases under IAS 17. This results in the gross-up of the balance sheet through the recognition of a right-of-use asset and a liability for the present value of the future lease payments. Depreciation expense on the right-of-use asset and interest expense on the lease liability replace the operating lease expense. The impact of adopting this standard on the cash flow statement is neutral, however the principal repayment of the lease liabilities will be presented in financing activities under IFRS 16, whereas previously it was presented in operating activities.

The adoption of IFRS 16 resulted in the recognition of right-of-use assets (within property, plant and equipment) and lease liabilities for operating leases in the amount of $1,291,000 as at April 1, 2019. The weighted average incremental borrowing rate applied to lease liabilities recognized at the date of initial application was 4.8%.

The undiscounted commitments of the Company as of March 31, 2019 amounted to $398,352,000, as presented in the annual consolidated financial statements and notes thereto included for the fiscal year ended March 31, 2019. The difference is primarily due to the commitments of the Company being composed of take-or-pay logistic contracts or the commitment related to the Impact and Benefit Agreement, which do not qualify as a lease under IFRS 16.

IFRIC 23, Income taxes ("IFRIC 23")
In June 2017, the IASB released IFRIC 23, Uncertainty Over Income Tax Treatments. IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. IFRIC 23 was adopted effective April 1, 2019 and did not result in any adjustment.

IAS 23, Borrowing costs ("IAS 23")
On April 1, 2019, the Company adopted the amendments to IAS 23, which clarify which borrowing costs are eligible for capitalization in particular circumstances and concluded that there is no impact on its financial statements upon its adoption.

F. New accounting standards issued but not yet in effect

International Financial Reporting Standards that have been issued but are not yet effective have not been adopted by the Company for the year ended March 31, 2020.

IFRS 3, Business combinations ("IFRS 3")
Amendments to IFRS 3, clarify the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and other. The amendments also introduce an optional "concentration test" that can lead to a conclusion that the acquisition is not a business combination. IFRS 3 is applicable for the Company on April 1, 2020. The Company does not expect any impact in its financial statements upon the amendments of IFRS 3.

IAS 1, Presentation of financial statements ("IAS 1"), and IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8")
Definition of Material (Amendments to IAS 1 and to IAS 8) is intended to make the definition of material in IAS 1 easier to understand and is not intended to alter the underlying concept of materiality in IFRS Standards. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence". The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. IAS 1 and IAS 8 are applicable for the Company on April 1, 2020. The Company does not expect any impact in its financial statements upon the amendments of IAS 1 and IAS 8.

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

3. Cash and Cash Equivalents

As at March 31, 2020, cash and cash equivalents totalling $281,363,000 (March 31, 2019: $135,424,000) consisted of cash in bank chequing accounts. As at March 31, 2020, the Company's cash balance is comprised of $129,644,000 U.S. dollars ($183,926,000), $379,000 Australian dollars ($329,000), and $97,108,000 Canadian dollars.

4. Short-Term Investments

	As at March 31, 2020	As at March 31, 2019
Pledged as security for letters of credit to third parties	**16,941**	16,941
Pledged as security for credit card obligations	**350**	350
Unpledged short-term investments	**—**	616
	17,291	17,907

Short-term investments are pledged as security in accordance with third party agreements. Maturity date of those agreements are less than 12 months, with a renewal option.

5. Receivables

	As at March 31, 2020	As at March 31, 2019
Trade receivables	**15,944**	79,464
Sales tax	**12,958**	12,705
Other receivables	**2,347**	843
	31,249	93,012

For the year ended March 31, 2020, no specific provision was recorded on any of the Company's receivables (March 31, 2019: nil). Receivables are generally settled within six months and are therefore, collectable. As at March 31, 2020, the trade receivables, subject to provisional pricing, amounts to a payable balance of $10,879,000 (March 31, 2019: receivable balance of $29,475,000). The Company has no receivables past due as at March 31, 2020 (March 31, 2019: nil) and holds no collateral for any receivable amounts outstanding as at March 31, 2020 (March 31, 2019: nil).

6. Prepaid Expenses and Advances

	As at March 31, 2020	As at March 31, 2019
Rail transportation	**150**	9,245
Port	**2,007**	1,943
Logistic	**5,163**	10,714
Other	**5,715**	2,284
	13,035	24,186

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

7. Inventories

	As at March 31, 2020	As at March 31, 2019
Stockpiled ore	**13,630**	14,572
Concentrate inventories	**16,560**	10,196
Supplies and spare parts	**28,421**	19,386
	58,611	44,154

The amount of inventories recognized as an expense totalled $421,369,000 for the year ended March 31, 2020 ($366,497,000 for the year ended March 31, 2019). For the year ended March 31, 2020, no specific provision was recorded on any of the Company's inventories (March 31, 2019: nil).

8. Investments

	As at March 31, 2020	As at March 31, 2019
Investments in Listed Common Shares		
Fancamp Exploration Ltd.	**880**	1,980
Other	**666**	673
	1,546	2,653

Investments in listed common shares are classified as financial assets at fair value through profit or loss. For the year ended March 31, 2020, the net decrease in the fair value of investments in common shares of $1,107,000 (net decrease for the year ended March 31, 2019 – $1,597,000) has been recorded as an unrealized loss on investments in the net finance costs of the consolidated statements of income. Refer to note 25 - Net Finance Costs.

9. Advance Payments

	As at March 31, 2020	As at March 31, 2019
Port	**19,825**	21,842
Railway and port facilities	**5,600**	4,610
Deposit related to rehabilitation obligation	**—**	6,000
Investment in railway and port facilities partnership	**1,000**	1,000
Other long-term advance	**6,013**	4,798
	32,438	38,250

9. Advance Payments (continued)

Port

On July 13, 2012, the Company signed an agreement with the Sept-Îles Port Authority ("Port") to reserve annual loading capacity of 10 million metric tonnes of iron ore for an initial term of 20 years with options to renew for 4 additional 5-year terms. Pursuant to the Agreement, the Company made an advance payment of $25,581,000 and take-or-pay payments as an advance on its future shipping, wharfage and equipment fees. In 2018, the Company started to recognize loading costs as per the contract with the Port, the current portion of the advance is presented under Prepaid Expenses and Advances (note 6) and associated credit is now deducted from the advance on a monthly basis based on the agreed rate per tonne.

Railway and port facilities

On October 12, 2017, the Company entered into a railway and stockyard facilities access agreement with Société Ferroviaire et Portuaire de Pointe-Noire ("SFPPN") for the transportation, unloading, stockpiling and loading of iron ore concentrate from Sept-Iles to Pointe-Noire, Québec. In connection with the agreement, the Company makes annual advance payments of $3,750,000 to SFPPN to guarantee access to the yard. During the year ended March 31, 2019, the Company made additional advance to SFPPN to support its working capital needs of approximately $800,000. No additional advance has been done for the year ended March 31, 2020.

Deposit related to rehabilitation obligation

In accordance with the agreement with the Québec government, the Company deposited $6,000,000 to the Ministry of Finance during the year ended March 31, 2019. The deposit was reimbursed to the Company during the year ended March 31, 2020 following the reclamation bond subscription by the Company.

Other long-term advance

The other long-term advance relates to amounts paid to SFPPN annually and recoverable from under the guarantee access agreement if certain conditions are met.

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

10. Property, Plant and Equipment

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dykes	Assets under Construction[1]	Mining Development and Stripping Asset[2]	Asset Rehabilitation Obligation and Other[3]	Subtotal	Right-of-use assets	Total
Cost									
March 31, 2019	**116,573**	**47,766**	**18,005**	**24,700**	**19,864**	**16,640**	**243,548**	**—**	**243,548**
Adoption of IFRS 16[4]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,291**	**1,291**
Additions	**1,352**	**—**	**—**	**128,450**	**21,241**	**16,522**	**167,565**	**2,221**	**169,786**
Transfers and disposals	**32,530**	**(6,823)**	**55,191**	**(87,762)**	**—**	**(8)**	**(6,872)**	**6,823**	**(49)**
Foreign exchange	**—**	**2,478**	**—**	**—**	**—**	**—**	**2,478**	**—**	**2,478**
March 31, 2020	**150,455**	**43,421**	**73,196**	**65,388**	**41,105**	**33,154**	**406,719**	**10,335**	**417,054**
Accumulated depreciation									
March 31, 2019	**12,912**	**3,818**	**498**	**—**	**447**	**1,750**	**19,425**	**—**	**19,425**
Depreciation	**17,192**	**1,772**	**3,485**	**—**	**424**	**1,804**	**24,677**	**1,094**	**25,771**
Transfers and disposals	**(17)**	**(158)**	**—**	**—**	**—**	**—**	**(175)**	**158**	**(17)**
Foreign exchange	**—**	**335**	**—**	**—**	**—**	**—**	**335**	**—**	**335**
March 31, 2020	**30,087**	**5,767**	**3,983**	**—**	**871**	**3,554**	**44,262**	**1,252**	**45,514**
Net book value - March 31, 2020	**120,368**	**37,654**	**69,213**	**65,388**	**40,234**	**29,600**	**362,457**	**9,083**	**371,540**

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dykes	Assets under Construction	Mining Development and Stripping Asset[2]	Asset Rehabilitation Obligation and Other[3]	Subtotal	Right-of-use assets	Total
Cost									
March 31, 2018	23,766	39,532	3,000	107,894	—	5,412	179,604	—	179,604
Additions	6,552	6,823	14,941	21,795	11,740	1,291	63,142	—	63,142
Transfers and disposals	86,255	—	64	(104,989)	8,124	9,942	(604)	—	(604)
Foreign exchange	—	1,411	—	—	—	(5)	1,406	—	1,406
March 31, 2019	116,573	47,766	18,005	24,700	19,864	16,640	243,548	—	243,548
Accumulated depreciation									
March 31, 2018	4,576	1,818	13	—	—	478	6,885	—	6,885
Depreciation	8,837	2,194	485	—	447	1,380	13,343	—	13,343
Transfers and disposals	(501)	—	—	—	—	(101)	(602)	—	(602)
Foreign exchange	—	(194)	—	—	—	(7)	(201)	—	(201)
March 31, 2019	12,912	3,818	498	—	447	1,750	19,425	—	19,425
Net book value - March 31, 2019	103,661	43,948	17,507	24,700	19,417	14,890	224,123	—	224,123

1 During the development period of the Bloom Lake Phase II expansion project, the amount of borrowing costs capitalized for the year ended March 31, 2020 was $1,405,000 (March 31, 2019: nil). Borrowing costs consisted of interest expense on the long-term debt (note 16). The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the year ended March 31, 2020 was 5.9% (March 31, 2019: nil).

2 The addition to the stripping asset includes production expenses capitalized and allocated depreciation of property, plant and equipment amounting to $10,700,000 and $1,431,000, respectively (March 31, 2019: $10,859,000 and $200,000, respectively).

3 Includes software with a cost and accumulated depreciation of $4,136,000 and $1,635,000, respectively, as at March 31, 2020 ($2,192,000 and $720,000, respectively, as at March 31, 2019).

4 Represents the initial recognition of right-of-use assets as at April 1, 2019 following the adoption of IFRS 16. Refer to note 2 - Significant Account Policies and Future Account Changes.

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

10. Property, Plant and Equipment (continued)

Right-of-use assets consist of the following:

	Building	Mining and Processing Equipment	Locomotives, Railcars and Rails	Total
March 31, 2019	—	—	—	—
Right-of-use assets as per IFRS 16 as at April 1, 2019	1,019	272	—	1,291
Additions	800	1,421	—	2,221
Transfers	—	—	6,665	6,665
Depreciation	(179)	(579)	(336)	(1,094)
March 31, 2020	**1,640**	**1,114**	**6,329**	**9,083**

Refer to note 17 - Lease Liabilities.

11. Exploration and Evaluation Assets

	Labrador Trough	Newfoundland	Total
March 31, 2019	79,293	2,215	81,508
Additions	468	223	691
Transfers to property, plant and equipment	(6,674)	—	(6,674)
March 31, 2020	**73,087**	**2,438**	**75,525**

	Labrador Trough	Newfoundland	Total
March 31, 2018	71,868	269	72,137
Additions	7,425	1,946	9,371
March 31, 2019	79,293	2,215	81,508

Exploration and evaluation assets mainly comprise mining rights and exploration and evaluation expenditures which typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies.

12. Derivative Assets

	Notes	As at March 31, 2020	As at March 31, 2019
Prepayment option - Sprott Private Resource Lending (Collector), LP ("Sprott")	16	—	5,879
Variable interest - CDP Investissements Inc. ("CDPI")	16	—	3,904
Variable interest - Glencore International AG ("Glencore")	15	—	1,017
		—	10,800

These derivatives were extinguished due to the repayments of the previously issued debt facilities and the unsecured subordinated convertible debenture ("Debenture") on August 16, 2019. As a result, a write-off of $12,707,000 has been recognized in the year ended March 31, 2020 following a change in the fair value of the derivative assets by $1,907,000 for the same period. Refer to note 25 - Net Finance Costs. As at June 30, 2019, the value of the Sprott, CDPI and Glencore derivative assets were $5,768,000, $5,603,000 and $1,336,000, respectively, for a total balance of $12,707,000.

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

13. Accounts Payable and Other

	Notes	As at March 31, 2020	As at March 31, 2019
Trade payable and accrued liabilities		**44,491**	37,478
Wages and benefits		**9,679**	7,219
Current portion of lease liabilities	**17**	**988**	—
		55,158	44,697

14. Property Taxes Payable

The property taxes payable relates to the real estate taxes of the municipality of Fermont, Québec. Following the acquisition of the Bloom Lake property, the Company received a revised assessment confirming a lower taxable value which resulted in a provision decrease amounting to $7,559,000 for the year ended March 31, 2019.

As at March 31, 2019, property taxes payable of $13,940,000, which bore interest rate of 12%, included property taxes of $8,956,000, accrued interest of $1,918,000 and property transfer duties of $3,066,000. The Company fully repaid the property taxes balance during the year ended March 31, 2020.

15. Convertible Debenture

	As at March 31, 2020		As at March 31, 2019	
	Convertible Debenture	**Conversion Option**	**Convertible Debenture**	**Conversion Option**
Opening balance	**12,067**	**43,819**	14,016	24,683
Capital repayment	**(31,200)**	**—**	—	—
Change in fair value	**—**	**1,543**	—	19,136
Accretion of debt discount	**296**	**—**	(215)	—
Capitalized interest	**—**	**—**	2,695	—
Payment of capitalized interest	**—**	**—**	(4,429)	—
Non-cash loss on repayment of debt[1]	**18,837**	**—**	—	—
Write-off of conversion option	**—**	**(45,362)**	—	—
Ending balance	**—**	**—**	12,067	43,819

On August 16, 2019, the Company fully repaid the $31,200,000 Debenture with Glencore and the conversion option granting Glencore the right to convert into the ordinary shares of the Company was extinguished. Prepayment penalty fees of $780,000 were also paid for the repayment of the Debenture, resulting in a total repayment of $31,980,000. Refer to note 25 - Net Finance Costs.

The repayment did not affect the off-take agreement with Glencore.

1 The non-cash loss on repayment of debt represents a non-cash expense to eliminate the unamortized borrowing costs and debt discount. Refer to note 25 - Net Finance Costs.

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

15. Convertible Debenture (continued)

Derivative

In connection with the Debenture, a prepayment option derivative asset existed in respect with the option to prepay the debt with Glencore. The fair value of the prepayment option derivative asset was calculated to be nil (March 31, 2019: nil). Upon repayment of the Debenture, the derivative asset was extinguished.

In addition, a variable interest derivative asset existed in respect of variable interest based on price of iron ore. Its fair value was calculated to be $1,336,000 as at June 30, 2019, an increase from its fair value of $1,017,000 as at March 31, 2019. Upon repayment of the Debenture, the derivative asset was extinguished. Refer to note 12 - Derivative Assets.

Finally, a conversion option derivative liability existed in respect to the option of Glencore to convert the Debenture into ordinary shares of the Company. The equity conversion feature was accounted for as a derivative liability on the consolidated statements of financial position. The fair value of the conversion option derivative liability was calculated using the Black-Scholes option pricing model and totalled $43,819,000 as at March 31, 2019. Its fair value was subsequently increased by $1,543,000, reaching $45,362,000 immediately before the repayment of the Debenture on August 16, 2019. As a result, the derivative liability was extinguished.

Warrants

Because the Company elected to prepay the Debenture and the Debenture was not converted into ordinary shares of the Company by Glencore prior to repayment on August 16, 2019, the Company granted 27,733,000 ordinary share purchase warrants to Glencore, entitling the holder to purchase 27,733,000 ordinary shares of the Company for $1.125 until October 13, 2025.

The ordinary share warrants were accounted for as warrants in the consolidated statements of equity.

The fair value of the ordinary share purchase warrants estimated at $45,362,000 was calculated using the Black-Scholes option pricing model with the following assumptions:

	Assumptions
Purchase warrants granted	**27,733,000**
Exercise price	**$1.125**
Share price	**$2.06**
Risk-free interest rate	**1.16%**
Expected volatility based on historical volatility	**84%**
Valuation date	**August 16, 2019**
Expected life of purchase warrants	**6.2 years**
Expected dividend yield	**0%**
Forfeiture rate	**0%**
Fair value	**$45,362,000**

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

16. Long-Term Debt

	Sprott	CDPI	Credit Facilities	As at March 31, 2020	As at March 31, 2019
Opening balance	**97,986**	**130,904**	**—**	**228,890**	141,225
Advances	**—**	**—**	**267,522**	**267,522**	74,195
Capital repayment	**(98,596)**	**(132,860)**	**—**	**(231,456)**	(7,636)
Capitalized interest	**—**	**—**	**—**	**—**	15,147
Payment of capitalized interest	**(5,574)**	**(13,943)**	**—**	**(19,517)**	(432)
Transaction costs	**—**	**—**	**(8,985)**	**(8,985)**	(1,618)
Accretion	**927**	**775**	**1,213**	**2,915**	(619)
Unrealized foreign exchange	**(709)**	**(852)**	**16,218**	**14,657**	8,628
Non-cash loss on repayment of debt[1]	**5,966**	**15,976**	**—**	**21,942**	—
	—	**—**	**275,968**	**275,968**	228,890
Less current portion	**—**	**—**	**—**	**—**	(35,852)
Ending balance	**—**	**—**	**275,968**	**275,968**	193,038

On August 16, 2019, QIO entered into a US$200,000,000 lending arrangement with Bank of Nova Scotia and Société Générale as joint-lead arrangers as well as various lenders. Transaction costs of $8,985,000 were incurred for this transaction, for which $1,663,000 were paid during the previous year, resulting in a net cash payment of $7,322,000 for the year ended March 31, 2020.

The proceeds of the lending arrangement were primarily used to fully repay previously issued debt facilities held by QIO. Prepayment penalty fees of $3,008,000 were also paid for the repayment of the Sprott facility, resulting in a total repayment of $234,464,000. Refer to note 25 - Net Finance Costs.

The terms of the lending arrangement are as follows:

Amount:	US$ 180,000,000 single draw non-revolving credit facility (the "Term Facility") US$ 20,000,000 revolving credit facility (the "Revolving Facility") (collectively the "Credit Facilities")
Maturity:	Term Facility: August 16, 2024 Revolving Facility: August 16, 2022
Interest:	The Credit Facilities are subject to interest based on LIBOR and a financial margin that fluctuates from 2.85% to 3.75% depending on whether the net debt to EBIDTA ratio is below 1.0 or greater than 2.5. As at March 31, 2020, the interest rate was 4.8%, which represented the LIBOR rate + 2.85%.
Repayment:	Term Facility - commencing on June 30, 2021, and quarterly thereafter, 1/12th of the principal balance outstanding.
Covenants:	The Credit Facilities are subject to operational and financial covenants, all of which have been met as at March 31, 2020.
Collateral:	All of the present and future undertakings, properties and assets of QIO and Lac Bloom Railcars Corporation Inc. The Company guaranteed all the obligations of QIO and Lac Bloom Railcars Corporation Inc. and pledged all of the shares it holds in QIO and Lac Bloom Railcars Corporation Inc.

The US$20,000,000 Revolving Facility was fully drawn on March 31, 2020.

Derivatives

A prepayment option derivative asset existed in respect with the option to prepay the debt with Sprott. The fair value of the prepayment option derivative asset was calculated to be $5,768,000 as at June 30, 2019, a decrease from its fair value of $5,879,000 as at March 31, 2019. This derivative asset was extinguished upon the repayment of previously issued debt facilities on August 16, 2019. Refer to note 12 - Derivative Assets.

In addition, a variable interest derivative asset existed on the debt with CDPI in respect of variable interest based on price of iron ore. Its fair value was calculated to be $5,603,000 as at June 30, 2019, an increase from its fair value of $3,904,000 as at March 31, 2019. This derivative asset was extinguished upon the repayment of previously issued debt facilities on August 16, 2019. Refer to note 12 - Derivative Assets.

1 The non-cash loss on repayment of debt represents a non-cash expense to eliminate the unamortized borrowing costs and debt discount. Refer to note 25 - Net Finance Costs.

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

16. Long-Term Debt (continued)

Warrants

In connection with the debt with Sprott and CDPI, the Company issued: (a) 3,000,000 ordinary share purchase warrants to Sprott, entitling the holder to purchase 3,000,000 ordinary shares of the Company for $1.125 until October 16, 2022 and (b) 21,000,000 ordinary share purchase warrants to CDPI, entitling the holder to purchase 21,000,000 ordinary shares of the Company for $1.125 after October 16, 2018 until October 16, 2024. During the year ended March 31, 2020, Sprott and CDPI exercised their right to purchase 2,719,000 and 11,000,000 ordinary shares, respectively, at $1.125 per share for total proceeds of $3,059,000 and $12,375,000, respectively. As at March 31, 2020, Sprott and CDPI still own 281,000 and 10,000,000 ordinary share purchase warrants, respectively.

The fair value of the ordinary share purchase warrants was initially calculated using the Black-Scholes option pricing model. The fair values initially attributed to Sprott and CDPI warrants were respectively $1,980,000 and $15,750,000 at issuance. As at March 31, 2020, the fair value attributed to the remaining 281,000 Sprott warrants and 10,000,000 CDPI warrants were $186,000 and $7,500,000, respectively. The ordinary share warrants were accounted for as warrants in the consolidated statements of equity.

17. Lease Liabilities

	Notes	As at March 31, 2020	As at March 31, 2019
Opening balance		**—**	—
Lease liabilities as per IFRS 16 as at April 1, 2019	**2**	**1,291**	—
New lease liabilities		**2,221**	—
Payments		**(622)**	—
		2,890	—
Less current portion classified in "accounts payable and other"	**13**	**(988)**	—
Ending balance		**1,902**	—

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of 4.8%.

The expense related to short term leases, low value leases and variable leases were $1,302,000, $472,000 and $3,043,000, respectively, for the year ended March 31, 2020 (March 31, 2019: nil). These expenses were included in cost of sales. The total cash outflow for leases was $5,439,000 for the year ended March 31, 2020 (March 31, 2019: nil).

18. Rehabilitation Obligation

	As at March 31, 2020	As at March 31, 2019
Opening balance	**36,565**	35,893
Increase due to reassessment of the rehabilitation obligation	**6,643**	—
Accretion expense	**171**	167
Effect of change in discount rate	**(543)**	505
Ending balance	**42,836**	36,565

The accretion of rehabilitation obligation was evaluated as the amount of the expenditure required to settle the present obligation at the end of the reporting period, discounted by the number of years between the reporting date and the rehabilitation date using a discount rate of 0.43% (0.46% for the year ended on March 31, 2019) representing a risk-free rate. The future rehabilitation obligation was reassessed during the year ended March 31, 2020 based on the reclamation plan approved by the government in July 2019. The undiscounted amount related to the rehabilitation obligation is estimated at $46,300,000 as at March 31. 2020 (2019: $39,900,000).

19. Share Capital and Reserves

a) Authorized

The Company's share capital consists of authorized:
• Unlimited number of ordinary shares, without par value; and
• Unlimited number of preferred shares, without par value, issuable in series.

b) Ordinary share issuances

	Year Ended March 31,	
	2020	2019
	(in thousands)	(in thousands)
Shares		
Opening balance	**430,470**	414,618
Shares issued for exercise of warrants	**13,719**	—
Shares issued for exercise of compensation options	**21,000**	—
Shares issued for exercise of options - incentive plan	**2,500**	4,100
Shares issued for exercise of options - outside plan	**—**	1,000
Shares issued for exercise of share rights	**—**	752
Shares issued - conversion of Altius debenture	**—**	10,000
Ending balance	**467,689**	430,470

During the year ended March 31, 2020, the Company issued 37,219,000 ordinary shares. 13,719,000 ordinary shares were issued further to the exercise of purchase warrants associated with the Sprott and CDPI facilities (Refer to note 16 - Long-Term Debt), 2,500,000 ordinary shares were issued further to the exercise of stock options and 21,000,000 ordinary shares were issued further to the exercise of compensation options.

c) Preferred share issuances

	Year Ended March 31,	
	2020	2019
	(in thousands)	(in thousands)
Shares		
Opening balance	**—**	—
Issuance of preferred shares	**185,000**	—
Ending balance	**185,000**	—

On August 16, 2019, QIO issued preferred shares for consideration of $185,000,000 to CDPI (the “Preferred Shares”). Transaction costs of $3,205,000 were incurred for this transaction, resulting in net proceeds of $181,795,000. The Preferred Shares accumulate dividends, if and when declared by QIO. The dividend rate associated with the Preferred Shares will be based on the gross realized iron price and will fluctuate from 9.25% when the gross realized iron price for Bloom Lake 66.2% iron ore is greater than US$85/t to 13.25% should the gross realized iron ore price decrease below US$65/t. As at March 31, 2020, the Preferred Shares accumulated and undeclared dividends amounted to $10,689,000, which is accrued only when declared by QIO.

The Preferred Shares are retractable at the option of CDPI upon i) liquidation, dissolution or windup of QIO or the Company, or certain events being within the control of the Company being ii) change of control of QIO or the Company, iii) sale of substantially all of the assets of QIO or iv) completion of an initial public offering by QIO. The Preferred Shares and accrued dividends can be repaid at parity after its second anniversary with no penalty.

At any time after the tenth (10th) anniversary, and provided that the Preferred Shares are not redeemed in full, CDPI shall have the right to notify QIO of its desire that QIO commence a sale transaction of QIO. As such a sale transaction would not result in the redemption in cash of the Preferred Shares unless the Company determines that a liquidation of assets would generate the highest sale proceeds, such decision remaining in the control of the Company. The Preferred Shares were accounted for as equity in the consolidated statements of equity.

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

19. Share Capital and Reserves (continued)

c) Preferred share issuances (continued)

In connection with the preferred share offering with CDPI, the Company issued 15,000,000 ordinary share purchase warrants to CDPI, entitling the holder to purchase 15,000,000 ordinary shares of the Company for $2.45 until August 16, 2026. The ordinary share warrants were accounted for as warrants in the consolidated statements of equity.

The fair value of the ordinary share purchase warrants estimated at $22,288,000, which reduced the value attributed to the Preferred Shares recognized in equity, was calculated using the Black-Scholes option pricing model with the following assumptions:

	Assumptions
Purchase warrants granted	**15,000,000**
Exercise price	**$2.45**
Share price	**$2.06**
Risk-free interest rate	**1.16%**
Expected volatility based on historical volatility	**84%**
Valuation date	**August 16, 2019**
Expected life of purchase warrants	**7 years**
Expected dividend yield	**0%**
Forfeiture rate	**0%**
Fair value	**$22,288,000**

d) Share-based payments

The Company has various share-based compensation plans for eligible employees and directors. The objective of the Omnibus Incentive Plan is to enhance the Company's ability to attract and retain talented employees and to provide alignment of interests between such employees and the shareholders of the Company. Under the Omnibus Incentive Plan, the Company grants stock option awards, DSU awards, RSU awards and PSU awards.

Stock option awards and RSU awards vest annually in three equal tranches from the date of grant. DSU awards vest at the date of the grant. PSU awards vest at the end of three years from the date of grant and vesting is subject to key performance indicators established by the Board of Directors.

A summary of the share-based expenses is detailed as follows:

	Year Ended March 31,	
	2020	2019
Stock option costs	**927**	808
Share rights costs	**—**	1,000
DSU costs	**118**	—
RSU costs	**1,034**	—
PSU costs	**472**	—
	2,551	1,808

19. Share Capital and Reserves (continued)

e) Stock options

As at March 31, 2020, the Company is authorized to issue 46,769,000 stock options and share rights (March 31, 2019: 43,047,000) equal to 10% (March 31, 2019: 10%) of the issued and outstanding ordinary shares for issuance under the Omnibus incentive plan.

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

	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Number of Stock Options	Weighted-Average Exercise Price	Number of Stock Options	Weighted-Average Exercise Price
	(in thousands)		(in thousands)	
Opening balance	**8,780**	**0.56**	12,800	0.44
Granted	**534**	**2.43**	1,730	1.33
Exercised	**(2,500)**	**0.22**	(4,100)	0.38
Cancelled	**—**	**—**	(1,650)	0.90
Ending balance	**6,814**	**0.83**	8,780	0.56
Options exercisable - end of year	**5,551**	**0.60**	7,410	0.43

A total of 534,000 new stock options were granted to new employees of the Company during the year ended March 31, 2020. The weighted-average share price at the grant date was $2.43. The fair market value of the outstanding stock options granted during the year ended March 31, 2020 totalled $753,000. The stock options granted will vest over a three-year period. A total of 2,500,000 stock options were exercised during the year ended March 31, 2020. The weighted-average share price at the exercise date was $2.34.

A summary of the Company's outstanding and exercisable stock options as at March 31, 2020 is presented below:

Expiry Date	Exercise Price	Number of Stock Options Outstanding	Number of Stock Options Exercisable
		(in thousands)	(in thousands)
April 11, 2020	AU$0.20	3,000	3,000
May 23, 2020	AU$1.00	950	950
July 11, 2020	AU$1.08	600	600
August 21, 2020	AU$1.00	500	500
April 26, 2021	AU$1.24	200	200
June 24, 2021	CA$1.33	500	167
September 14, 2021	CA$1.24	201	134
September 14, 2021	CA$2.21	174	—
February 15, 2022	CA$1.46	329	—
May 20, 2022	CA$2.53	360	—
		6,814	**5,551**

The exercise price of outstanding stock options ranges from $0.20 to $2.53 and the weighted-average remaining contractual life of outstanding stock options is 0.49 years.

19. Share Capital and Reserves (continued)

e) Stock options (continued)

The share-based payment cost was calculated according to the fair value of stock options issued based on the Black-Scholes stock option pricing model using the following weighted average assumptions:

	Year Ended March 31, 2020	2019
Risk-free interest rate	**1.80%**	1.8% - 2.5%
Expected volatility based on historical volatility	**86%**	68% - 86%
Expected life of stock options	**3 years**	3 years
Expected dividend yield	**0%**	0%
Forfeiture rate	**0%**	0%
Fair value per stock option - weighted average of options issued	**$1.41**	$0.70

f) Restricted share units

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

	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Number of RSU (in thousands)	**Weighted-Average Exercise Price**	**Number of RSU** (in thousands)	**Weighted-Average Exercise Price**
Opening balance	**—**	**—**	—	—
Granted	**598**	**2.18**	—	—
Ending balance	**598**	**2.18**	—	—
Vested - end of year	**199**	**2.18**	—	—

During the year ended March 31, 2020, 598,000 RSUs were granted to key management personnel. They will vest annually in three equal tranches from the date of grant.

g) Performance share units

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

	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Number of PSU (in thousands)	**Weighted-Average Exercise Price**	**Number of PSU** (in thousands)	**Weighted-Average Exercise Price**
Opening balance	**—**	**—**	—	—
Granted	**653**	**2.17**	—	—
Ending balance	**653**	**2.17**	—	—
Vested - end of year	**—**	**—**	—	—

During the year ended March 31, 2020, 653,000 PSUs were granted to key management personnel. The PSU awards vest at the end of three years from the date of grant according to performance indicators established by the Board of Directors.

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

19. Share Capital and Reserves (continued)

h) Compensation options

Exercise Price	Expiry Date	Outstanding and exercisable As at March 31, 2020	As at March 31, 2019
$0.250	February 1, 2020	**—**	21,000,000
		—	21,000,000

During the year ended March 31, 2020, the Company issued 21,000,000 shares pursuant to the exercise of 21,000,000 compensation options with an exercise price of $0.25 per share, for total net proceeds of $5,250,000. The weighted-average share price at the exercise date was $2.38.

i) Warrants

Exercise Price	Holder	Notes	Expiry Date	Outstanding and Exercisable As at March 31, 2020	As at March 31, 2019
$1.125	Sprott	**16**	October 16, 2022	**281,000**	3,000,000
$1.125	CDPI	**16**	October 16, 2024	**10,000,000**	21,000,000
$1.125	Glencore	**15**	October 13, 2025	**27,733,000**	—
$2.45	CDPI	**19 c)**	August 16, 2026	**15,000,000**	—
				53,014,000	24,000,000

20. Non-Controlling Interest

	As at March 31, 2020	As at March 31, 2019
Opening balance	**65,376**	823
Income attributable to non-controlling interest	**31,624**	64,553
Repurchase of RQ investment	**(97,000)**	—
Ending balance	**—**	65,376

RQ was the owner of a 36.8% interest in QIO until August 16, 2019 when the Company acquired RQ's 36.8% equity interest in QIO for $211,000,000. As a result, the net income was attributed between the Company's shareholders and RQ until that date and the non-controlling interest has been eliminated in the Company's consolidated statement of financial position as of that date.

21. Sales

	Year Ended March 31, 2020	2019
Iron ore revenue	**819,334**	641,131
Provisional pricing adjustments	**(34,248)**	13,998
Total iron ore revenue	**785,086**	655,129

Provisional pricing adjustments represent any difference between the revenue recognized at the end of the previous period and the final settlement price. As at March 31, 2020, Champion had 0.9 million tonnes of iron ore sales that remained subject to provisional pricing, with the final price to be determined in the following reporting periods (March 31, 2019: 1.0 million tonnes).

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

22. Cost of Sales

	Year Ended March 31,	
	2020	2019
Land transportation	**145,605**	125,274
Operating supplies and parts	**97,845**	82,524
Salaries, benefits and other employee expenses	**81,750**	60,270
Sub-contractors	**73,107**	62,847
Other production costs	**14,909**	13,830
Change in inventories	**(3,148)**	18,060
Production expenses capitalized as stripping asset	**(10,700)**	(10,859)
	399,368	351,946

For the year ended March 31, 2020, the amount recognized as an expense for defined contribution plans was $4,397,000 (March 31, 2019: $3,365,000) and was included in salaries, benefits and other employee expenses.

23. General and Administrative Expenses

	Year Ended March 31,	
	2020	2019
Salaries, benefits and other employee expenses	**7,780**	6,923
Office and other expenses	**6,467**	3,152
Professional fees	**5,843**	3,302
Travel expenses	**990**	860
Other expenses (income)	**7**	(198)
	21,087	14,039

24. Sustainability and Other Community Expenses

	Year Ended March 31,	
	2020	2019
Property and school taxes	**5,944**	8,359
Impact and benefits agreement	**5,154**	3,439
Salaries, benefits and other employee expenses	**741**	—
Other expenses	**1,701**	428
	13,540	12,226

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

25. Net Finance Costs

		Year Ended March 31,	
		2020	2019
Loss on debt repayment	**a)**	**57,274**	—
Interest on long-term debt and Debenture		**16,920**	28,943
Accretion of borrowing costs and debt discount		**3,211**	3,811
Realized and unrealized foreign exchange loss		**3,199**	5,077
Change in fair value of derivative liability		**1,543**	19,136
Unrealized loss on investments		**1,107**	1,597
Interest expense on lease liabilities		**119**	—
Accretion of the rehabilitation obligation		**171**	167
Change in fair value of derivative assets		**(1,907)**	(10,800)
Other interest and finance costs		**3,714**	2,079
		85,351	50,010

a) Debt repayment details

		Year Ended March 31,	
	Notes	**2020**	2019
Non-cash items			
Write-off - book value of Debenture	**15**	**18,837**	—
Write-off - book value of CDPI debt facility	**16**	**15,976**	—
Write-off - book value of Sprott debt facility	**16**	**5,966**	—
Write-off - Glencore derivative asset	**12,15**	**1,336**	—
Write-off - CDPI derivative asset	**12,16**	**5,603**	—
Write-off - Sprott derivative asset	**12,16**	**5,768**	—
		53,486	—
Cash items			
Debt prepayment penalty fees		**3,788**	—
		3,788	—
Loss on debt repayment		**57,274**	—

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

26. Income and Mining Taxes

a) Deferred tax assets and liabilities as presented on the Consolidated Statement of Financial Position:

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	**28,201**	19,916
Deferred income tax liability	**(72,566)**	(44,591)
Deferred mining tax liability	**(23,576)**	(12,785)
	(96,142)	(57,376)
Net deferred tax liabilities	**(67,941)**	(37,460)

The movement in deferred income tax asset during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	**Operating losses carried forward**	**Capital losses carried forward**	**Rehabilitation obligation**	**Transaction costs**	**Other**	**Total**
As at April 1, 2018	—	—	—	—	—	—
Credited to statement of income	9,924	48	9,690	128	126	19,916
As at March 31, 2019	**9,924**	**48**	**9,690**	**128**	**126**	**19,916**
Credited (charged) to statement of income	(1,164)	(48)	1,662	1,434	6,401	8,285
As at March 31, 2020	**8,760**	**—**	**11,352**	**1,562**	**6,527**	**28,201**

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	**Property, plant and equipment**	**Mining tax**	**Exploration and evaluation assets**	**Other**	**Total**
As at April 1, 2018	—	5,465	—	—	5,465
Charged to statement of income	38,415	7,320	5,705	471	51,911
As at March 31, 2019	**38,415**	**12,785**	**5,705**	**471**	**57,376**
Charged (credited) to statement of income	26,902	10,791	1,073	—	38,766
As at March 31, 2020	**65,317**	**23,576**	**6,778**	**471**	**96,142**

The Company has $30,363,000 of net deductible temporary differences, other than Canadian exploration expenses, cumulative Canadian development expenses and tax losses, for which deferred tax assets have not been recognized as at March 31, 2020 (March 31, 2019: $24,429,000).

As at March 31, 2020, the Company has $47,806,000 (March 31, 2019: $54,215,000) in operating losses carried forward that can be carried forward against future taxable income and expire between 2027 and 2039. Out of those losses, $14,644,000 (March 31, 2019: $16,105,000) were not recognized. The Company also has $14,327,000 (March 31,2019: nil) in operating losses carried forward that can be carried forward indefinitely against future taxable income which have not been recognized.

As at March 31, 2020, the Company has $18,738,000 (March 31, 2019: nil) of net capital losses carried forward, for which deferred tax assets have not been recognized. Net capital losses can be carried forward indefinitely and can only be used against future taxable capital gains.

As at March 31, 2020, the Company has $1,778,000 (March 31, 2019: $1,778,000) of investment tax credit that can be carried forward against future income tax payable and that will expire between 2033 and 2035, and which have not been recognized.

As at March 31, 2020, no deferred tax liabilities were recognized for temporary differences related to investments in subsidiaries because the retained earnings are currently lower than the cost base of investments.

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

26. Income and Mining Taxes (continued)

b) Tax expense:

The tax expense is applicable as follows:

	Year Ended March 31, 2020	2019
Current income and mining taxes		
Current income tax on profits for the year	**45,158**	(42)
Current mining tax on profits for the year	**44,499**	34,059
Total current income and mining taxes	**89,657**	34,017
Deferred income and mining taxes		
Deferred income tax for the year	**19,690**	24,675
Deferred mining tax for the year	**10,791**	7,320
Total deferred income and mining taxes	**30,481**	31,995
Income and mining taxes expense	**120,138**	66,012

The tax on the Company's income before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year Ended March 31, 2020	2019
Income before income and mining taxes	**241,188**	213,611
Canadian combined tax rate	**26.58%**	26.68%
Tax calculated at Canadian combined tax rate	**64,096**	56,991
Tax effects of:		
Mining tax, net of tax benefit	**40,159**	30,452
Expenses not deductible for tax purposes	**11,575**	1,851
Unrecorded tax benefits	**6,073**	9,092
Recognition of previously unrecognized tax benefits	**—**	(32,513)
Difference in tax rate	**(1,258)**	(655)
Other	**(507)**	794
Income and mining taxes expense	**120,138**	**66,012**

c) Income and mining taxes payable:

The tax payable is applicable as follows:

Income and mining taxes payable	**Mining Tax**	**Income Tax**	**Total**
As at April 1, 2018	—	—	—
Current tax expenses	34,059	—	34,059
As at March 31, 2019	**34,059**	**—**	**34,059**
Current tax expenses	44,499	45,158	89,657
Tax payment	(65,949)	—	(65,949)
Other	17	(23)	(6)
As at March 31, 2020	**12,626**	**45,135**	**57,761**

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

27. Earnings per Share

Earnings per share amounts are calculated by dividing the net income attributable to shareholders for the year ended March 31, 2020 by the weighted average number of shares outstanding during the year.

	Year Ended March 31, 2020	2019
Net income attributable to Champion shareholders	**89,426**	83,046
Weighted average number of common shares outstanding	**441,620,000**	420,677,000
Dilutive share options, warrants and equity settled awards	**23,025,000**	28,831,000
Weighted average number of outstanding shares for diluted earnings per share	**464,645,000**	449,508,000
Basic earnings per share	**0.20**	0.20
Diluted earnings per share	**0.19**	0.18

28. Financial Instruments

Measurement categories

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the profit or loss or in other comprehensive income. These categories are financial assets at fair value through profit and loss, financial assets at amortized cost, and financial liabilities at amortized cost. The following tables show the carrying values and the fair value of assets and liabilities for each of these categories as at March 31, 2020 and March 31, 2019:

As at March 31, 2020		Fair Value Through Profit and Loss	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount and Fair Value
Assets					
Current					
Cash and cash equivalents	Level 1	—	**281,363**	—	**281,363**
Short-term investments	Level 1	—	**17,291**	—	**17,291**
Trade receivables	Level 2	**15,944**	—	—	**15,944**
Other receivables (excluding sales tax)	Level 2	**2,347**	—	—	**2,347**
Non-current					
Investments	Level 1	**1,546**	—	—	**1,546**
		19,837	**298,654**	—	**318,491**
Liabilities					
Current					
Accounts payable and other (excluding current portion of lease liabilities)	Level 2	—	—	**54,170**	**54,170**
		—	—	**54,170**	**54,170**
Non-current					
Long-term debt	Level 2	—	—	**275,968**	**275,968**
		—	—	**330,138**	**330,138**

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

28. Financial Instruments (continued)

As at March 31, 2019		Fair Value Through Profit and Loss	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount and Fair Value
Assets					
Current					
Cash and cash equivalents	Level 1	—	135,424	—	135,424
Short-term investments	Level 1	—	17,907	—	17,907
Trade receivables	Level 2	79,464	—	—	79,464
Other receivables (excluding sales tax)	Level 2	843	—	—	843
Non-current					
Investments	Level 1	2,653	—	—	2,653
Derivative assets	Level 2	10,800	—	—	10,800
		93,760	153,331	—	247,091
Liabilities					
Current					
Accounts payable and other	Level 2	—	—	44,697	44,697
Current portion of long-term debt	Level 2	—	—	35,852	35,852
		—	—	80,549	80,549
Non-current					
Property taxes payable	Level 2	—	—	13,940	13,940
Convertible debenture	Level 2	—	—	12,067	12,067
Long-term debt	Level 2	—	—	193,038	193,038
Derivative liability	Level 2	43,819	—	—	43,819
		43,819	—	299,594	343,413

Financial risk factors

a) Market

i. Fair value

Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities; this includes cash and cash equivalents, short-term investments, other receivables and accounts payable and other (excluding current portion of lease liabilities). Long-term debt and convertible debenture were accounted for at amortized cost using the effective interest method, and their fair value approximates their carrying value.

Fair value measurements recognized in the consolidated statement of income

Subsequent to initial recognition, the Company measures financial instruments at fair value grouped into the following levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 (March 31, 2019: nil).

28. Financial Instruments (continued)

Financial risk factors (continued)

a) Market (continued)

i. Fair value (continued)

Trade receivables

The trade receivables are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. The measurement of the trade receivables is impacted by the Company's provisional pricing arrangements, where the final sales price is determined based on iron ore prices subsequent to a shipment arriving at the port of discharge. The Company initially recognizes sales trade receivables at the contracted provisional price on the shipment date and re-estimates the consideration to be received using forecast iron ore prices at the end of each reporting period. The impact of iron ore price movements until final settlement is recorded as an adjustment to sales trade receivables.

Non current - Investments

Non-current investments are equity instruments that are classified as a Level 1 in the fair value hierarchy. Their fair values are a recurring measurement and are estimated using the last closing share price observed on the relevant stock exchange, in accordance with the Company's policy. The equity investments are classified as financial assets at FVPL.

Derivative assets

The derivative assets are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. Prepayment options are measured based on discounted cash flow adjusted to the actual potential refinancing rate at the measurement date. Variable interest rate feature is measured based on a discounted cash flow using the forward price of iron ore concentrate at the measurement date.

There are no derivative assets as at March 31, 2020 as these derivatives were extinguished due to the repayments of the previously issued debt facilities and the Debenture on August 16, 2019.

Derivative liabilities related to the Convertible Debenture

The derivative liabilities are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. The conversion feature included in the convertible debenture is evaluated by the Company based on parameters such as interest rates and the risk characteristics of the financial assets using Black-Scholes evaluation model.

There are no derivative liabilities as at March 31, 2020 as these derivatives were extinguished due to the repayment of the Debenture on August 16, 2019.

ii. Interest rate risk

Interest risk is the risk that the value of assets and liabilities will change when the related interest rates change. The Company is exposed to interest rate risk primarily on its long-term debt and does not take any particular measures to protect itself against fluctuations in interest rates. With the exception of its long-term debt, the Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or because they are non-interest bearing.

Credit Facilities with Nova Scotia and Société Générale

The Credit Facilities are subject to interest based on LIBOR. A decrease in the LIBOR rate for this long-term debt of 1% would generate an increase of US$2,000,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2020 (March 31, 2019: nil). An increase in the LIBOR rate for the long-term debt of 1% would generate a decrease of US$2,000,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2020 (March 31, 2019: nil).

28. Financial Instruments (continued)

Financial risk factors (continued)

a) Market (continued)

ii. Interest rate risk (continued)

Long-term debt with Sprott

The long-term debt with Sprott provides for an interest on the outstanding principal amount from the date of advance to the Company at a rate equal to 7.5% per annum plus the greater of U.S. dollar 3-month LIBOR and 1% per annum. Related interest rates are based on market interest rates. A decrease in the LIBOR rate for the long-term debt of 1% would generate an increase of US$785,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019. An increase in the LIBOR rate for the long-term debt of 1% would generate a decrease of US$785,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019.

The long-term debt with Sprott was fully repaid on August 16, 2019 and no longer exists.

Long-term debt with CDPI

For the long-term debt with CDPI, the interest rate equals 12% per annum for the first year, and thereafter, at an interest rate linked to the iron ore price indexes. From October 22, 2018, the actual interest rate was 10%. A decrease in the iron ore price between US$66 and US$76 would generate a decrease of US$2,210,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019. A decrease in the iron ore price lower than US$66 would generate a decrease of US$4,420,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019.

The long-term debt with CDPI was fully repaid on August 16, 2019 and no longer exists.

Convertible debenture with Glencore

The convertible debenture with Glencore has the same interest rate determination mechanism as CDPI. A decrease in the iron ore price between US$66 and US$76 would generate a decrease of US$624,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019. A decrease in the iron ore price lower than US$66 would generate a decrease of US$1,248,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019.

The convertible debenture with Glencore was fully repaid on August 16, 2019 and no longer exists.

iii. Commodity price risk

Commodity price risk arises from fluctuations in market prices of iron ore. The Company is exposed to the commodity price risk, as its iron ore sales are predominantly subject to prevailing market prices. The Company has limited ability to directly influence market prices of iron ore. The Company has sought to establish strategies that mitigate its exposure to iron ore price volatility in the short-term. The strategy of utilizing renowned brokers is aimed at providing some protection against decreases in the iron ore price while maintaining some exposure to pricing upside.

However, the Company's iron ore sales contracts are structured using the iron ore price indexes. These are provisionally priced sales volumes for which price finalization is referenced to the relevant index at a future date or the valuation is prescribed in some of the contracts. The estimated consideration in relation to the provisionally priced contracts is marked to market using the spot iron ore price at the end of each reporting period with the impact of the iron ore price movements recorded as an adjustment to operating sales revenue.

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

28. Financial Instruments (continued)

a) Market (continued)

iii. Commodity price risk (continued)

The Company's exposure at reporting date to the impact of movements in the iron ore price upon provisionally invoiced sales volumes is set out below:

(in U.S. dollars)	Year Ended March 31,	
Sensitivity of Ore Sales Revenue for Provisionally Priced Sales Volumes as at:	**2020**	2019
Ore sales Revenue over 931,000 tonnes (dmt) (March 31, 2019: 1,026,000 tonnes):		
10% increase in iron ore prices	**6,370**	8,147
10% decrease in iron ore prices	**(6,370)**	(8,147)

The sensitivities have been determined as the dollar impact on ore sales revenues of a 10% increase and decrease in realized prices at each reporting date, while holding all other variables, including foreign exchange rates, constant. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact commodity prices. The above sensitivities should therefore be used with caution.

iv. Foreign exchange risk

Foreign currency risk is the risk that the Company financial performance could be affected by fluctuations in the exchange rates between currencies. The Company's sales, sea freight and credit facilities costs are denominated in U.S. dollars. As such, the Company benefits from a natural hedge between its revenues and its sea freight and credit facilities costs. Still, the Company is exposed to foreign currency fluctuations as its cost of sales and general and administrative expenses are mainly incurred in Canadian dollars. Currently, the Company has no hedging contracts in place and therefore has exposure to the foreign exchange rate fluctuations. The strengthening of the U.S. dollar would positively impact the Company's net income and cash flow while the strengthening of the Canadian dollar would reduce its operating margin and cash flow.

The following table indicates the foreign currency exchange risk as at March 31, 2020 and March 31, 2019:

(in U.S. dollars)	**As at March 31, 2020**	As at March 31, 2019
Current assets		
Cash and cash equivalents	**129,644**	36,823
Receivables (excluding sales tax)	**11,239**	59,466
Current liabilities		
Accounts payable and other	**—**	(722)
Current portion of long-term debt	**—**	(26,830)
Non-current liabilities		
Long-term debt	**(200,000)**	(162,148)
Total foreign currency net liabilities in USD	**(59,117)**	(93,411)
CAD dollar equivalents	**(83,869)**	(124,825)

Assuming that all other variables are constant, a 10% weakening of the U.S. dollar exchange rate would have generated an increase of $8,387,000 in net income and equity for the year ended March 31, 2020 (March 31, 2019: $12,482,000). A 10% strengthening of the U.S. dollar exchange rate would have generated a decrease of $8,387,000 in net income and equity for the year ended March 31, 2020 (March 31, 2019: $12,482,000).

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

28. Financial Instruments (continued)

a) Market (continued)

v. Equity price risk

The Company is exposed to equity price risk for equity investments at fair value through profit and loss. Equity price risk is the risk that the fair value of a financial instrument varies due to equity market changes. The Company's equity investments are exposed to equity price risk since their fair value is determined through the last closing share price on the relevant stock exchange. The Company has no specific strategy to manage the equity price risk. As at March 31, 2020, a variation of 10% of the quoted equity investments would result in an estimated effect in the net income and equity of $155,000 for the year ended March 31, 2020 (March 31, 2019: $265,000).

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents, short-term investments, and trade receivables. The Company's major exposure to credit risk is in respect of trade receivables. Trade receivable credit risk is mitigated through established credit monitoring activities. These include conducting financial and other assessments to establish and monitor a customer's credit worthiness, setting customer limits, monitoring exposure against these limits.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities and lease liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, through budgeting and cash forecasting, that it will have sufficient liquidity to meet its liabilities as they come due.

The following are the contractual maturities of financial liabilities and gross lease liabilities (non-financial liabilities) with estimated future interest payments as at March 31, 2020:

	Less than a year	1 to 5 years	More than 5 years	Total
Accounts payable and other	54,170	—	—	54,170
Long-term debt, including interest	11,088	301,483	—	312,571
Lease liabilities, including interest	1,105	1,414	763	3,282
	66,363	302,897	763	370,023

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

29. Capital Risk Management

Capital of the Company consists the components of shareholders' equity and debt facilities. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Company is not subject to externally imposed capital requirements other than certain restrictions under the terms of its lending agreements. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Historically, borrowings and equity financing were the Company's principal source of capital. As a result, capital is defined as long-term, convertible debenture and share capital of the Company:

	As at March 31, 2020	As at March 31, 2019
Current and non-current portion of long-term debt	**275,968**	228,890
Convertible debenture	**—**	12,067
Share capital	**431,556**	237,969
	707,524	478,926

30. Key Management Compensation

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Year Ended March 31,	
	2020	2019
Salaries	**2,286**	1,870
Bonus	**1,343**	2,594
Share-based payments	**2,791**	1,554
Consulting fees	**—**	289
All other remuneration	**269**	745
	6,689	7,052

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

31. Commitments and Contingencies

The Company has various obligations related to take-or-pay features of its logistics contracts. The Company has also other commitments with the Innu community related to its Impact and Benefits Agreement with the First Nations. Future minimum payments under these agreements are as follows:

	As at March 31, 2020
Less than a year	**38,416**
1 to 5 years	**60,160**
More than 5 years	**180,528**
	279,104

Included in the above is $11,447,000 of capital commitments relating to the purchase of property, plant and equipment as at March 31, 2020.

32. Parent Entity Information

Information relating to Champion Iron Limited:

	As at March 31, 2020	As at March 31, 2019
Current assets	**38,181**	33,238
Non-current assets	**85,594**	74,006
Total assets	**123,775**	107,244
Current liabilities	**1,620**	2,084
Non-current liabilities	**—**	55,886
Total liabilities	**1,620**	57,970
Net assets	**122,155**	49,274
Share capital	**142,655**	108,576
Warrants	**75,336**	—
Contributed surplus	**12,115**	12,418
Accumulated deficit	**(107,951)**	(71,720)
Total equity	**122,155**	49,274
Net loss of the parent entity	**36,231**	18,716
Comprehensive loss of the parent entity	**36,231**	18,716

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

33. Subsidiary Entity Information

Set out below is the Company's summarized financial information for its subsidiary, QIO, which had a material non-controlling interest as at March 31, 2019. RQ was the owner of a 36.8% interest in QIO until August 16, 2019, when the Company acquired RQ's total equity interest in QIO. As a result, as at March 31, 2020, the Company does not have any non-controlling interest. Refer to note 20 - Non-Controlling Interest.

The amounts disclosed for its subsidiary are based on those included in the financial statements before inter-company eliminations.

	As at March 31, 2019
Non-controlling interest percentage - Ressources Québec	36.8%
Current assets	
Other current assets	302,873
Current inter-company assets	1,748
Total current assets	304,621
Current liabilities	
Other current liabilities	110,742
Current inter-company liabilities	4,685
Total current liabilities	115,427
	189,194
Non-current assets	
Other non-current assets	241,022
Non-current inter-company assets	36,406
Non-current assets	277,428
Non-current liabilities	280,240
Net assets	186,382

Summarized statement of income for QIO before inter-company eliminations

	Period Ended August 16, 2019	Year Ended March 31, 2019
Revenues	**331,487**	655,129
Net income and comprehensive income	**85,936**	175,416
Net income attributable to non-controlling interest	**31,624**	64,553

The accumulated non-controlling interest in QIO was $97,000,000 as at August 16, 2019 (March 31, 2019: $65,376,000).

Summarized cash flows for QIO before inter-company eliminations

	Period Ended August 16, 2019	Year Ended March 31, 2019
Cash flows from operating activities	**156,536**	133,506
Cash flows from financing activities	**(9,704)**	60,376
Cash flows from investing activities	**(46,747)**	(71,160)
Net generated cash flow	**100,085**	122,722

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

34. Auditors Remuneration

Total of all remuneration received or due and receivable by the auditors in connection with:

	Year Ended March 31,	
	2020	2019
E&Y Canada		
Audit fees	**511**	230
Audit-related fees	**—**	45
Tax fees	**52**	33
All other fees	**160**	42
	723	350
E&Y Australia		
Audit fees	**57**	171
All other fees	**10**	—
	67	171
	790	521

35. Financial Information Included in the Consolidated Statement of Cash Flows

a) Changes in non-cash operating working capital

	Year Ended March 31,	
	2020	2019
Receivables	**67,629**	(65,981)
Prepaid expenses and advances	**8,945**	(7,783)
Inventories	**(12,118)**	2,609
Advance payments	**5,812**	(733)
Accounts payable and other	**9,473**	(18,784)
Income and mining taxes payable	**23,702**	34,059
Property taxes payable	**(13,940)**	(2,447)
Other long-term liabilities	**(388)**	4,798
	89,115	(54,262)

b) Supplementary information on non-cash items

	Year Ended March 31,	
	2020	2019
Depreciation of property, plant and equipment allocated to stripping activity asset	**(1,431)**	(200)
Net effect of depreciation of property, plant and equipment allocated to inventory	**(2,339)**	1,408
Increase due to reassessment of the rehabilitation obligation	**(6,643)**	—
Asset transferred from exploration and evaluation assets to property, plant and equipment	**(6,674)**	—

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

36. Segmented Information

The Company is conducting exploration and evaluation and mining operations activities in Canada. The business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment operating income, as defined below. Since the Company has started production at the mine site which represents all the mining operation, it was identified as a segment. Exploration and evaluation and corporate were identified as separate segments due to their specific nature.

Year Ended March 31, 2020	Mine Site	Exploration and Evaluation	Corporate	Total
Revenues	**785,086**	**—**	**—**	**785,086**
Cost of sales	**(399,368)**	**—**	**—**	**(399,368)**
Depreciation	**(21,785)**	**—**	**(216)**	**(22,001)**
Gross profit (loss)	**363,933**	**—**	**(216)**	**363,717**
Share-based payments	**—**	**—**	**(2,551)**	**(2,551)**
General and administrative expenses	**(7,574)**	**—**	**(13,513)**	**(21,087)**
Sustainability and other community expenses	**(13,470)**	**—**	**(70)**	**(13,540)**
Operating income (loss)	**342,889**	**—**	**(16,350)**	**326,539**
Non-operating expenses	**(179,492)**	**—**	**(25,997)**	**(205,489)**
Net income (loss)	**163,397**	**—**	**(42,347)**	**121,050**
Segmented total assets	**777,725**	**75,525**	**29,348**	**882,598**
Segmented total liabilities	**(494,832)**	**—**	**(11,144)**	**(505,976)**
Segmented capital expenditures	**369,553**	**—**	**1,987**	**371,540**

Year Ended March 31, 2019	Mine Site	Exploration and Evaluation	Corporate	Total
Revenues	655,129	—	—	655,129
Cost of sales	(351,946)	—	—	(351,946)
Depreciation	(14,511)	—	(40)	(14,551)
Gross profit (loss)	288,672	—	(40)	288,632
Share-based payments	—	—	(1,808)	(1,808)
General and administrative expenses	(3,391)	—	(10,648)	(14,039)
Restart costs	(4,497)	—	—	(4,497)
Sustainability and other community expenses	(12,210)	—	(16)	(12,226)
Property taxes adjustment	7,559	—	—	7,559
Operating income (loss)	276,133	—	(12,512)	263,621
Non-operating expenses	(91,912)	—	(24,110)	(116,022)
Net income (loss)	184,221	—	(36,622)	147,599
Segmented total assets	573,927	81,508	16,582	672,017
Segmented total liabilities	(390,982)	—	(65,313)	(456,295)
Segmented capital expenditures	223,802	—	321	224,123