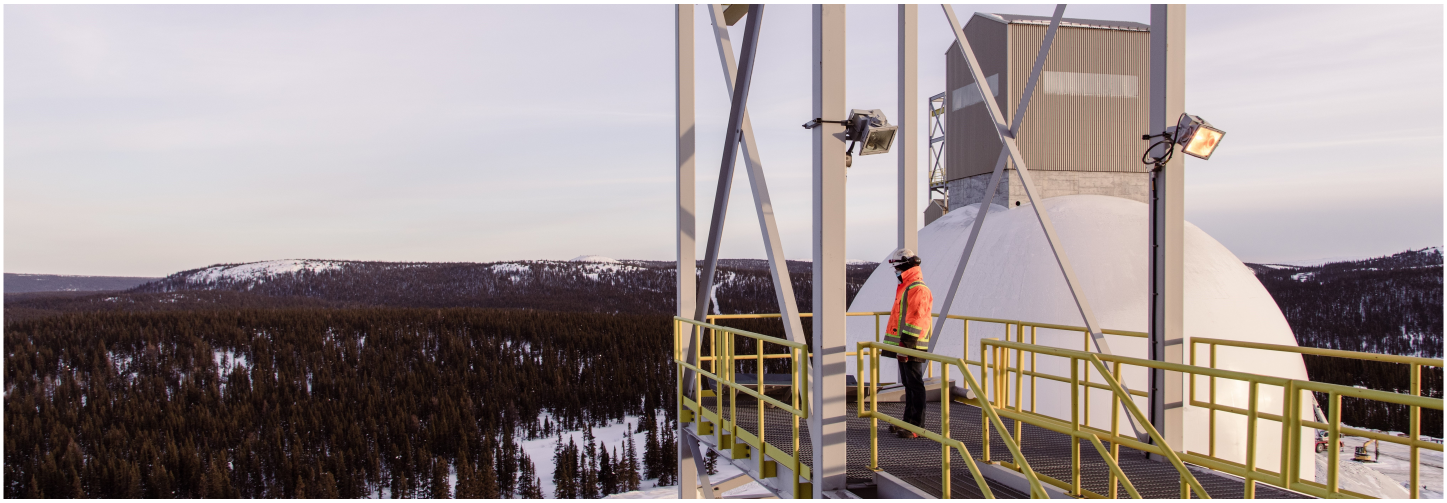


Management's Discussion and Analysis

For the Year Ended March 31, 2021

CHAMPION IRON

TSX: CIA - ASX: CIA

As at May 27, 2021

The following Champion Iron Limited ("Champion" or the "Company") Management Discussion and Analysis ("MD&A") has been prepared as of May 27, 2021. This MD&A is intended to supplement the audited consolidated financial statements for the year ended March 31, 2021 and related notes thereto ("Financial Statements"), which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), including Australian Interpretations and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements and other information pertaining to the Company are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

Champion's management team ("Management") is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the Financial Statements and MD&A, is complete and reliable.

Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations are used throughout this MD&A: US$ (United States dollar), CA$ (Canadian dollar), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometers), m (meters) and EPS (earnings per share). The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section of this MD&A and to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

Non-IFRS Financial Performance Measures

Certain financial performance measures with no standard meaning under IFRS are included in this MD&A. Champion believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. These measures are intended to provide additional information and should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. The non-IFRS financial performance measures included in this MD&A are: total cash cost or C1 cash cost, incremental costs related to COVID-19 per dmt sold, all-in sustaining costs ("AISC"), net average realized selling price, cash operating margin and cash profit margin, earnings before interest, tax, depreciation and amortization ("EBITDA"), EBITDA margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted EPS, operating cash flow per share and cash on hand. For a detailed description of each of the non-IFRS measures used in this MD&A and a detailed reconciliation to the most directly comparable measure under IFRS, please refer to the "Non-IFRS Financial Performance Measures" section of this MD&A.

1. Description of Business

Champion was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA), the Australian Securities Exchange (ASX: CIA) and the OTCQX Best Market (OTCQX: CIAFF).

Champion Iron Limited, through its subsidiary Quebec Iron Ore Inc. ("QIO"), owns and operates the Bloom Lake Mining Complex ("Bloom Lake" or "Bloom Lake Mine"), located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec, adjacent to established iron ore producers. Bloom Lake is an open-pit truck and shovel operation with a concentrator, and it ships iron ore concentrate from the site by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec. The Bloom Lake Phase I plant has a nameplate capacity of 7.4 Mtpa and produces a high-grade 66.2% Fe iron ore concentrate with low contaminant levels, which has proven to attract a premium to the Platts IODEX 62% Fe iron ore benchmark. In addition to the partially completed Bloom Lake Phase II expansion project ("Phase II"), Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset iron ore project (the "Kami Project") located a few kilometres south east of Bloom Lake, and the Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake. The Company sells its iron ore concentrate globally, including customers in China, Japan, the Middle East, Europe, South Korea, India and Canada.

2. Financial and Operating Highlights

	Three Months Ended March 31,		Year Ended March 31,		
	2021	2020	**2021**	2020	2019
Iron ore concentrate produced (wmt)	**2,011,400**	1,891,800	**8,001,200**	7,903,700	6,994,500
Iron ore concentrate sold (dmt)	**1,971,100**	1,888,200	**7,684,500**	7,577,400	7,127,600
Financial Data (in thousands of dollars, except per share amounts)					
Revenues	**396,702**	175,702	**1,281,815**	785,086	655,129
Gross profit	**277,116**	64,918	**817,756**	363,717	288,632
EBITDA[1]	**275,764**	60,655	**819,477**	347,433	276,575
EBITDA margin[1]	**70 %**	35 %	**64 %**	44 %	42 %
Net income	**155,934**	18,351	**464,425**	121,050	147,599
Adjusted net income[1]	**155,499**	18,351	**470,681**	172,691	147,599
Net income attributable to Champion shareholders	**155,934**	18,351	**464,425**	89,426	83,046
Adjusted net income attributable to Champion shareholders[1]	**155,499**	18,351	**470,681**	141,067	83,046
Basic earnings per share	**0.32**	0.04	**0.97**	0.20	0.20
Adjusted earnings per share[1]	**0.31**	0.04	**0.98**	0.32	0.20
Net cash flow from operations	**228,566**	84,614	**623,476**	309,567	176,698
Cash and cash equivalents	**609,316**	281,363	**609,316**	281,363	135,424
Short-term investments	**27,200**	17,291	**27,200**	17,291	17,907
Total assets	**1,496,906**	882,598	**1,496,906**	882,598	672,017
Total non-current financial liabilities	**214,951**	275,968	**214,951**	275,968	262,864
Statistics (in dollars per dmt sold)					
Gross average realized selling price	**220.0**	130.5	**182.3**	142.5	120.6
Net average realized selling price[1]	**201.3**	93.1	**166.8**	103.6	91.9
Total cash cost[1] (C1 cash cost)	**54.4**	53.9	**54.2**	52.7	49.4
All-in sustaining cost[1]	**65.1**	59.8	**62.8**	62.7	55.8
Cash operating margin[1]	**136.2**	33.3	**104.0**	40.9	36.1
Statistics (in US dollars per dmt sold)					
Gross average realized selling price	**173.9**	96.9	**139.1**	107.2	91.9
Net average realized selling price[1]	**159.3**	69.7	**127.3**	78.0	70.0
Total cash cost[1] (C1 cash cost)	**43.0**	40.1	**41.0**	39.6	37.7
All-in sustaining cost[1]	**51.4**	44.5	**47.5**	47.1	42.5
Cash operating margin[1]	**107.9**	25.2	**79.8**	30.9	27.5

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

3. Quarterly and Year-to-Date Highlights

Health & Safety

- Expansion of Bloom Lake's COVID-19 laboratory testing capacity, allowing ongoing and uninterrupted operational activities; and
- An employee recordable injury frequency rate of 2.45, which is in line with Québec's open pit industry standards.

Financial

- Revenues of $396.7M and $1,281.8M for the three-month period and year ended March 31, 2021, respectively, compared to $175.7M and $785.1M, respectively, for the same periods in 2020;
- Record EBITDA[1] of $275.8M for the three-month period ended March 31, 2021, compared to $60.7M for the same period in 2020. Record EBITDA[1] of $819.5M for the year ended March 31, 2021, compared to $347.4M for the same period in 2020;
- Record net income of $155.9M for the three-month period ended March 31, 2021 (EPS of $0.32), compared to $18.4M for the same period in 2020 (EPS of $0.04). Record net income of $464.4M for the year ended March 31, 2021 (EPS of $0.97), compared to $121.1M for the same period in 2020 (EPS of $0.20);
- Net cash flow from operations of $228.6M for the three-month period ended March 31, 2021, representing operating cash flow per share[1] of $0.46, compared to $84.6M or $0.18 per share[1] for the same period in 2020. Net cash flow from operations of $623.5M for the year ended March 31, 2021, representing operating cash flow per share[1] of $1.30, compared to $309.6M or $0.70 per share[1] for the same period in 2020;
- Cash on hand[1] and restricted cash totaled $680.5M as at March 31, 2021, compared to $551.8M as at December 31, 2020 and $298.7M as at March 31, 2020; and
- Full repayment of the US$20.0M revolving credit facility (the "Revolving Facility") on March 30, 2021, bringing the total undrawn and available credit facilities ("Credit Facility") to US$220.0M as at March 31, 2021.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

3. Quarterly and Year-to-Date Highlights (continued)

Operations

- Production of 2,011,400 wmt of high-grade 66.5% iron ore ("Fe") concentrate for the three-month period ended March 31, 2021, compared to 1,891,800 wmt for the same period in 2020, contributing to a record annual production of 8,001,200 wmt of high-grade 66.4% Fe concentrate for the year ended March 31, 2021, compared to 7,903,700 wmt for the same period in 2020;
- Recovery rate of 82.6% and 83.5% for the three-month period and year ended March 31, 2021, respectively, compared to a recovery rate of 82.3% and 82.6%, respectively, for the same periods in 2020; and
- Total cash cost[1] of $54.4/dmt (US$43.0/dmt) (C1) and $54.2/dmt (US$41.0/dmt) for the three-month period and year ended March 31, 2021, respectively, compared to $53.9/dmt (US$40.1/dmt) and $52.7/dmt (US$39.6/dmt), respectively, for the same periods in 2020.

Growth and Development

- Progression of laboratory testing for the production of iron ore concentrate, grading more than 69% Fe, enabling the Company to engage with Direct Reduction ("DR") iron and steel producers, and help support decarbonization initiatives;
- Ongoing laboratory testing and development of cold pelletizing technologies;
- Quarterly and annual production of 374,400 wmt and 575,700 wmt, respectively, of DR quality iron ore concentrate, grading 67.7% Fe with a combined silica and alumina content of 2.8%;
- Inclusion in the S&P/ASX 200 Index, Australia's preeminent benchmark index, which measures the performance of the 200 largest index-eligible stocks listed on the ASX; and
- Acquisition of the Kami Project and its related mining properties on April 1, 2021, and initiation of work related to revising the Kami Project's feasibility study, as the Company evaluates its growth alternatives within its portfolio.

Phase II Milestones

- Construction work is progressing as planned with more than 200 individuals actively working on the Phase II project, which is expected to be completed by mid-2022;
- Agreement to expand the existing long-term rail contract with Quebec North Shore and Labrador Railway ("QNS&L") to accommodate the anticipated increased Phase II production volumes;
- Receipt and installation of most of the spirals required for the Phase II plant; and
- Ordering of long lead time items, including the stacker reclaimer by Société Ferroviaire et Portuaire de Pointe-Noire ("SFPPN").

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

4. Response to the COVID-19 Pandemic

The COVID-19 pandemic continues to impact the global economy, creating significant economic uncertainty.

Health and Safety of the Company's Employees, Partners and Local Communities

Since the beginning of the pandemic, the Company has consistently and proactively deployed several measures in its efforts to mitigate risks related to COVID-19, in line with or exceeding the Government of Québec's (the "Government") guidelines. Despite the acceleration of COVID-19 vaccination efforts in the Province of Québec, the Company continues to enforce all of its measures, including the following:

- Established an executive committee to monitor and adapt to the ongoing challenges created by COVID-19;
- Adapted work environments and implementation of safety rules and protocols;
    - Establishment and expansion of a rapid-testing COVID-19 laboratory using technology approved and certified by Health Canada at the mine site, allowing the Company to screen all employees and contractors in order to prevent outbreaks;
    - Establishment of a contingency plan for each sector of activity in the event of multiple COVID-19 detections;
    - Temperature monitoring and control prior to traveling and entering the Bloom Lake Mine site;
    - Disinfection stations across the mine site and adoption of social distancing protocols;
    - Adoption of isolation measures from the nearby communities and self-isolation for workforce who exhibit symptoms;
    - Additional transportation capacity to allow for adequate social distancing; and
    - Employees' contact register to trace potential infections and to launch disease protocol for suspected cases.
- Mandatory information session for new contractors and employees and communication of updated measures;
- Monitoring of COVID-19 related measures adopted by contractors; and
- Monthly and daily audit to review the effectiveness of the Company's adopted measures.

In addition, the Company is participating to the establishment of the Côte-Nord Industry Vaccination Center (the "Vaccination Center"), in collaboration with Rio Tinto IOC, ArcelorMittal Mines and Infrastructure Canada and Aluminerie Alouette. Located in Sept-Îles, the Vaccination Center's operations began on May 13, 2021 when vaccination was available to the adult population. The collective effort to establish the Vaccination Center supports the Government's initiative to increase immunization capacity in the region by providing greater vaccination access for local communities.

The Company's full COVID-19 plan is available on its website at www.championiron.com.

Financial and Operational Impacts

To date, the Company's risk-mitigating actions have proven successful in minimizing the pandemic's impact, with Bloom Lake operating at full capacity. During the three-month period ended March 31, 2021, there were no significant operational disruptions caused by COVID-19.

The Company implemented best practices in managing its response to the COVID-19 pandemic resulting in direct and incremental operating costs during the three-month period and year ended March 31, 2021, which totaled $3.2 million or $1.6/dmt[1] and $12.6 million or $1.6/dmt[1], respectively. Additional indirect operational costs were incurred since the beginning of the pandemic, including inefficiency-related costs across several areas of the Company's operations.

Uncertainties due to COVID-19

Although the Company is managing its operations and liquidity to mitigate risks related to COVID-19, given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy and the demand for iron ore concentrate, the extent to which the pandemic could impact operations and cash flows in the future remains uncertain and will depend on future developments, such as the duration of the pandemic, the emergence of virus variants, the efficacy and availability of vaccines and regulatory actions to contain the virus.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

5. Bloom Lake Phase II Update

Bloom Lake Feasibility Study (the "Feasibility Study")

On June 20, 2019, the Company announced the findings of the Feasibility Study, prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and the Joint Ore Reserves Committee ("JORC") Code (2012 edition) (see press release dated June 20, 2019 available under the Company's filings on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com), including proven and probable mineral reserve estimates of 807.0 Mt (346.0 Mt proven reserves and 461.0 Mt probable reserves) at an average grade of 29.0% Fe. The Phase II project, as detailed in the Feasibility Study, aims to double Bloom Lake's nameplate capacity to 15 Mtpa of 66.2% Fe iron ore concentrate by completing the construction of the second plant which was partially completed by the mine's former owner. Based on the new optimized mine plan, the Bloom Lake mining rate would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a life of mine ("LoM") of 20 years.

Financing

Subsequent to the Board of Directors' (the "Board") final approval (on November 12, 2020) to complete the Phase II project, the Company increased its Credit Facility on December 23, 2020 by US$200.0 million (to US$400.0 million). Given the Company's robust financial position, including its reported total cash on hand[1] and restricted cash of $680.5M as at March 31, 2021, it did not draw on its available US$200.0M Credit Facility and was able to repay the US$20.0M Revolving Facility. As at March 31, 2021, the Company had a total undrawn Credit Facility of US$220.0M, which together with available liquidity and ongoing cash flows from operations, are expected to fully fund the project, scheduled for completion by mid-2022.

Milestones

During the three-month period ended March 31, 2021, $45,971,000 in capital expenditures and $9,200,000 in advance payments were incurred for the project, for a total of $170,317,000 invested to date, which included $15,211,000 in advance payments to SFPPN. There are currently more than 200 employees, consultants and subcontractors actively working on-site to meet the Bloom Lake Phase II completion objectives and consequently, construction work is progressing as planned. The following work was undertaken and the following milestones were achieved during the three-month period ended March 31, 2021:

- Agreement to expand the existing long-term rail contract with QNS&L to support the expected Phase II production volumes;
- Stacker reclaimer ordered by SFPPN;
- Receipt and installation of most of the Phase II plant spirals;
- Purchase of major mining equipment;
- Modifications made to the loading tower to accommodate Phase II operations; and
- Award of contracts for summer works in the tailings facility.

The Company intends to deliver the project by mid-2022 with the construction work to reach its peak between May and October 2021.

Bloom Lake Phase II reserves are based on the technical report entitled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to NI 43-101 and JORC Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019 and filed on August 2, 2019 (the "Feasibility Study"). Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Feasibility Study. The Company is not aware of any new information or data that materially affects the information included in the Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the Feasibility Study continue to apply and have not materially changed. The Feasibility Study is available under the Company's filings at www.sedar.com, on the ASX at www.asx.com.au or the Company's website at www.championiron.com.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

6. Acquisition of the Kami Project

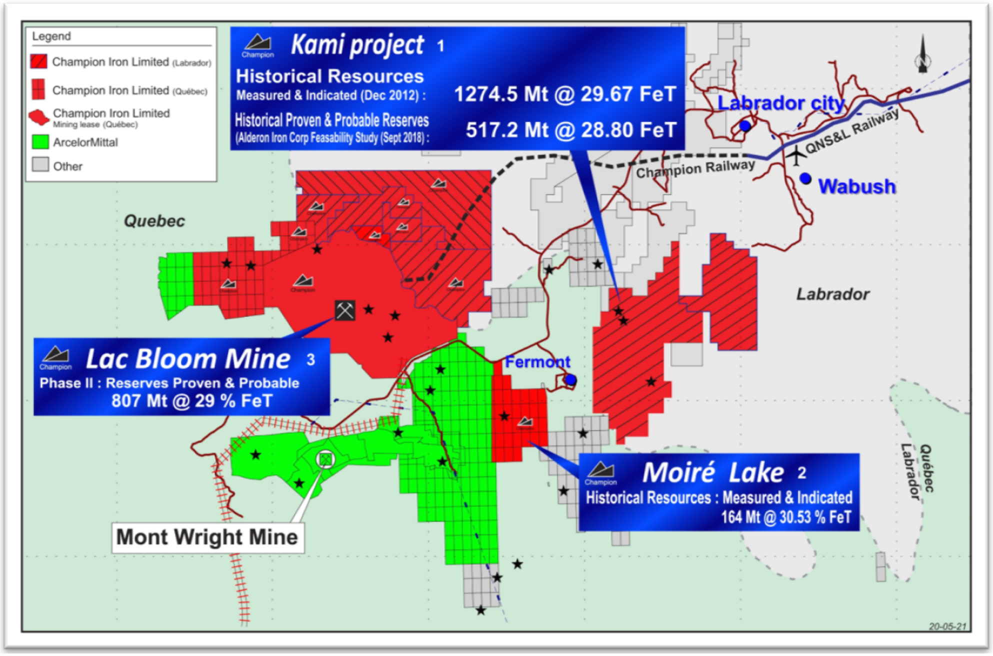
On April 1, 2021, the Company completed the acquisition of the Kami Project and certain related contracts (the “Acquisition”) pursuant to an asset purchase agreement among certain affiliates of the Company and Deloitte Restructuring Inc. (the “Receiver”), as receiver for Alderon Iron Ore Corp. and certain of its affiliates (collectively, “Alderon”). The Kami Project and the related mining properties are located in the Labrador Trough geological belt in southwestern Newfoundland, near the Québec border.

The consideration for the Acquisition consisted of $15.0M in cash, the extinguishment of approximately $19.4M of Alderon’s secured debt (the “Secured Debt”) and an undertaking in favour of the Receiver to make a finite production payment on a fixed amount of future iron ore concentrate production from the Kami Project. In connection with the Acquisition, Champion purchased the Secured Debt from Sprott Private Resource Lending (Collector), LP (“Sprott”). The Secured Debt was purchased for an aggregate consideration of 4,200,000 Champion's ordinary shares issued to Sprott and Altius Resources Inc., who held a participation in the Secured Debt.

The Kami Project is a high-grade iron ore project near available infrastructure, situated only a few kilometers south-east of the Company's operating Bloom Lake Mine. Alderon previously disclosed historical resources estimated at 1,274.5 Mt of measured and indicated resources (536.9 Mt measured and 737.6 Mt indicated) and proven and probable reserves of 517.2 Mt (392.7 Mt proven and 124.5 Mt probable). The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources" or "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. Refer to the notes accompanying the figure below.

Alderon completed an updated feasibility study on the Kami Project in September 2018. The Company has initiated work to revise the Kami Project's scope and update the feasibility study, as it evaluates its growth alternatives within its property portfolio. As part of the Acquisition, Champion secured an additional 8 Mtpa of port capacity, including a pre-payment of port-related fees, at the multi-user berth at the port of Sept-Îles, currently being used by the Company to export Bloom Lake's iron ore concentrate.

6. Acquisition of the Kami Project (continued)



Notes

1. The historical Kami Project resource estimates are based on the NI 43-101 technical report entitled "Feasibility Study of the Rose Deposit and Resource Estimate for the Mills Lake Deposit of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Stantec and Watts, Griffis and McOuat Ltd. dated January 9, 2013 and having an effective date of December 17, 2012. The historical Kami Project reserve estimates are based on the NI 43-101 technical report entitled "Updated Feasibility Study of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Gemtec Ltd., Watts, Griffis and McOuat Ltd. and Golder Associates Ltd. dated October 31, 2018 and having an effective date of September 26, 2018. Kami Project mineral resources include Kami Project mineral reserves. The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralisations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules. As stated above, the Company has initiated work to revise the Kami Project's scope and update the feasibility study.
2. The historical Moiré Lake resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Mineral Resource Estimate on the Moire Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012 and having an effective date of March 28, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralisations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
3. Bloom Lake Phase II reserves are based on the technical report entitled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to NI 43-101 and JORC Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019 and filed on August 2, 2019 (the "Feasibility Study"). Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Feasibility Study. The Company is not aware of any new information or data that materially affects the information included in the Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the Feasibility Study continue to apply and have not materially changed. The Feasibility Study is available under the Company's filings at www.sedar.com, on the ASX at www.asx.com.au or the Company's website at www.championiron.com.
4. Certain resources mentioned are foreign estimates from an Australian perspective.

7. Product Research and Development

The Company believes that the steel industry is undergoing a structural shift in its steelmaking methods, including an increased focus on reducing greenhouse gas emissions from the iron and steelmaking processes. This dynamic could create rising demand for higher grade raw materials and a shift towards reduction technologies used to produce liquid iron, such as the use of DR in EAF instead of the BF for liquid iron production.

Accordingly, the Company has decided to deploy a Research and Development ("R&D") program which aims to develop technologies and products to support the steelmaking transition from the BF method to the DR-EAF method, while supporting emissions reduction in the BF process.

During the three-month period and year ended March 31, 2021, the Company incurred product "R&D" expenses of $336,000 and $1,258,000, respectively. During the 2021 fiscal year, the program focused on three main areas:

1. Development of an iron ore pellet feed of more than 69% Fe;
2. Optimization of DR quality iron ore concentrate production of an average of 67.7% Fe; and
3. Development of a cold pelletizing technology.

Utilization of the DR process requires higher quality raw materials. Given the high-quality nature of the iron ore concentrate produced at the Bloom Lake Mining Complex, the Company believes it can become a key player in reducing greenhouse gas emissions in the steelmaking process. During the year, the Company has demonstrated, at laboratory scale, its ability to upgrade its current iron ore concentrate product to more than 69% Fe using a flotation process.

During the first half of the year ended March 31, 2021, the Company also received confirmation from DR pellet producers and DR plant operators that its initial commercial production test, completed during the fourth quarter of the 2020 fiscal year, qualified as DR iron ore concentrate. With this confirmed product specification, in the three-month period and year ended March 31, 2021, the Company produced respectively 374,400 wmt and 575,700 wmt of DR quality iron ore concentrate, at an average of 67.7% Fe, with an average combined silica and alumina content of 2.8%. This demonstrates the ability of the Company to produce and sell higher quality iron ore products. DR quality iron ore production strategically positions the Company to potentially increase its customer base and confirms that Bloom Lake is one of the few producing deposits globally that can transition its product offering in response to a potential shift in the steelmaking methods in the coming years.

Additionally, as part of its commitment to participate in the iron and steel industry decarbonization, the Company has financed and collaborated with a European-based company which holds a proprietary cold agglomeration technology. The objective of the cold pelletizing technology is to substantially reduce the emissions linked to the agglomeration of its material. Promising laboratory results demonstrated that carbon emissions related to agglomeration could be reduced by more than 95% with this technology. The Company intends to further explore the potential of cold pelletizing technologies towards industrial trials, with this European-based company.

8. Key Drivers

A. Iron Ore Concentrate Price

The price of iron ore concentrate is the most significant factor affecting the Company's financial results. As such, net cash flow from operations and the Company's development may, in the future, be significantly and adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by several industry and macroeconomic factors beyond the Company's control.

Due to the high-quality properties of its 66.2% iron ore concentrate, the Company's iron ore sales attract a premium over the IODEX 62% Fe CFR China Index ("P62"), widely used as the reference price in the industry. As such, the Company quotes its products on the high-grade CFR China Index ("P65" or "Platts 65"). The premium captured by the P65 index is attributable to two main factors: steel mills recognizing that higher iron ore grades offer the benefit of optimizing output while also significantly decreasing CO_2 emissions in the steelmaking process.

During the three-month period ended March 31, 2021, many factors contributed to elevate the iron price as well as the higher premium for high-grade material. China's industrial activities, which usually come to a near stop during the Lunar New Year holiday, proved to be shorter than usual as most workers were restricted from traveling to their hometowns due to COVID-19 governmental restrictions. As such, China's economic recovery continued in the period. This dynamic contributed to steel profit margins rising steadily until the end of the period which, combined with high coking coal prices, supported the demand for high-grade iron ore in order to reduce dependence on coking coal in the steelmaking process. The strong economic recovery in the world ex-China, namely in India, Europe and the USA, also had direct repercussions on the global steel demand. The iron ore imports from these regions continued to rise throughout the period, leaving the global supply and demand fundamentals in deficit, contributing to the rising iron ore price.

During the three-month period ended March 31, 2021, the premium captured by the P65 index relative to the P62 index was influenced by three main factors: (i) a significant resurgence in Japanese steel production, which increased iron ore demand, (ii) a decrease in supply from lower Brazilian exports as a consequence of the rainfall season, and (iii) a shift in the product demand mix in China, composed of higher quality iron ore to reduce emissions, further to China's restrictions on its steel mills. The global economic recovery and its impact on steel demand, combined with the consequences of higher prices for coking coal used in the steelmaking process, contributed to a steel capacity deficit in several regions, which supported rising iron ore prices. Given this context, the Company has significantly reduced or cancelled discounted pricing on its sales to the P65 index, previously required to compete with the pricing of pellets at multi-year lows in previous periods.

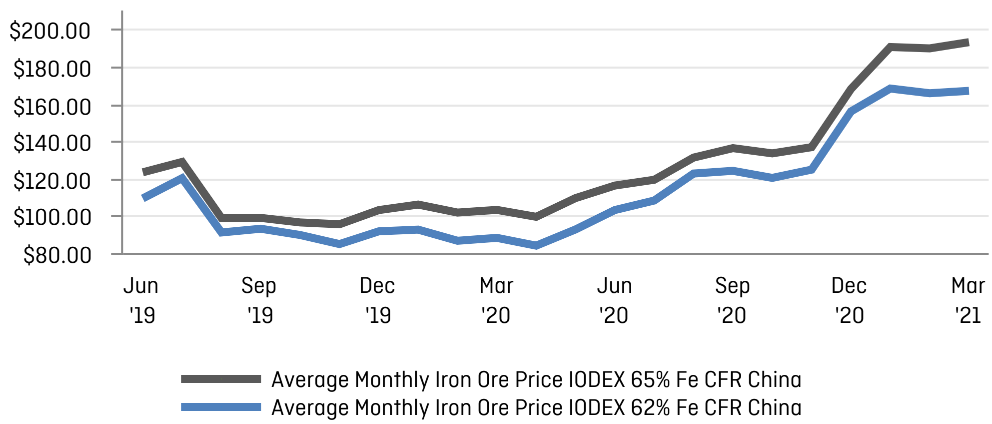
During the three-month period ended March 31, 2021, the P65 price for high-grade iron ore fluctuated from a low of US$174.1/dmt to a high of US$203.0/dmt. The P65 index average price for the period was US$191.2/dmt, an increase of 31% from the previous quarter, resulting in a premium of 14.6% over the P62 reference price of US$166.9/dmt. The Company's gross average realized selling price for the quarter was US$173.9/dmt, before adjustments related to provisional sales and ocean freight, resulting in a realized selling price representing a premium of 4.2% over the P62 index. Approximately 75% of Champion's iron ore sales contracts are structured on a provisional pricing basis, where the final sales price is determined using the iron ore price indices on or after the vessel's arrival to the port at discharge. Accordingly, the gross realized price upon shipment is estimated using the forward iron prices. As the timing of a majority of shipments were made at the end of the quarter ended March 31, 2021, a large portion of the sales are based on the forward iron price, which was at a significant discount to the average market prices prevailing during the quarter, as the average P62 for the period was US$166.9/dmt while the forward P62 iron price for the second quarter of calendar 2021 was US$156.0/dmt. In addition, the lower realized price recognized compared to the P65 Index for the three-month period ended March 31, 2021, was attributable to some of the Company's contracted volumes that are sold based on previous months' prices, when the P65 prices were significantly lower. The Company should benefit from the current period prices for its contracted volumes based on previous months' P65 prices in the upcoming fiscal period ending June 30, 2021. Taking into account sales adjustments and sea freight costs, the Company's net realized FOB price was US$159.3/dmt (CA$201.3/dmt). The Company remains well positioned to benefit from higher iron ore prices as it has no fixed price contracts in place, and the Bloom Lake Mine is not subject to royalties.

8. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

During the year ended March 31, 2021, the P65 index price of high-grade iron ore fluctuated from a low of US$96.5/dmt to a high of US$203.0/dmt. The P65 index average price for the period was US$143.7/dmt, an increase of 35% from the same period in 2020, resulting in a premium of 12.1% over the P62 index reference price of US$128.2/dmt. The gross average realized selling price for the year was US$139.1/dmt, before adjustments related to provisional sales and ocean freight, resulting in a premium of 8.5%. The lower premium realized is attributable to the timing of the Company's contracted volumes, as 25% of Champion sales are determined using the iron price indices approximately three-months prior to shipment, while 75% of the sales are based on the iron ore price indices on or after the vessel's arrival to the port at discharge. The significant discount that existed as of March 31, 2021 between the forward iron price and the average iron price during the last quarter of the Company's fiscal year end contributed to a reduced premium between the P62 and the P65. The gross realized selling price was also influenced by the fact that, in the second quarter of the 2021 fiscal year, some products were sold at a discounted selling price in order to compete with the pricing of pellets, which were priced at multi-year lows. Given that current spot price of high-grade iron ore is significantly higher than the forward price utilized to estimate the sales at year end, the Company should benefit from the current period prices for its contracted volumes, based on previous months' P65 prices in the upcoming fiscal period ending June 30, 2021. Taking into account the latter, and sea freight costs, the net realized FOB price was US$127.3/dmt (CA$166.8/dmt), compared to US$78.0/dmt (CA$103.6/dmt) for the same period in 2020.

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



As previously mentioned, approximately 75% of Champion's iron ore sales contracts are structured on a provisional pricing basis, where the final sales price is determined using the iron ore price indices on or after the vessel's arrival to the port at discharge. The Company recognizes revenues from iron ore sales contracts upon vessel departure. In order to estimate the final sales price as assigned by sales contracts, the Company assigns a provisional price upon vessel departure. The estimated gross consideration in relation to the provisionally priced contracts is accounted for using the average between the P65 forward iron ore price at the expected settlement date and the P62 forward iron ore price, subject to the historical P65 premium over the P62 price at the expected settlement date. Once the vessel arrives at its destination, the impact of the iron ore price fluctuations, compared to the estimated price at the time of departure, is accounted for as a provisional pricing adjustment to revenue.

As the Company's sales are subject to freight routes that take up to 55 days before reaching its customers, and since vessels subject to provisional price adjustments are already in transit at quarter end, the final price adjustments to the provisional price are structurally more exposed in the earlier months of each quarter. During the three-month period ended March 31, 2021, a final price was established for the 601,000 tonnes of iron ore that were in transit as at December 31, 2020. Accordingly, during the three-month period ended March 31, 2021, provisional pricing adjustments of $20,449,000 were recorded as additional revenues for the 601,000 tonnes, representing a positive impact of US$8.4/dmt (CA$$10.37/dmt). As at March 31, 2021, 1,007,000 tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods (March 31, 2020: 931,000 tonnes). A provisional price of US$182.7/dmt has been used as at March 31, 2021, to estimate the sales of the Company's iron ore that remain subject to setting a final price.

8. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

The following table sets out the Company's exposure, as at March 31, 2021, in relation to the impact of movements in the iron ore price for the provisionally invoiced sales volumes:

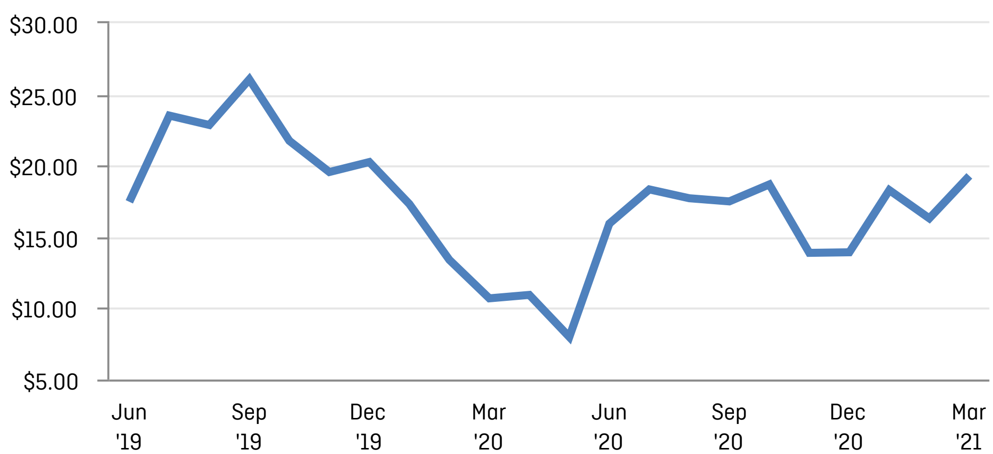
(in U.S. dollars)	As at March 31, 2021
Tonnes (dmt) subject to provisional pricing adjustments	**1,007,000**
10% increase in iron ore prices	**18,393**
10% decrease in iron ore prices	**(18,393)**

The sensitivities demonstrate the monetary impact on ore sales revenues resulting from a 10% increase and a 10% decrease in the realized selling prices at each reporting date, while holding constant all other variables, including foreign exchange rates. 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.

B. Sea Freight

Sea freight is an important component of the Company's cost structure as it ships most of its iron ore concentrate to China, Japan, Europe and the Middle East via sea routes. The common reference route for dry bulk material from the Americas to Asia is the Tubarao (Brazil) to Qingdao (China) route which encompasses 11,000 nautical miles. The freight cost per tonne associated with this route is captured in the C3 Baltic Capesize Index ("C3") which is considered the reference ocean freight cost for iron ore shipped from Brazil to the Far East. There is no index for the route between the port of Sept-Îles, Canada and China. The route from Sept-Îles to the Far East totals approximately 14,000 nautical miles and is subject to different weather conditions during the winter season. Therefore, the freight cost per tonne associated with this voyage is generally higher than the C3 index price.

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



In the past decade, the industry has identified a relationship between the iron ore price and the freight cost for the Tubarao to Qingdao route captured in the C3 freight rate. Based on this observed correlation, when the price of iron ore fluctuates, the ocean freight rate usually fluctuates in tandem. As the freight cost for the ocean transport between Sept-Îles and China is largely influenced by the C3 cost, a decrease in iron ore prices should result in a lower ocean freight cost for the Company, resulting in a natural hedge for one of the Company's largest operating costs.

8. Key Drivers (continued)

B. Sea Freight (continued)

The tragic event of the Brumadinho dam rupture in Brazil in January 2019 altered the connection between iron ore prices and the C3 freight rate, as one of the largest producers of iron ore globally experienced a significant production curtailment, impacting export volumes from Brazil since the first half of 2019. In the second half of 2019, some operations affected by these events resumed production, which contributed to an increase in exports and thus contributed to the increase in the C3 route index. By the start of January 2020, world freight had stabilized until the COVID-19 pandemic negatively impacted shipments.

In early 2020, the C3 index fell and tested historically low levels due to several factors, including: the Chinese New Year holidays, which reduced demand for iron ore imports; heavy rains in Brazil, which negatively impacted exports of iron ore; ongoing supply issues related to the 2019 Brumadinho dam rupture; the temporary reduction of activities at several mining operations worldwide due to the COVID-19 pandemic; and a significant drop in bunker fuel prices, which is a main component of the operating cost for dry bulk vessel operators. The slow ramp-up of operations in 2020 contributed to maintaining lower sea freight prices, until the start of the three-month period ended March 31, 2021. A lighter than usual rainy season combined with improved shipments from Brazil likely influenced the rising prices of the C3 index, which experienced the largest price increase for the period since 2014. In addition to the above, the capesize market experienced the ripple effect from rising demand for small ship freight where the container rates reached historical highs during the period. Several shippers were said to combine parcels to ship in larger size vessels in an attempt to avoid the rising freight costs. This surge in smaller parcel freight cost was likely impacted by rising fuel prices throughout the period, as well as the global economic recovery.

Due to its distance from main shipping hubs, Champion typically books vessels and their prices prior to the desired laycan period. This creates a natural delay between the freight paid and the C3 route index price. The effects of these delays are eventually reconciled since Champion ships its high-grade iron ore concentrate evenly throughout the year. In the previous quarter, the Company entered into a freight contract for a portion of its expected volumes. This contract allowed for the shipment of one vessel per month from January 2021 to March 2021 at a fixed price of US$17.50 per tonne plus freight commissions, resulting in important savings for the Company for the three-month period ended March 31, 2021.

C. Currency

The Canadian dollar is the Company’s functional and reporting currency. Consequently, the Company’s operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar. The Company's sales, sea freight costs and long-term debt are denominated in U.S. dollars. As such, the Company benefits from a natural hedge from its revenues with its sea freight costs and long-term debt. Despite this natural hedge, the Company is exposed to foreign currency fluctuations as its mining operating expenses are mainly incurred in Canadian dollars. Subsequent to March 31, 2021, the Company entered into forward foreign exchange contracts to reduce the risk of variability of future cash flows resulting from forecasted sales. These contracts were approved by the Board to minimize its exposure to foreign exchange rate fluctuations. The Company is continuously evaluating its currency exposure and opportunities to reduce its impacts on the Company's results.

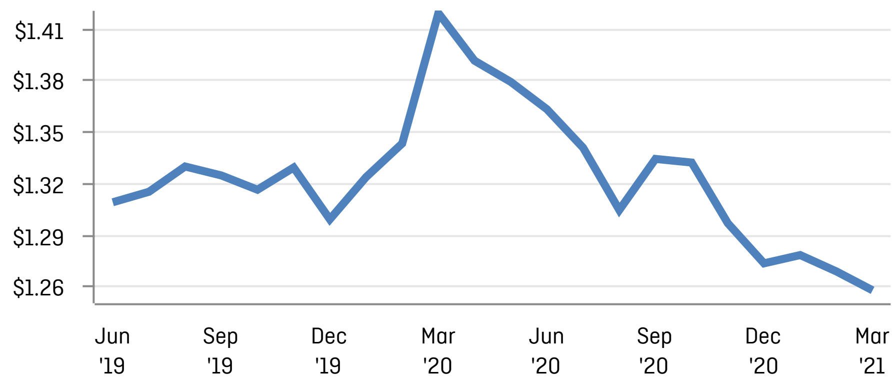
The strengthening of the U.S. dollar would positively impact the Company’s net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the Company's long-term debt is denominated in U.S. dollars, the Company is subject to ongoing non-cash foreign exchange adjustments, which may impact its financial results. Assuming a stable selling price, a variation of CA$0.01 against the U.S. dollar will impact gross revenues by approximately 1%. Assuming a stable long-term debt balance, a variation of CA$0.01 against the U.S. dollar will impact the debt revaluation by approximately 1%.

(Expressed in Canadian dollars, except where otherwise indicated)

8. Key Drivers (continued)

C. Currency (continued)

Monthly Closing Exchange Rate – CA$/US$



Exchange rates are as follows:

	CA$ / US$					
	Average			Closing		
	FY2021	FY2020	Variance	**FY2021**	FY2020	Variance
Q1	**1.3853**	1.3377	4 %	**1.3628**	1.3087	4 %
Q2	**1.3321**	1.3204	1 %	**1.3339**	1.3243	1 %
Q3	**1.3030**	1.3200	(1)%	**1.2732**	1.2988	(2)%
Q4	**1.2660**	1.3449	(6)%	**1.2575**	1.4187	(11)%
Year-end as at March 31	**1.3219**	1.3308	(1)%	**1.2575**	1.4187	(11)%

Apart from these key drivers, the potential impact of the COVID-19 pandemic and the risk factors described in the "Risk Factors" section of this MD&A, Management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

9. Bloom Lake Mine Operating Activities

	Three Months Ended March 31,			Year Ended March 31,		
	2021	2020	Variance	**2021**	2020	Variance
Operating Data						
Waste mined and hauled (wmt)	**3,796,300**	3,180,100	19%	**15,481,100**	13,742,400	13%
Ore mined and hauled (wmt)	**5,636,100**	5,413,100	4%	**21,571,700**	20,817,400	4%
Material mined and hauled (wmt)	**9,432,400**	8,593,200	10%	**37,052,800**	34,559,800	7%
Strip ratio	**0.67**	0.59	14%	**0.72**	0.66	9%
Ore milled (wmt)	**5,237,800**	4,880,000	7%	**20,598,700**	19,749,800	4%
Head grade Fe (%)	**30.7**	31.7	(3%)	**30.7**	32.1	(4%)
Recovery (%)	**82.6**	82.3	—%	**83.5**	82.6	1%
Product Fe (%)	**66.5**	66.5	—%	**66.4**	66.4	—%
Iron ore concentrate produced (wmt)	**2,011,400**	1,891,800	6%	**8,001,200**	7,903,700	1%
Iron ore concentrate sold (dmt)	**1,971,100**	1,888,200	4%	**7,684,500**	7,577,400	1%
Financial Data (in thousands of dollars)						
Revenues	**396,702**	175,702	126%	**1,281,815**	785,086	63%
Cost of sales	**107,137**	101,721	5%	**416,272**	399,368	4%
Cost of sales - incremental costs related to COVID-19	**3,162**	—	—%	**12,610**	—	—%
Other expenses	**14,591**	12,862	13%	**43,693**	37,178	18%
Net finance costs	**5,430**	4,684	16%	**22,428**	84,244	(73%)
Net income	**155,934**	18,351	750%	**464,425**	121,050	284%
EBITDA[1]	**275,764**	60,655	355%	**819,477**	347,433	136%
Statistics (in dollars per dmt sold)						
Gross average realized selling price	**220.0**	130.5	69%	**182.3**	142.5	28%
Net average realized selling price[1]	**201.3**	93.1	116%	**166.8**	103.6	61%
Total cash cost (C1 cash cost)[1]	**54.4**	53.9	1%	**54.2**	52.7	3%
All-in sustaining cost[1]	**65.1**	59.8	9%	**62.8**	62.7	—%
Cash operating margin[1]	**136.2**	33.3	309%	**104.0**	40.9	154%

Operational Performance

On March 24, 2020, the Company announced the ramp down of its operations following directives from the Government in response to the COVID-19 pandemic, which required mining activities to be reduced to a minimum within the province of Québec. As announced by the Company on April 23, 2020, operations gradually ramped up following the Government's announcement that mining activities were to be considered a "priority service" in Québec. Early actions implemented by the Company in response to the COVID-19 pandemic minimized impacts on the Company and its operations. Despite disruptions to operations in the first quarter of the fiscal year ended March 31, 2021, the Company was able to set a new annual record production of 8,001,200 wmt of high-grade iron ore concentrate during the fiscal year ended March 31, 2021.

i. Fourth Quarter of the 2021 Fiscal Year vs Fourth Quarter of the 2020 Fiscal Year

During the three-month period ended March 31, 2021, 9,432,400 tonnes of material was mined and hauled, compared to 8,593,200 tonnes for the same period in 2020, an increase of 10%. This increase in material mined and hauled is attributable to the Company's ongoing mining equipment rebuild program, which provided a higher equipment utilization rate and additional equipment availability. The higher volume mined is also attributable to the commissioning of an additional haul truck during the year ended March 31, 2021.

The strip ratio increased to 0.67 for the three-month period ended March 31, 2021, compared to 0.59 for the same period in 2020. Although the strip ratio is in line with the annual mine plan, it was negatively impacted by the Company's efforts to recover the waste backlog accumulated during the first quarter of the 2021 fiscal year, when Champion's operations were disrupted by the Government's imposed COVID-19 directives.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

9. Bloom Lake Mine Operating Activities (continued)

i. Fourth Quarter of the 2021 Fiscal Year vs Fourth Quarter of the 2020 Fiscal Year (continued)

The Bloom Lake plant processed 5,237,800 tonnes of ore during the three-month period ended March 31, 2021, compared to 4,880,000 tonnes for the same period in 2020, representing an increase of 7%. The higher throughput resulted from higher mined ore availability and a higher mill utilization rate. The continuous improvements and operational innovations allowed the Company to increase throughput stability and reach a higher level of mill productivity, despite the inefficiencies created by COVID-19, enabling the Company to capitalize on elevated iron ore prices.

The iron ore head grade for the three-month period ended March 31, 2021 was 30.7%, compared to 31.7% for the same period in 2020. The decrease in head grade is attributable to the presence of some lower grade ore being sourced and blended from different pits when compared to the prior year, which is in line with the mining plan and the LoM head grade average.

During the three-month period ended March 31, 2021, the Company produced 374,400 wmt of DR quality iron ore concentrate at 67.7% Fe, with a combined silica and alumina content of 2.8%. This production has been sold during the three-month period ended March 31, 2021, demonstrating the Company’s ability to adapt to meet demand for higher quality iron ore products. The Company’s average recovery rate of 82.6% remained stable during the three-month period ended March 31, 2021 despite being adversely impacted by the production of low-silica concentrate, compared to a recovery rate of 82.3% for the same period in 2020.

Bloom Lake produced 2,011,400 wmt of 66.5% Fe high-grade iron ore concentrate during the three-month period ended March 31, 2021, an increase of 6%, compared to 1,891,800 wmt for the same period in 2020. The higher production is mainly a result of higher throughput, despite being partially offset by a lower head grade.

ii. 2021 Fiscal Year vs 2020 Fiscal Year

During the first quarter of the 2021 fiscal year, the COVID-19 pandemic had a negative impact on several of the Company's activities, including: reduced mining activities due to the compliance with public health directives issued by the Government; reduced equipment maintenance due to COVID-19-related resource limitations which had adverse repercussions on equipment availability; the arrival of the seasonal workforce and the operation of only one of the Company's two production lines for a period of time stemming from the Government's COVID-19-related directives. Once the Government's restrictions were lifted, the Company accelerated its mining activities and fully resumed its production capacity without subsequent interruption, demonstrating the Company’s agility to maximize its operations while minimizing the overall impact of the pandemic.

The Company mined and hauled 37,052,800 tonnes of material during the year ended March 31, 2021, compared to 34,559,800 tonnes for the same period in 2020, while the plant processed 20,598,700 tonnes of ore during the year ended March 31, 2021, an increase of 4% over the same period in 2020. These increases are attributable to investments made in the mining equipment rebuild program, along with the improvements and operational innovations accomplished at the plant in the past, which enabled the Company to maximize current productivity, partially offset by the slowdown resulting from the COVID-19 pandemic during the first quarter of the 2021 fiscal year. In addition, the recovery rate improved to 83.5%, compared to 82.6% for the same period in 2020, which is in line with the Company’s target.

The iron ore head grade for the year ended March 31, 2021 was 30.7%, compared to 32.1% for the same period in 2020, attributable to different sourcing pits.

During the year ended March 31, 2021, the Company produced 575,700 wmt of DR quality iron ore concentrate at an average of 67.7% Fe, with an average combined silica and alumina content of 2.8%.

Bloom Lake achieved a record production with 8,001,200 wmt of Fe 66.4% high-grade iron ore concentrate produced during the year ended March 31, 2021, compared to 7,903,700 wmt for the same period in 2020.

10. Financial Performance

A. Revenues

	Three Months Ended March 31,			Year Ended March 31,		
	2021	2020	Variance	**2021**	2020	Variance
(in U.S. dollars per dmt sold)						
Index P62	**166.9**	89.0	88%	**128.2**	94.9	35%
Premium over P62	**7.0**	7.9	(11%)	**10.9**	12.3	(11%)
US$ Gross average realized selling price	**173.9**	96.9	79%	**139.1**	107.2	30%
Freight and other costs	**(23.0)**	(25.8)	(11%)	**(20.5)**	(25.7)	(20%)
Provisional pricing adjustments	**8.4**	(1.4)	(700%)	**8.7**	(3.5)	(349%)
US$ Net average realized FOB selling price[1]	**159.3**	69.7	129%	**127.3**	78.0	63%
CA$ Net average realized FOB selling price[1]	**201.3**	93.1	116%	**166.8**	103.6	61%

During the three-month period ended March 31, 2021, 1,971,100 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price of US$173.9/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US$173.9/dmt represents a premium of 4.2% over the benchmark P62 price, compared to a premium of 8.9% for the same period in 2020. The gross average realized selling price reflects the sales at a determined price, as well as the forward price at the expected settlement date for 1,007,000 tonnes which were in transit at the end of the period. The gross average realized selling price of US$173.9/dmt is lower for the quarter, compared to the average P65 of US$191.2/dmt for the same period. The difference is due to the fact that the majority of the gross realized selling price is determined using the forward price when on or after the vessel's arrival to the port at discharge, which was at a significant discount compared to the average P65 during the period.

Benefiting from rising pellet premiums and the global economic recovery during the period, the Company reduced or cancelled discounted pricing on some sales to the P65 index, previously required to compete with the pricing of pellets which experienced multi-year lows in previous periods. As such, the Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long-term. In addition, the Company should continue to benefit from the current period prices for its contracted volumes, based on previous months' P65 prices in the upcoming fiscal period ending June 30, 2021. Other factors influencing the Company's realized price included the increasing demand for low silica and alumina products, due to rising coking coal prices and falling levels of iron ore inventories at Chinese ports, further tightening iron ore availability.

During the three-month period ended March 31, 2021, the global economic recovery, rising fuel prices and decreased vessel availability contributed to the rising sea freight index, when compared to the previous quarter. The Company paid lower freight costs in the three-month period ended March 31, 2021, compared to the same period in 2020, even if the C3 index was higher. The freight costs variation relative to the Baltic Exchange C3 index during the period is mainly due to the timing of the vessels' booking and the fact that the Company benefited from a freight contract at a fixed price of US$17.50 per tonne plus freight commissions for one vessel per month through March 2021.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

10. Financial Performance (continued)

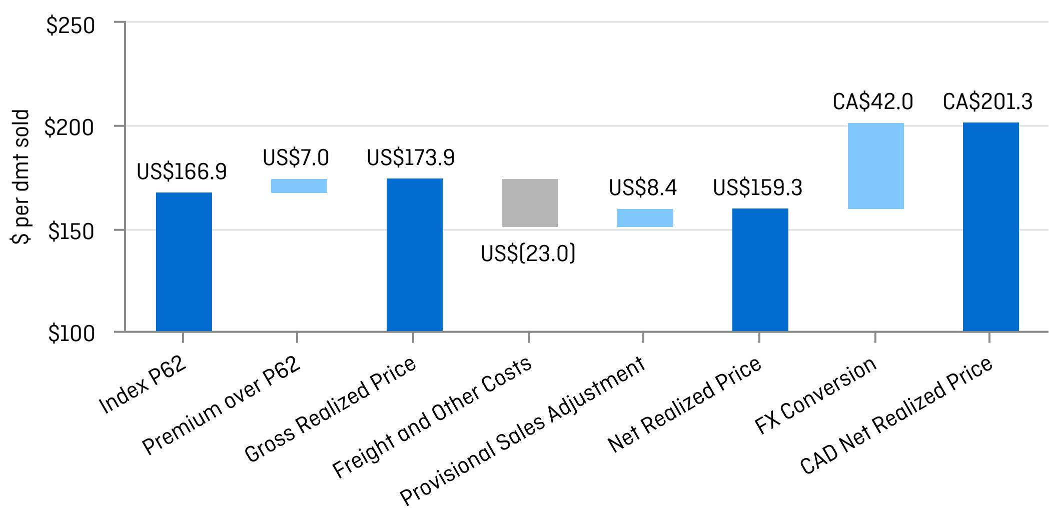
A. Revenues (continued)

During the three-month period ended March 31, 2021, the final price was established for the 601,000 tonnes of iron ore that were in transit as at December 31, 2020. Accordingly, during the three-month period ended March 31, 2021, provisional pricing adjustments of $20,449,000 were recorded as additional revenues for the 601,000 tonnes, representing a positive impact of US$8.4/dmt.

After taking into account sea freight costs of US$23.0/dmt and the provisional sales adjustment of US$8.4/dmt, the Company obtained a net average realized selling price of US$159.3/dmt (CA$201.3/dmt) for its high-grade iron ore delivered to the end customer. Revenues totaled $396,702,000 for the three-month period ended March 31, 2021 compared to $175,702,000 for the same period in 2020. The increase is attributable to a higher net average realized selling price[1].

For the year ended March 31, 2021, the Company sold 7,684,500 tonnes of iron ore concentrate shipped to 22 customers located in China, Japan, South Korea, Europe, the Middle East and Canada. While the high-grade iron ore P65 index price fluctuated between a low of US$96.5/dmt and a high of US$203.0/dmt during the year ended March 31, 2021, the Company sold its product at a gross average realized selling price of US$139.1/dmt. Combining the gross average realized selling price with the provisional sales adjustment of US$8.7/dmt, the Company sold its high-grade iron ore material at a price of US$147.8/dmt during the year ended March 31, 2021, which continued to structurally track the P65 high-grade index average of US$143.7/dmt. Deducting sea freight costs of US$20.5/dmt, the Company obtained a net average realized selling price[1] of US$127.3/dmt (CA$166.8/dmt) for its high-grade iron ore. As a result, revenues totaled $1,281,815,000 for the year ended March 31, 2021, compared to $785,086,000 for the same period in 2020. Although the sales increase is mainly attributable to the net average realized selling price[1], the slight positive volume impact during the COVID-19 pandemic illustrates the benefit the Company yielded by investing in initiatives to improve production reliability and having the ability to increase its throughput capacity when the price of high-grade iron ore is elevated.

Q4 FY2021 Net Realized Selling Price from P62



[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

10. Financial Performance (continued)

B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related general and administrative ("G&A") expenses.

During the three-month period ended March 31, 2021, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific and incremental costs related to COVID-19, totaled $54.4/dmt, compared to $53.9/dmt for the same period in 2020. The total cash cost[1] for the period was higher mainly due to a lower head grade and the negative impact of inefficiencies related to COVID-19 preventive measures involving social distancing protocols.

For the year ended March 31, 2021, the Company produced high-grade iron ore at a total cash cost[1] of $54.2/dmt, compared to $52.7/dmt for the same period in 2020. The C1 cash cost[1] for the year includes the negative impact of inefficiencies related to COVID-19. In the first quarter of the 2021 fiscal year, the Company opted to keep its full workforce on its payroll, despite the reduced operating activities imposed in compliance with the Government's public health directives. The increase in total cash cost[1] was partially offset by higher iron ore concentrate sold, stemming from its operational productivity.

In general, the Company's total cash cost[1] remained relatively stable through the quarters even if the year ended March 31, 2021 was negatively impacted by the inefficiencies related to COVID-19.

C. Cost of Sales - Incremental Costs Related to COVID-19

In line with the Government's directives, the Company implemented several measures in its efforts to mitigate the risks related to the COVID-19 pandemic. The Company incurred direct, incremental and non-recurring operating costs of $3,162,000 or $1.6/dmt[1] and $12,610,000 or $1.6/dmt[1] for the three-month period and year ended March 31, 2021, respectively. These specific costs are mainly comprised of on-site COVID-19 testing and laboratory costs and incremental costs for cleaning and disinfecting facilities, premiums paid to employees from adjusted work schedules and incremental transportation costs, and do not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. While the work schedules were adapted and related premiums to payroll were paid during the first quarter of the Company's 2021 fiscal year, the Company resumed its normal work schedules at the end of June 2020. Despite the fact that the costs associated with the revised schedules and the related premiums are not expected to be recurring, the Company will continue to deploy measures to mitigate the risks from COVID-19 on site and at the local community level.

D. Gross Profit

The gross profit for the three-month period ended March 31, 2021 totaled $277,116,000, compared to $64,918,000 for the same period in 2020. The increase in gross profit is mainly attributable to higher revenues, as a result of a higher net average realized selling price[1] of $201.3/dmt for the three-month period ended March 31, 2021, compared to $93.1/dmt for the same period in 2020.

The gross profit for the year ended March 31, 2021 totaled $817,756,000, compared to $363,717,000 for the same period in 2020. The increase is largely driven by the higher net average realized selling price[1] of $166.8/dmt for the year ended March 31, 2021, compared to $103.6/dmt for the same period in 2020. The higher revenues are partially offset by higher production costs and higher depreciation expenses attributable to previous investments which were made to increase throughput and surpass the mine's nameplate capacity, and have enabled the Company to take advantage of the elevated iron ore price.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

10. Financial Performance (continued)

E. Other Expenses

	Three Months Ended March 31,			Year Ended March 31,		
	2021	2020	Variance	**2021**	2020	Variance
(in thousands of dollars)						
Share-based payments	**2,439**	389	527 %	**3,983**	2,551	56 %
General and administrative expenses	**7,905**	8,422	(6)%	**23,594**	21,087	12 %
Product research and development expenses	**336**	—	— %	**1,258**	—	— %
Sustainability and other community expenses	**3,911**	4,051	(3)%	**14,858**	13,540	10 %
	14,591	12,862	13 %	**43,693**	37,178	18 %

The variation in other expenses for the three-month period and year ended March 31, 2021, compared to the same periods in 2020, mainly reflects higher non-cash share-based payments associated with the timing of stock option grants and their related costs, as the Company's share price has significantly increased, compared to the prior year. Further to this grant, stock options outstanding totaled 0.4% of the total ordinary shares issued and outstanding.

During the three-month period and year ended March 31, 2021, the Company incurred R&D expenses of $336,000 and $1,258,000, respectively. Refer to section 7 — Product Research and Development.

The variation in other expenses for the year ended March 31, 2021, compared to the previous year, is also due to higher salaries and benefits from a higher headcount and higher administration costs. In addition, higher sustainability and other community expenses in the year ended March 31, 2021 contributed to the variation, reflecting the Company's increased focus on sustainability.

F. Net Finance Costs

	Three Months Ended March 31,			Year Ended March 31,		
	2021	2020	Variance	**2021**	2020	Variance
(in thousands of dollars)						
Loss on debt refinancing	**—**	—	— %	**1,863**	57,274	(97)%
Realized and unrealized foreign exchange loss	**2,108**	3,028	(30)%	**7,782**	3,199	143 %
Interest on long-term debt and Debenture	**1,349**	1,758	(23)%	**6,624**	16,920	(61)%
Other	**1,973**	(102)	(2034)%	**6,159**	6,851	(10)%
	5,430	4,684	16 %	**22,428**	84,244	(73)%

Fourth Quarter of the 2021 Fiscal Year vs Fourth Quarter of the 2020 Fiscal Year

Net finance costs slightly increased and totaled $5,430,000 for the three-month period ended March 31, 2021, compared to $4,684,000 for the same period in 2020. The standby commitment fees on the undrawn portion of the Credit Facility, included in other finance costs, contributed to increase the net finance costs for the three-month period ended March 31, 2021, compared to the same period in 2020.

10. Financial Performance (continued)

F. Net Finance Costs (continued)

2021 Fiscal Year vs 2020 Fiscal Year

Lower net finance costs for the year ended March 31, 2021, compared to the same period in 2020, are mainly due to a lower loss on debt refinancing and lower interest on long-term debt, partially offset by higher realized and unrealized foreign exchange losses.

Expenses associated to loss on debt refinancing are non-cash losses. During the year ended March 31, 2020. these expenses reflect non-cash items associated with the refinancing of the long-term debt which occurred on August 16, 2019, including the write-off of capitalized past transaction fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities.

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated Credit Facility. The decrease in net finance costs is partially offset by higher realized and unrealized foreign exchange losses, due to the revaluation of its net monetary assets denominated in U.S. dollars, following an appreciation of the Canadian dollar against the U.S. dollar as at March 31, 2021, compared to March 31, 2020. The appreciation of the Canadian dollar contributed to a foreign exchange gain on the Company's long-term debt and an unrealized foreign exchange loss on its accounts receivable and cash on hand[1], both of which are denominated in U.S. dollars.

Lower net finance costs are also attributable to the reduction in interest, following the refinancing transaction which closed on August 16, 2019, which reflects the lower cost of debt, in addition to the capitalization of borrowing costs on qualifying assets during the development period of the Phase II expansion project, which amounted to $3,793,000 for the year ended March 31, 2021, compared to $1,405,000 for the same period in 2020.

G. Other Income (Expense)

	Three Months Ended March 31,			**Year Ended March 31,**		
	2021	2020	Variance	**2021**	2020	Variance
(in thousands of dollars)						
Change in fair value of non-current investments	**1,620**	(464)	(449)%	**7,905**	(1,107)	(814)%
Gain on disposal of non-current investments	**2,332**	—	— %	**2,332**	—	— %
	3,952	(464)	(952)%	**10,237**	(1,107)	(1025)%

Non-current investments in listed common shares are classified as financial assets at fair value through profit or loss. During the three-month period and year ended March 31, 2021, the net increase in the fair value of non-current investments represented $1,620,000 and $7,905,000, respectively, and resulted from higher share price of its equity investments, while in the comparative period of 2020, the net decrease was $464,000 and $1,107,000, respectively, and resulted from the depreciation of share prices. During the three-month period and year ended March 31, 2021, Champion partially sold an equity investment to realize a gain on disposal of $2,332,000.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

(Expressed in Canadian dollars, except where otherwise indicated)

10. Financial Performance (continued)

H. Income Taxes

The Company and its subsidiaries are subject to tax in Australia and Canada. As a result of accumulated losses before tax, there are no current or deferred income taxes related to the Australian activities. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available against which the losses can be used. QIO is subject to Québec mining taxes at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year. The mining profit margin represents the mining profit, as defined by the *Mining Tax Act* (Québec), divided by revenues. The progressive tax rates are based on the mining profit margins as follows:

Mining Profit Margin Range	**Tax Rate**
Mining profit between 0% to 35%	**16 %**
Incremental mining profit over 35%, up to 50%	**22 %**
Incremental mining profit over 50%	**28 %**

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the year ended March 31, 2021 (2020: 26.58%).

During the three-month period and year ended March 31, 2021, current income and mining tax expenses totaled $100,638,000 and $280,855,000, respectively, compared to $19,027,000 and $89,657,000, respectively, for the same periods in 2020. The variation is mainly due to higher taxable profit associated with higher iron ore prices.

During the three-month period and year ended March 31, 2021, deferred income and mining tax expenses totaled $4,475,000 and $16,592,000, respectively, compared to $9,530,000 and $30,481,000, respectively, for the same periods in 2020. The decrease for the three-month period and year ended March 31, 2021 is mainly due to lower accelerated depreciation, resulting from increases in the temporary difference in both years but in lower proportion in the current periods.

Combining the provincial, federal statutory tax rates and mining taxes, the Company's effective tax rates ("ETR") were 40% and 39%, respectively, for the three-month period and year ended March 31, 2021, compared to 61% and 50%, respectively, for the same periods in 2020. Higher ETR for the year ended March 31, 2020 is mainly related to the 2020 early debt repayment, which was not subject to tax recovery. The ETR of 39% was due to the Company's higher mining profit resulted in the application of a higher tax rate of 22%, as per the progressive mining tax rates schedule detailed above.

The Company benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. The Company paid all of the deferred payments for the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, in the second quarter of the 2021 fiscal year.

During the year ended March 31, 2021, the Company paid $147,074,000 in income and mining taxes. The Company also recorded income and mining taxes payable of $191,542,000 as at March 31, 2021, which was paid in May 2021 and which has contributed to the increase in current liabilities.

10. Financial Performance (continued)

I. Net Income & EBITDA[1]

Fourth Quarter of the 2021 Fiscal Year vs Fourth Quarter of the 2020 Fiscal Year

For the three-month period ended March 31, 2021, the Company generated a record net income of $155,934,000 (EPS of $0.32), compared to $18,351,000 (EPS of $0.04) for the same period in 2020. The increase in net income is mainly due to higher gross profit and higher other income, partially offset by higher income and mining taxes from increased taxable income.

For the three-month period ended March 31, 2021, the Company generated a record EBITDA[1] of $275,764,000 including non-cash share-based payments, representing an EBITDA margin[1] of 70%, compared to $60,655,000, representing an EBITDA margin[1] of 35% for the same period in 2020. The variation in EBITDA[1] period over period is primarily due to the higher revenue from higher net average realized selling price[1], partially offset by higher production costs and incremental costs related to COVID-19.

2021 Fiscal Year vs 2020 Fiscal Year

For the year ended March 31, 2021, the Company generated a net income of $464,425,000 (EPS of $0.97), compared to $121,050,000 (EPS of $0.20) for the same period in 2020. The increase in net income is mainly due to higher gross profit and lower net finance costs, partially offset by higher income and mining taxes from increased taxable income. Lower net finance costs are mainly attributable to the amendment to the Credit Facility and its related non-cash loss.

For the year ended March 31, 2021, excluding the incremental costs related to COVID-19, which totaled $12,610,000 or $1.6/dmt[1], the non-cash loss on debt refinancing of $1,863,000, and the gain on disposal of non-current investments of $2,332,000, and their related tax impact, the Company generated adjusted net income[1] of $470,681,000 (adjusted EPS[1] of $0.98). For the year ended March 31, 2020, mainly excluding the non-recurring non-cash transactions associated with the repayment of the previous credit facilities on August 16, 2019, the Company would have generated an adjusted net income[1] of $172,691,000 (adjusted EPS[1] of $0.32).

For the year ended March 31, 2021, the Company generated an EBITDA[1] of $819,477,000, representing an EBITDA margin[1] of 64%, compared to $347,433,000, representing an EBITDA margin[1] of 44% for the same period in 2020. This increase in EBITDA[1] is mainly attributable to the increase in the net average realized selling price[1], partially offset by higher production costs and incremental costs related to COVID-19.

J. All-In Sustaining Cost[1] and Cash Operating Margin[1]

Fourth Quarter of the 2021 Fiscal Year vs Fourth Quarter of the 2020 Fiscal Year

During the three-month period ended March 31, 2021, the Company realized an AISC[1] of $65.1/dmt, compared to $59.8/dmt for the same period in 2020. The variation mainly relates to higher sustaining capital expenditures related to higher stripping and mining activities. As these activities were negatively impacted by the reduced level of operations at the onset of the COVID-19 pandemic early in the fiscal year end, the Company intensified its investment in the last quarter of the year to complete its plan for the fiscal year end.

Deducting the AISC[1] of $65.1/dmt from the net average realized selling price[1] of $201.3/dmt, the Company generated a cash operating margin[1] of $136.2/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended March 31, 2021, compared to $33.3/dmt for the same period in 2020. The variation is essentially attributable to a higher net average realized selling price[1].

2021 Fiscal Year vs 2020 Fiscal Year

During the year ended March 31, 2021, the AISC[1] remained stable at $62.8/dmt compared to $62.7/dmt for the same period in 2020.

The cash operating margin[1] totaled $104.0/dmt for the year ended March 31, 2021, compared to $40.9/dmt for the same period in 2020. The variation is mainly due to a higher net average realized selling price[1].

K. Non-Controlling Interest

Following Champion's acquisition of Investissement Québec's 36.8% equity interest in QIO on August 16, 2019, the Non-Controlling Interest ("NCI") in QIO no longer exists. Consequently, Champion's shareholders are now benefiting from 100% of QIO's net profit.

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1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

11. Reserves and Resources

Tonnage and quality information contained in the following tables have been rounded and as a result, the figures may not add up to the totals quoted.

1. Governance Arrangements and Internal Controls

A technical external audit of the Phase II resources and reserves is planned for the year ended March 31, 2022.

2. Historical Mineral Reserves and Resources

The historical mineral reserves and resources mentioned in this document are strictly historical in nature, are non-compliant with NI 43-101 or the JORC Code (2012 edition) and should therefore not be relied upon. Historical estimates have not been verified in accordance with the Appendix 5A (JORC Code) since their last technical report. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

Certain resources mentioned are foreign estimates from an Australian perspective.

3. Bloom Lake Feasibility Study

The Phase II reserves and resources are based on the technical report entitled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to NI 43-101 and JORC Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019 and filed on August 2, 2019. Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Feasibility Study. The Company is not aware of any new information or data that materially affects the information included in the Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the Feasibility Study continue to apply and have not materially changed. The Feasibility Study is available under the Company's filings at www.sedar.com, on the ASX at www.asx.com.au or the Company's website at www.championiron.com.

4. Reserves and Resources — Bloom Lake Phase I as at March 31, 2021

The Bloom Lake Phase I reserves and resources are based on the technical report on the Bloom Lake Mine Re-Start Feasibility Study, prepared pursuant to NI 43-101 and JORC Code (2012 edition) by Ausenco Canada Inc., G Mining, Met-Chem/DRA and WSP Canada Inc. dated March 17, 2017 (the "Phase I Feasibility Study"), subject to adjustments for depletion due to the iron ore mined as of March 31, 2021. The Phase I Feasibility Study is available under the Company's filings at www.sedar.com,, on the ASX at www.asx.com.au or the Company's website www.championiron.com.

- Total Bloom Lake Phase I measured and indicated resources totaled 842.9 Mt as at March 31, 2021, compared to 864.5 Mt as at March 31, 2020;
- Bloom Lake Phase I inferred resources totaled 78.7 Mt as at March 31, 2021, compared to 80.4 Mt as at March 31, 2020; and
- Total Bloom Lake Phase I proven and probable mineral reserves stood at 344.9 Mt averaging 30.0% Fe as at March 31, 2021 compared to 364.6 Mt at 29.7% Fe as at March 31, 2020.

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

4. Reserves and Resources - Bloom Lake Phase I as at March 31, 2021 (continued)

All Bloom Lake Mine Phase I mineral resources reported are inclusive of the Bloom Lake Phase I mineral reserves. The Bloom Lake Phase I mineral reserves and resources reported were estimated using iron ore prices of US$50/dmt and US$60/dmt, respectively, based on CFR China Index P62. The Bloom Lake Phase I proven reserves and measured resources as at March 31, 2021 include 840,000 tonnes of pre-concentration stockpiles at 30% Fe, whereas no stockpiles were included as at March 31, 2020. The decrease in resources and reserves as at March 31, 2021 is due to ore depletion as Champion mined 19.7 Mt of reserves and 23.3 Mt of resources of iron ore since March 31, 2020.

Table 1: Bloom Lake Phase I Mineral Resource Estimate (at 15% Fe Cut-off)

	As at March 31, 2021					As at March 31, 2020
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Measured	378.5	31.0	0.7	0.7	0.3	392.6
Indicated	464.4	28.5	2.5	2.3	0.4	471.9
Total measured and indicated resources	842.9	29.6	1.7	1.6	0.4	864.5
Inferred	78.7	25.6	2.0	1.7	0.3	80.4

Table 2: Bloom Lake Phase I Mineral Reserve Estimate (at 15% Fe Cut-off)

	As at March 31, 2021					As at March 31, 2020
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Proven	201.7	31.0	0.5	0.6	0.3	217.0
Probable	143.2	28.8	2.8	2.7	0.4	147.6
Total proven and probable	344.9	30.0	1.5	1.5	0.4	364.6

5. Consolidated Reserves and Resources as at March 31, 2021

Bloom Lake Phase II mineral resources and reserves are based on the Feasibility Study, include Bloom Lake Phase I resources and reserves and do not take into account the depletion. Bloom Lake Phase II mineral resources and reserves will be adjusted for depletion once the Phase II expansion project reaches commercial production.

The reserves and resources mentioned below (except the Bloom Lake Phase II reserves and resources) are historical estimates. The historical mineral reserves and resources mentioned in this document are strictly historical in nature, are non-compliant with NI 43-101 or the JORC Code (2012 edition) and should therefore not be relied upon. Historical estimates have not been verified in accordance with the Appendix 5A (JORC Code) since their last technical report. A “qualified person”, as defined in NI 43-101, or a “competent person”, as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources as at March 31, 2021 (continued)

Table 3: Consolidated Mineral Resources (million dmt)

Property	Group	Measured	Indicated	Total Measured & Indicated	Inferred
Bloom Lake Phase II	Bloom Lake Phase II	**379.1**	**514.4**	**893.5**	**53.5**
Consolidated Fire Lake[1]	Fire Lake North[1]	26.6	666.9	693.5	521.6
	Bellechasse	—	—	—	215.1
	Oil Can	—	—	—	967.0
	Total	**26.6**	**666.9**	**693.5**	**1,703.7**
Moiré Lake[2]	Moiré Lake	**—**	**163.9**	**163.9**	**416.9**
Quinto Claims[3]	Peppler Lake	—	327.0	327.0	216.0
	Lamelée	—	272.0	272.0	653.0
	Total	**—**	**599.0**	**599.0**	**869.0**
Harvey-Tuttle[4]	Harvey-Tuttle	**—**	**—**	**—**	**947.0**
Total as at March 31, 2021		**405.7**	**1,944.2**	**2,349.9**	**3,990.1**
Total as at March 31, 2020		**405.7**	**1,944.2**	**2,349.9**	**3,990.1**

Table 4: Consolidated Mineral Reserves (million dmt)

Property / Group	Proven	Fe (%)	Probable	Fe (%)	Reserves Proven & Probable	Fe (%)
Bloom Lake Phase II	346.0	29.9	461.0	28.2	807.0	29.0
Fire Lake North[5]	23.7	36.0	440.8	32.2	464.5	32.4
Total as at March 31, 2021	**369.7**	**30.3**	**901.8**	**30.1**	**1,271.5**	**30.2**
Total as at March 31, 2020	**369.7**	**30.3**	**901.8**	**30.1**	**1,271.5**	**30.2**

[1] The historical Consolidated Fire Lake resource estimates are based on the NI 43-101 technical reports entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013 and having an effective date of January 25, 2013 (as regards Fire Lake North), "Technical Report and Resource Estimate on the Bellechasse and Fire Lake North Properties, Fermont Project Area, Québec, Canada" prepared by P&E Mining Consultants Inc. dated December 23, 2009 and having an effective date of November 10, 2009 (as regards Bellechasse) and "Technical Report and Mineral Resource Estimate on the Oil Can Deposit of the Consolidated Fire Lake North Property, Fermont Area, Quebec, Canada" by P&E Mining Consultants Inc. dated August 17, 2012 and having an effective date of July 1, 2012 (as regards Oil Can). The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[2] The historical Moiré Lake resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Mineral Resource Estimate on the Moire Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012 and having an effective date of March 28, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[3] The historical Quinto resource estimates are based on the NI 43-101 technical reports entitled "Mineral Resource Technical Report, Peppler Project, Quebec" (as regards Peppler Lake) and "Mineral Resource Technical Report, Lamelée Project, Quebec" (as regards Lamelée), each by G H Wahl & Associates Consulting dated February 15, 2013 and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[4] The historical Harvey-Tuttle resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011 and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[5] The historical Fire Lake North reserve estimates are based on the NI 43-101 technical report entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013 and having an effective date of January 25, 2013. The historical mineral reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources (continued)

I. Bloom Lake Phase II (inclusive of Phase I)

Bloom Lake Phase II mineral resources and reserves are based on the Feasibility Study, include Bloom Lake Phase I resources and reserves and do not take into account the depletion. Bloom Lake Phase II mineral resources and reserves will be adjusted for depletion once Phase II expansion project reaches commercial production.

Table 5: March 31, 2021 Bloom Lake Phase II Mineral Resource Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al_2O_3 (%)
Measured	379.1	30.2	1.4	1.4	0.3
Indicated	514.4	28.7	2.5	2.3	0.4
Total measured and indicated	893.5	29.3	2.1	1.9	0.4
Inferred	53.5	26.2	2.8	2.4	0.4

Table 6: March 31, 2021 Bloom Lake Phase II Mineral Reserve Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al_2O_3 (%)
Proven	346.0	29.9	1.5	1.4	0.3
Probable	461.0	28.2	2.6	2.5	0.6
Total proven and probable	807.0	29.0	2.2	2.0	0.5

In addition to the Bloom Lake Mine, the Company owns interests in 13 other iron ore deposits (total of 14 deposits) located in the Labrador Trough, some 300 km north of the City of Sept-Îles and ranging from 6 to 80 km west and southwest of Fermont. The other projects with historical reserves and resources are as follows:

II. Consolidated Fire Lake North

The consolidated Fire Lake North project includes three deposits, the Fire Lake North, Bellechasse and Oil Can deposits. All deposits are located north of ArcelorMittal's Fire Lake mine.

Table 7: Fire Lake North Historical Mineral Resource Estimate at Cut-off 15% Fe[6]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	26.6	35.2
Indicated	666.9	31.4
Total measured and indicated resources	693.5	31.5
Inferred	521.6	30.1

[6] The historical Fire Lake North resource estimates are based on the NI 43-101 technical report entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013 and having an effective date of January 25, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources (continued)

II. Consolidated Fire Lake North (continued)

Table 8: Fire Lake North Historical Mineral Reserve Estimate at Cut-off 15% Fe[7]

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	Weight Recovery (%)
Proven	23.7	36.0	0.5	45.0
Probable	440.8	32.2	2.8	39.6
Total proven and probable	464.5	32.4	1.3	39.9

Table 9: Historical Inferred Resources for Other Consolidated Fire Lake North Deposits at Cut-off 15% Fe[8]

Deposit	Mt Tonnage (dmt)	Fe (%)
Bellechasse	215.1	28.7
Oil Can	967.0	33.2

III. Moiré Lake

Moiré Lake is a stand-alone deposit located approximately 6 km west from the city of Fermont and it is the far extension of ArcelorMittal's Mont-Wright Mine. While ArcelorMittal's ore is hematite-rich, the Moiré Lake deposit is a mix of hematite and magnetite.

Table 10: Moiré Lake Historical Resource Estimate at Cut-off 15% Fe[9]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	163.9	30.5
Total measured and indicated resources	163.9	30.5
Inferred	416.9	29.4

[7] The historical Fire Lake North reserve estimates are based on the NI 43-101 technical report entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013 and having an effective date of January 25, 2013. The historical mineral reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[8] The historical Consolidated Fire Lake resource estimates are based on the NI 43-101 technical reports entitled "Technical Report and Resource Estimate on the Bellechasse and Fire Lake North Properties, Fermont Project Area, Québec, Canada" prepared by P&E Mining Consultants Inc. dated December 23, 2009 and having an effective date of November 10, 2009 (as regards Bellechasse) and "Technical Report and Mineral Resource Estimate on the Oil Can Deposit of the Consolidated Fire Lake North Property, Fermont Area, Quebec, Canada" by P&E Mining Consultants Inc. dated August 17, 2012 and having an effective date of July 1, 2012 (as regards Oil Can). The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[9] The historical Moiré Lake resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Mineral Resource Estimate on the Moire Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012 and having an effective date of March 28, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources (continued)

IV. Quinto Claims

The Quinto holding is composed of 435 claims with several iron ore deposits and occurrences. The property is adjacent to the Consolidated Fire Lake North project. All the deposits have more magnetite than hematite with small amounts of iron silicates. The Peppler Lake and Lamelée projects are part of the Quinto Claims.

Table 11: Peppler Lake Historical Resource Estimate at Cut-off 18% Fe[10]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	327.0	28.0
Total measured and indicated resources	327.0	28.0
Inferred	216.0	27.5

Table 12: Lamelée Historical Resource Estimate at Cut-off 18% Fe[11]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	272.0	29.4
Total measured and indicated resources	272.0	29.4
Inferred	653.0	30.5

V. Harvey-Tuttle

The Harvey-Tuttle property is located northwest of the Quinto Claims. It holds several small deposits, although one of them, Turtleback Mountain, holds significant historical resources. As a whole, the Harvey-Tuttle property has 947.0 Mt of inferred historical resources at 23.2% Fe.[12]

VI. Cluster 3 (unconsolidated)

A series of 126 claims located near the closed Lac Jeannine Mine, identified as Cluster 3 was optioned to Cartier Iron Corporation. Champion Iron Mines Limited still hold 45% of the property. The main asset in Cluster 3 is the Penguin Lake deposit. It has 534.8 Mt of inferred historical resources at 33.1% Fe with a cut-off at 15% Fe.[13] Cluster 3 also includes a series of small deposits near Round Lake (north-west of Penguin Lake).

[10] The historical Peppler Lake resource estimates are based on the NI 43-101 technical report entitled "Mineral Resource Technical Report, Peppler Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013 and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[11] The historical Lamelée resource estimates are based on the NI 43-101 technical report entitled "Mineral Resource Technical Report, Lamelée Project, Quebec" by G H Wahl & Associates Consulting dated February 15, 2013 and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[12] The historical Harvey-Tuttle resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011 and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

[13] The historical Penguin Lake resource resource estimates are based on the NI 43-101 technical report entitled "43-101 Technical Report and Mineral Resource Estimate on the Penguin Lake Project (Round Lake Property), NTS 23C/01, Quebec" by Geochryst Geological Consulting and MRB & Associates Geological Consultants dated February 3, 2014 and having an effective date of May 1, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A "qualified person", as defined in NI 43-101, or a "competent person", as defined in JORC Code (2012 edition), has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves, and it is uncertain whether, following evaluation or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition).

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

6. Subsequent event — Acquisition of the Kami Project

On April 1, 2021, the Company acquired the mining properties of the Kami Project and is planning to revise the Kami Project's scope and update its previously completed feasibility study. The historical mineral reserves and resources of the Kami Project are as follows:

Table 15: Kami Project Historical Mineral Resource Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	HmFe (%)	Mn (%)
Measured	536.9	29.9	15.9	10.9	1.2
Indicated	737.6	29.5	15.8	10.3	1.1
Total measured and indicated	1,274.5	29.7	15.8	10.5	1.1
Inferred	522.6	29.5	15.0	11.1	1.0

Table 16: Kami Project Historical Mineral Reserve Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	Mag (%)	Weight Recovery (%)
Proven	392.7	29.0	15.0	1.2	34.7
Probable	124.5	28.2	11.1	1.1	32.0
Total proven and probable	517.2	28.8	14.1	1.2	34.1

7. Material Changes

There were no material changes in the year ended March 31, 2021 other than depletion by the Bloom Lake Mine.

12. Exploration Activities

During the year ended March 31, 2021, the Company continued to maintain all of its properties in good standing and did not enter into farm-in/ farm-out arrangements. During the three-month period and year ended March 31, 2021, $226,000 and $581,000 were incurred, respectively, in exploration and evaluation expenditures, compared to $189,000 and $691,000, respectively, for the same periods in 2020. The exploration expenditures mainly consist of fees required to maintain the Company's exploration properties, minor exploration work and the acquisition of claims.

On April 1, 2021, Champion acquired and now holds a 100% interest in the Kami Project. Refer to section 6 — Acquisition of the Kami Project.

13. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Year Ended March 31,	
	2021	2020	**2021**	2020
(in thousands of dollars)				
Operating cash flows before working capital	**168,693**	42,247	**519,097**	220,452
Changes in non-cash operating working capital	**59,873**	42,367	**104,379**	89,115
Net cash flow from operating activities	**228,566**	84,614	**623,476**	309,567
Net cash flow from investing activities	**(91,439)**	(23,374)	**(244,142)**	(152,892)
Net cash flow from financing activities	**(15,314)**	42,754	**(26,300)**	(14,890)
Net increase in cash and cash equivalents	**121,813**	103,994	**353,034**	141,785
Effects of exchange rate changes on cash and cash equivalents	**(2,137)**	7,094	**(25,081)**	4,154
Cash and cash equivalents, beginning of the period	**489,640**	170,275	**281,363**	135,424
Cash and cash equivalents, end of the period	**609,316**	281,363	**609,316**	281,363
Operating cash flow per share[1]	**0.46**	0.18	**1.30**	0.70

Operating

During the three-month period ended March 31, 2021, the Company generated operating cash flows of $168,693,000 before working capital items, compared to $42,247,000 for the same period in 2020. The variation, period over period, is mainly attributable to the higher EBITDA[1], which resulted primarily from a higher net average realized selling price[1]. Changes in working capital items for the period were affected by the timing of customer receipts and supplier payments, but mainly due to the mining and income taxes payable balance in the three-month period ended March 31, 2021. Based on the foregoing, the operating cash flow per share[1] for the three-month period ended March 31, 2021 was $0.46, compared to $0.18 for the same period in 2020.

During the year ended March 31, 2021, the Company's operating cash flows before working capital items totaled $519,097,000, compared to $220,452,000 for the same period in 2020. The variation is mainly attributable to a higher EBITDA[1], largely driven by a higher net average realized selling price[1] and slightly higher volumes of iron ore concentrate sold. Changes in working capital items are due to the timing effect of receipts and payments, and also the deferred tax payment of $57,761,000 made in the second quarter of the 2021 fiscal year. The latter represented income and mining taxes related to the fiscal year ended March 31, 2020. After working capital items, the operating cash flow per share[1] for the period totaled $1.30, compared to $0.70 for the same period in 2020.

As the iron ore concentrate price remained elevated during the 2021 fiscal year, it resulted in a higher taxable income in the current fiscal year. As the monthly tax installments are based on the previous fiscal year's taxable income, the amount of income and mining taxes payable for the period from April 1, 2020 to March 31, 2021, which was paid in May 2021, totaled $191,542,000, as currently reflected in the Company's statements of financial position.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

13. Cash Flows (continued)

Investing

Purchase of Property, Plant and Equipment

During the three-month period and the year ended March 31, 2021, the Company invested $74,500,000 and $174,650,000, respectively, in addition to property, plant and equipment, compared to $19,684,000 and $147,304,000, respectively, for the same periods in 2020. The following table summarizes the investments made:

	Three Months Ended March 31,		Year Ended March 31,	
	2021	2020	**2021**	2020
(in thousands of dollars)				
Tailings lifts	**839**	1,426	**8,165**	28,787
Stripping and mining activities	**7,346**	636	**22,831**	10,700
Mining equipment rebuild	**5,008**	2,546	**11,762**	17,937
Sustaining capital expenditures	**13,193**	4,608	**42,758**	57,424
Phase II	**45,971**	10,864	**97,087**	58,019
Other capital development expenditures at Bloom Lake	**15,336**	4,212	**34,805**	31,861
Purchase of property, plant and equipment as per cash flows	**74,500**	19,684	**174,650**	147,304

The decrease in tailings-related investments for the three-month period and the year ended March 31, 2021, compared to the same periods 2020, was anticipated. In 2019, the Company announced an accelerated $30.0 million work program for the raising of the tailings containment dam to ensure safe tailings deposition, which was completed in 2020. During the fiscal year ended March 31, 2021, the expenditures were related to the construction work on the dykes project and the raising of the tailings dam associated with a new coarse tailings line.

Stripping and mining activities were reduced in the first quarter of the 2021 fiscal year, due to the ramp down of operations as mandated by the Government's COVID-19 containment directives, but resumed during the second quarter of the 2021 fiscal year. During the three-month period ended March 31, 2021, the effort to recover the waste mining activities backlog accumulated during the ramp down of the operations contributed to increasing stripping activities. Stripping activities for the three-month period and the year ended March 31, 2021 were anticipated to be higher compared to the same periods in 2020 as a result of the mine plan.

The Company's mining equipment rebuild program reflects the work planned during the three-month period ended March 31, 2021, despite a slowdown during the first quarter of the 2021 fiscal year. Higher investments in the mining equipment rebuild program in the year ended March 31, 2020 is attributable to capital expenditures to increase mining equipment fleet availability and performance, whereby the required expenditures were lower for the same period in 2021.

Following the Board's final approval on November 12, 2020, to complete the Phase II project, the Company accelerated its expenditures related to the Phase II project and expects to continue to do so over the coming quarters. For the year ended March 31, 2021, the investment in the Phase II project totaled $112,298,000, which includes $97,087,000 in capital expenditures and $15,211,000 in advance payments to SFPPN as discussed below.

During the three-month period and year ended March 31, 2021, other capital development expenditures at Bloom Lake totaled $15,336,000 and $34,805,000, respectively. During the three-month period ended March 31, 2021, the Company invested in lodging infrastructure at the mine site to accommodate the increasing workforce. The Company also made prepayments for production equipment. During the year ended March 31, 2021, the investments consisted primarily in infrastructure upgrades at the mine, the commissioning of new equipment, the acquisition of additional used railcars and the expansion of the lodging installation. During the quarter and year ended March 31, 2020, other capital development expenditures at Bloom Lake totaled $4,212,000 and $31,861,000, respectively. These investments related to the completion of the Feasibility Study, some infrastructure upgrades at the mine and the commissioning of additional service equipment.

13. Cash Flows (continued)

Investing (continued)

Other Investing Activities

During the three-month period ended March 31, 2021, the Company increased its short-term investments, which are essentially collateral pledged as security for an agreement. The Company also partially disposed some of its marketable securities investment for net proceeds of $3,022,000.

During the year ended March 31, 2021, the Company transferred funds to a restricted account as a condition to the closing of the amended and restated Credit Facility.

During the three-month period and year ended March 31, 2021, the Company invested $349,000 and $1,705,000, respectively, in computer software required to support the expansion of its operations, compared to $3,501,000 and $5,513,000, respectively, for the same periods in 2020.

Finally, the Company made advance payments which totaled $9,200,000 and $15,211,000, respectively, to SFPPN for infrastructure upgrades in order to accommodate the anticipated increased Phase II production volumes.

Financing

In line with its conservative cash management principles, the Company fully drew its available Revolving Facility of US$20,000,000 to face global uncertainty associated with the COVID-19 pandemic at the end of the fiscal year ended March 31, 2020. Given its current liquidity position, during the three-month period ended March 31, 2021, the Company fully repaid the Revolving Facility of $25,262,000 (US$20,000,000).

During the three-month period ended March 31, 2021, 12,733,000 warrants and 110,000 stock options were exercised for proceeds totaling $14,485,000, compared to 11,500,000 compensation options and 22,500,000 stock options exercised for proceeds totaling $15,261,000 during the same period in 2020.

QIO declared and paid the accumulated dividends on its preferred shares, which are held by the Caisse de dépôt et placement du Québec, for the period from January 1, 2021 to March 31, 2021, inclusively, for a total disbursement of $4,219,000, representing the current dividend rate of 9.25%.

During the year ended March 31, 2021, the Company repaid the $25,262,000 (US$20,000,000) Revolving Facility. The Company also incurred and paid $7,888,000 for transaction costs related to the amendment of the Credit Facility, which was increased to fund the completion of the Phase II project. In addition, 27,733,000 warrants and 6,694,000 stock options were exercised for proceeds totaling $36,277,000. Additionally, QIO declared and paid the accumulated dividends on its preferred shares for the period from August 17, 2019 to March 31, 2021, inclusively, for a total disbursement of $28,439,000. The Company does not have any arrears with respect to QIO's preferred dividends and has the ability to redeem all of QIO's preferred shares on August 16, 2021.

During the year ended March 31, 2020, the Company completed the re-financing of the previous credit facilities, which consisted of two term loans with CDP Investissements Inc. ("CDPI") (US$100,000,000) and Sprott (US$80,000,000), both of which were fully repaid for CA$234,464,000 on August 16, 2019. A drawdown on the original US$200,000,000 (CA$267,522,000) credit facilities, including the US$20,000,000 Revolving Facility, was also completed. Transaction costs of $8,985,000 were incurred for this transaction, where $1,663,000 was paid during the 2019 fiscal year, resulting in a net payment of $7,322,000 during the year ended March 31, 2020. The refinancing reduced the cost of debt from a 10%-14% range to a 3.25%-4.5% range.

In addition, during the year ended March 31, 2020, the Company completed the acquisition of Investissement Québec's 36.8% equity interest in QIO for a consideration of $211,000,000. Investissement Québec is a successor to Ressources Québec Inc., which held the equity interest in QIO at the time of the transaction. Following the acquisition, the Company is no longer subject to an NCI in its flagship asset, the Bloom Lake Mine, enabling Champion's shareholders to fully benefit from the EBITDA margin generated by the Bloom Lake Mining Complex. Concurrently, the Company issued QIO's preferred shares to CDPI for proceeds of $181,795,000, net of transaction costs, and reimbursed the unsecured subordinated convertible debenture ("Debenture") with Glencore International AG ("Glencore") for a total cost of $31,980,000.

Additionally, during the year ended March 31, 2020, 21,000,000 compensation options, 13,719,000 warrants and 25,000,000 stock options were exercised, for proceeds totaling $21,181,000.

14. Financial Position

As at March 31, 2021, the Company held $680,528,000 in cash on hand[1] and restricted cash. The Company is well positioned to fund all its cash requirements for the next 12 months with its existing cash balance, its forecasted cash flows from operations, its available portion of the undrawn long-term debt of US$220,000,000, its master lease agreement with SMBC Rail Services Canada ULC to finance Phase II mining equipment and railcars of approximately US$30,000,000 and its master lease agreement with Caterpillar Financial Services Limited of US$75,000,000 signed in April 2021. Moreover, Investissement Québec, a member of the senior debt syndicate, and the Fonds du développement économique have committed to partially fund (up to $70.0M) QIO's $85.0M investment required to upgrade SFPPN's existing infrastructure.

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

- Mine operating costs;
- Remaining expenditures in relation to the Phase II expansion project;
- Sustaining capital expenditures;
- Payment of mining and income taxes, including a payment of $191,542,000 completed in May 2021; and
- Acquisition of the Kami Project, where $15,000,000 was paid in April 2021 as part of the consideration.

The first capital repayment of the Company's amended long-term debt is scheduled for June 30, 2022, while dividends on QIO's preferred shares may be accumulated on a quarterly basis at the Company's discretion. As of March 31, 2021, the Company had no capitalized, undeclared and unpaid dividends on QIO's preferred shares.

The following table details the changes to the statement of financial position at March 31, 2021 compared to March 31, 2020:

	As at March 31, 2021	As at March 31, 2020	Variance
(in thousands of dollars)			
Cash and cash equivalents	**609,316**	281,363	117%
Short-term investments	**27,200**	17,291	57%
Cash on hand[1]	**636,516**	298,654	113%
Other current assets	**171,023**	102,895	66%
Total Current Assets	**807,539**	401,549	101%
Restricted cash	**44,012**	—	—%
Property, plant and equipment	**504,985**	365,470	38%
Exploration and evaluation assets	**76,106**	75,525	1%
Other non-current assets	**64,264**	40,054	60%
Total Assets	**1,496,906**	882,598	70%
Total Current Liabilities	**293,767**	112,919	160%
Long-term debt	**214,951**	275,968	(22%)
Rehabilitation obligation	**45,074**	42,836	5%
Other non-current liabilities	**90,097**	74,253	21%
Total Liabilities	**643,889**	505,976	27%
Equity attributable to Champion shareholders	**853,017**	376,622	126%
Total Equity	**853,017**	376,622	126%
Total Liabilities and Equity	**1,496,906**	882,598	70%

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

14. Financial Position (continued)

The Company's total current assets as at March 31, 2021 increased by $405,990,000 since March 31, 2020. The increase was mainly attributable to cash flows from operations, higher trade receivables impacted by a favourable price adjustment and an increase in inventories. The increase is partially offset by a reclassification of $44,012,000 (US$35,000,000) to non-current restricted cash for a contingent fund deposit required under the amended Credit Facility, to cover potential Phase II cost overruns as a condition for the closing of the amended agreement.

The increase in non-current assets consists primarily of capitalized stripping activities, mining equipment overhaul, investments made in the Phase II project and other investments made towards the property, plant and equipment and intangible assets. The Company's other non-current assets increased by $24,023,000 since March 31, 2020 mainly due to the investments made in SFPPN, in line with the Feasibility Study.

Higher total current liabilities are mainly due to higher income and mining taxes payable of $191,542,000 as at March 31, 2021, resulting from higher profits since the start of the current fiscal year. In addition, higher accounts payable related to Phase II projects also contributed to the increase in total current liabilities. The income and mining taxes payable for the 2021 fiscal year were paid in May 2021.

The decrease in long-term debt is mainly due to the repayment of the US$20,000,000 Revolving Facility on March 30, 2021 and the unrealized foreign exchange gain on the long-term debt denominated in U.S. dollars.

The increase in total equity is mainly attributable to the Company's net income of $464,425,000 for the year ended March 31, 2021 and the exercise of warrants and stock options for an additional $36,277,000 amount in cash and equity. The increase in total equity is partially offset by the payment of the accumulated dividends on QIO's preferred shares, for the period from August 17, 2019 to March 31, 2021, inclusively, totaling $28,439,000.

15. Financial Instruments

The nature and the extent of risks arising from the Company's financial instruments are summarized in note 25 of the Financial Statements for the year ended March 31, 2021.

16. Contingencies

The Company is and may be from time to time subject to legal actions, including arbitrations and class actions, arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Company. However, based on currently available information, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Company.

17. Contractual Obligations, Commitments and Off-Balance Sheet Arrangements

Contractual Obligations and Commitments

The following are the contractual maturities of liabilities (with estimated future interest payments) and the future minimum payments of commitments as at March 31, 2021:

(in thousands of dollars)	Less than a year	1 to 5 years	More than 5 years	Total
Accounts payable and other	**101,724**	**—**	**—**	**101,724**
Long-term debt, including capital and future interest payment	**9,315**	**239,773**	**—**	**249,088**
Lease liabilities, including future interest	**577**	**1,146**	**454**	**2,177**
Commitments as per note 28 of the Financial Statements	**155,068**	**63,729**	**201,939**	**420,736**
	266,684	**304,648**	**202,393**	**773,725**

Other Off-Balance Sheet Arrangements

The undrawn portion of the Credit Facility totaled US$220,000,000, which is composed of a term facility of US$170,000,000 only available during the pre-completion period of Phase II and a Revolving Credit Facility of US$50,000,000, both subject to standby commitment fees.

18. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 of the Financial Statements for the year ended March 31, 2021.

19. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the year ended March 31, 2021.

20. New Accounting Standards Issued and but not yet in Effect

The new accounting standards issued but not yet in effect are disclosed in note 2 to the Financial Statements for the year ended March 31, 2021.

21. Related Party Transactions

Related party transactions consist of transactions with key management personnel. The Company considers its members of the Board and senior officers to be key management personnel. Transactions with key management personnel are disclosed in note 27 of the Financial Statements for the year ended March 31, 2021.

22. Non-IFRS Financial Performance Measures

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

A. Total Cash Cost

Total cash cost, or C1 cash cost, is a common financial performance measure in the iron ore mining industry but has no standard meaning under IFRS. Champion reports total cash cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flows from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison to other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. Total cash cost includes production costs such as mining, processing and site administration and excludes depreciation to arrive at total cash cost per dmt sold. Other companies may calculate this measure differently.

The total cash cost excludes the "cost of sales - incremental costs related to COVID-19" totaling $3,162,000 or $1.6/dmt for the three-month period ended March 31, 2021 and $12,610,000 or $1.6/dmt for the year ended March 31, 2021.

	Three Months Ended March 31,		**Year Ended March 31,**	
	2021	2020	**2021**	2020
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,971,100**	1,888,200	**7,684,500**	7,577,400
(in thousands of dollars except per tonne)				
Cost of sales	**107,137**	101,721	**416,272**	399,368
Total cash cost (per dmt sold)	**54.4**	53.9	**54.2**	52.7

B. Incremental Costs Related to COVID-19 (per dmt sold)

The Company incurred direct, incremental and non-recurring costs resulting from its COVID-19 safety measures that are mainly comprised of premium payroll costs from adjusted work schedules, higher transportation costs, on-site COVID-19 testing and laboratory costs, and additional costs for cleaning and disinfecting facilities. The incremental costs related to COVID-19 exclude inefficiency costs attributable to COVID-19 preventive measures especially related to maintaining social distancing in operational procedures as well as higher costs charged by subcontractors and consultants which include COVID-19 inefficiencies. The incremental costs related to COVID-19 per dmt sold allow Management to assess the impact of the incremental COVID-19 costs on the operating cost performance of the Company.

	Three Months Ended March 31,		**Year Ended March 31,**	
	2021	2020	**2021**	2020
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,971,100**	1,888,200	**7,684,500**	7,577,400
(in thousands of dollars except per tonne)				
Cost of sales - incremental costs related to COVID-19	**3,162**	—	**12,610**	—
Incremental costs related to COVID-19 (per dmt sold)	**1.6**	—	**1.6**	—

22. Non-IFRS Financial Performance Measures (continued)

C. All-In Sustaining Cost

The Company believes that AISC defines the total cost associated with producing iron ore concentrate more accurately as this measure reflects all the sustaining expenditures incurred to produce high-grade iron ore concentrate. The Company calculates AISC as the sum of total cash cost (as described above), G&A expenses and sustaining capital, including deferred stripping cost, divided by the iron ore concentrate sold (in dmt) to arrive at a per dmt figure. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. The sustaining capital included in the AISC calculation excludes development capital expenditures such as capacity increase projects and studies for future expansion projects.

As this measure is intended to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions that would increase production capacity or mine life, including economic evaluations for such projects. It also excludes product research and development expenses and exploration expenses that are not sustainable in nature, income and mining taxes expenses, working capital, defined as current assets less current liabilities, or interest costs. The AISC excludes the "cost of sales — incremental costs related to COVID-19" totaling $3,162,000 or $1.6/dmt for the three-month period ended March 31, 2021 and $12,610,000 or $1.6/dmt for the year ended March 31, 2021.

The following table sets forth the calculation of AISC per tonne:

	Three Months Ended March 31,		**Year Ended March 31,**	
	2021	2020	**2021**	2020
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,971,100**	1,888,200	**7,684,500**	7,577,400
(in thousands of dollars except per tonne)				
Cost of sales	**107,137**	101,721	**416,272**	399,368
Sustaining capital expenditures	**13,193**	4,608	**42,758**	57,424
General and administrative expenses	**7,905**	8,422	**23,594**	21,087
Non-recurring expenses related to re-domiciliation	**—**	(1,907)	**—**	(2,569)
	128,235	112,844	**482,624**	475,310
AISC (per dmt sold)	**65.1**	59.8	**62.8**	62.7

22. Non-IFRS Financial Performance Measures (continued)

D. Net Average Realized Selling Price, Cash Operating Margin and Cash Profit Margin

Net average realized selling price and cash operating margin per dmt sold are used by Management to better understand the iron ore concentrate price and margin realized throughout a period. Net average realized selling price is calculated as revenues divided by iron ore concentrate sold (in dmt). Cash operating margin represents the net average realized selling price per dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin per dmt sold divided by the net average realized selling price per dmt sold.

	Three Months Ended March 31,		Year Ended March 31,	
	2021	2020	**2021**	2020
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,971,100**	1,888,200	**7,684,500**	7,577,400
(in thousands of dollars except per tonne)				
Revenues	**396,702**	175,702	**1,281,815**	785,086
Net average realized selling price (per dmt sold)	**201.3**	93.1	**166.8**	103.6
AISC (per dmt sold)	**65.1**	59.8	**62.8**	62.7
Cash operating margin (per dmt sold)	**136.2**	33.3	**104.0**	40.9
Cash profit margin	**68%**	36%	**62%**	39%

E. EBITDA and EBITDA Margin

The following table sets forth the calculation of EBITDA, a non-IFRS measure which the Company believes to be relevant to assess the Company’s ability to generate liquidity by producing operating cash flows to fund working capital needs, service debt obligation and fund capital expenditures. EBITDA margin represents the EBITDA divided by the revenues.

EBITDA is intended to provide additional information to investors and does not have any standardized definition under IFRS. The measure excludes the impact of net finance (income) costs, taxes and depreciation, and is not necessarily indicative of operating profit or cash flows from operations as determined under IFRS. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments or COVID-19-related expenditures. Other companies may calculate EBITDA differently.

	Three Months Ended March 31,		Year Ended March 31,	
	2021	2020	**2021**	2020
(in thousands of dollars)				
Income before income and mining taxes	**261,047**	46,908	**761,872**	241,188
Net finance costs	**5,430**	4,684	**22,428**	84,244
Depreciation	**9,287**	9,063	**35,177**	22,001
EBITDA	**275,764**	60,655	**819,477**	347,433
Revenues	**396,702**	175,702	**1,281,815**	785,086
EBITDA margin	**70%**	35%	**64%**	44%

(Expressed in Canadian dollars, except where otherwise indicated)

22. Non-IFRS Financial Performance Measures (continued)

F. Adjusted Net Income, Adjusted Net Income Attributable to Champion Shareholders and Adjusted EPS

Management uses adjusted net income and adjusted EPS to evaluate the Company's operating performance and for planning and forecasting future business operations. The Company believes the use of adjusted net income and adjusted EPS allows investors and analysts to understand the results of operations of the Company by excluding certain items that have a disproportionate impact on the results for a period. The tax effect of adjustments is presented in the tax effect of adjustments line and is calculated using the applicable tax rate. Management's determination of the components of adjusted net income and adjusted EPS is evaluated periodically and is based, in part, on its review of non-IFRS financial measures used by mining industry analysts.

For the year ended March 31, 2021, the Company believes that identifying certain costs directly resulting from the impact of the COVID-19 pandemic and excluding these amounts from the calculation of the non-IFRS measures described below helps Management, analysts and investors assess the direct and incremental impact of COVID-19 on the business as well as the general economic performance during the period. During the three-month period and year ended March 31, 2021, the Company incurred direct, incremental and non-recurring costs of $3,162,000 and $12,610,000, respectively, resulting from the COVID-19 safety measures that are mainly comprised of premium payroll costs from adjusted work schedules, higher transportation costs, on-site COVID-19 testing and laboratory costs, and additional costs for cleaning and disinfecting facilities.

During the year ended March 31, 2021, the Company recorded a non-cash loss of $1,863,000 resulting from the debt modification following the amendment to the Credit Facility (refer to note 13 of the Financial Statements). During the three-month period and the year ended March 31, 2021, the Company reported a gain on disposal of non-current investments of $2,332,000. Management is of the opinion that by excluding these non-recurring items, it presents the results related directly to the Company's recurring business.

	Three Months Ended March 31, 2021		**Year Ended March 31, 2021**	
	Net Income	**EPS**	**Net Income**	**EPS**
Unadjusted	**155,934**	0.32	**464,425**	0.97
Non-cash item				
Loss on debt refinancing	**—**	—	**1,863**	—
	—	—	**1,863**	—
Cash items				
Gain on disposal of non-current investments	**(2,332)**	(0.01)	**(2,332)**	(0.01)
Cost of sales - incremental costs related to COVID-19	**3,162**	0.01	**12,610**	0.03
	830	—	**10,278**	0.02
Tax effect of adjustments listed above	**(1,265)**	(0.01)	**(5,885)**	(0.01)
Adjusted	**155,499**	0.31	**470,681**	0.98

(Expressed in Canadian dollars, except where otherwise indicated)

22. Non-IFRS Financial Performance Measures (continued)

F. Adjusted Net Income, Adjusted Net Income Attributable to Champion Shareholders and Adjusted EPS (continued)

The refinancing of the Sprott and CDPI credit facilities completed in the three-month period ended September 30, 2019, resulted in non-cash financing costs associated with derivative instruments that were embedded in the previous credit facilities. Management is of the opinion that by excluding the non-recurring non-cash transactions, it presents the quarterly results related directly to the Company's recurring business.

	Three Months Ended March 31, 2020			Year Ended March 31, 2020		
	Net Income	**Net Income attributable to Champion Shareholders**	**EPS**	**Net Income**	**Net Income attributable to Champion Shareholders**	**EPS**
Unadjusted	**18,351**	**18,351**	0.04	**121,050**	**89,426**	0.20
Non-cash items						
Write-off - book value of Debenture	—	—	—	**18,837**	**18,837**	0.04
Write-off - book value of CDPI debt facility	—	—	—	**15,976**	**15,976**	0.04
Write-off - book value of Sprott debt facility	—	—	—	**5,966**	**5,966**	0.02
Write-off - Glencore derivative asset	—	—	—	**1,336**	**1,336**	—
Write-off - CDPI derivative asset	—	—	—	**5,603**	**5,603**	0.01
Write-off - Sprott derivative asset	—	—	—	**5,768**	**5,768**	0.01
	—	—	—	**53,486**	**53,486**	0.12
Cash items						
Debt prepayment penalty fees	—	—	—	**3,788**	**3,788**	0.01
	—	—	—	**3,788**	**3,788**	0.01
Tax impact of adjustments listed above	—	—	—	**(5,633)**	**(5,633)**	(0.01)
Adjusted	**18,351**	**18,351**	0.04	**172,691**	**141,067**	0.32

G. Operating Cash Flow per Share

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use operating cash flow per share to assess the Company's ability to generate and manage liquidity. This measure does not have a standard meaning and is intended to provide additional information. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Operating cash flow per share is determined by applying net cash flow from operating activities to the weighted average number of ordinary shares outstanding used in the calculation of basic earnings per share.

	Three Months Ended March 31,		Year Ended March 31,	
	2021	2020	**2021**	2020
Net cash flow from operating activities	**228,566**	84,614	**623,476**	309,567
Weighted average number of ordinary shares outstanding - Basic	**494,403,000**	462,730,000	**478,639,000**	441,620,000
Operating cash flow per share	**0.46**	0.18	**1.30**	0.70

(Expressed in Canadian dollars, except where otherwise indicated)

22. Non-IFRS Financial Performance Measures (continued)

H. Cash on Hand

Cash on hand is defined as accessible cash or which can be converted quickly into cash, and includes cash held in financial institutions, short-term deposits that mature within twelve months and all other cash equivalents. The Company uses cash on hand to measure its liquidity to meet the requirement of lenders, fund capital expenditures and support operations. This measure is also monitored by Management to prudently manage its liquidity.

	As at March 31, 2021	**As at March 31,** 2020
Cash and cash equivalents	**609,316**	281,363
Short-term investments	**27,200**	17,291
Cash on hand	**636,516**	298,654

23. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of May 26, 2021, there are 506,316,164 ordinary shares issued and outstanding.

In addition, there are 4,395,665 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units and 25,281,250 ordinary shares issuable pursuant to warrants.

24. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the year ended March 31, 2021 and the unaudited interim consolidated financial statements for the previous quarters as well as with the audited annual financial statements for the year ended March 31, 2020.

The Company's fiscal year ends on March 31. All amounts are stated in millions of dollars except for the earnings per share.

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Financial Data ($ millions)								
Revenues	396.7	329.5	311.0	244.6	175.7	171.1	160.4	277.9
Operating income	262.5	203.3	189.5	118.8	52.1	53.3	57.9	163.3
EBITDA[1]	275.8	214.6	199.0	130.2	60.7	57.7	62.2	166.9
Net income (loss)	155.9	120.8	112.2	75.6	18.4	30.2	(1.7)	74.2
Adjusted net income[1]	155.5	123.4	113.8	78.0	18.4	30.2	49.9	74.2
Net income attributable to Champion shareholders	155.9	120.8	112.2	75.6	18.4	30.2	2.1	38.8
Earnings per share - basic	0.32	0.25	0.24	0.16	0.04	0.07	0.00	0.09
Earnings per share - diluted	0.30	0.24	0.22	0.15	0.04	0.06	0.00	0.08
Adjusted earnings per share - basic[1]	0.31	0.26	0.24	0.17	0.04	0.07	0.11	0.09
Net cash flow from operations	228.6	188.2	131.4	75.3	84.6	28.1	104.9	91.9
Operating Data								
Waste mined and hauled (thousands of wmt)	3,796	4,958	4,114	2,613	3,180	3,409	3,572	3,581
Ore mined and hauled (thousands of wmt)	5,636	5,183	6,070	4,683	5,413	4,905	5,394	5,105
Strip ratio	0.67	0.96	0.68	0.56	0.59	0.70	0.66	0.70
Ore milled (thousands of wmt)	5,238	5,194	5,563	4,605	4,880	4,639	5,451	4,780
Head grade Fe (%)	30.7	29.7	30.9	31.3	31.7	32.0	32.3	32.5
Recovery (%)	82.6	83.6	85.2	82.3	82.3	81.7	83.9	82.1
Product Fe (%)	66.5	66.4	66.1	66.5	66.5	66.4	66.3	66.2
Iron ore concentrate produced (thousand wmt)	2,011	1,922	2,269	1,799	1,892	1,833	2,190	1,989
Iron ore concentrate sold (thousands of dmt)	1,971	1,891	2,063	1,759	1,888	1,922	1,860	1,907
Statistics (in dollars per dmt sold)								
Gross average realized selling price	220.0	194.8	162.8	149.2	130.5	140.1	140.3	158.9
Net average realized selling price[1]	201.3	174.2	150.7	139.1	93.1	89.0	86.2	145.7
Total cash cost[1]	54.4	56.2	48.5	58.4	53.9	54.2	48.3	54.3
All-in sustaining cost[1]	65.1	65.0	57.4	64.8	59.8	62.2	66.2	62.8
Cash operating margin[1]	136.2	109.2	93.3	74.3	33.3	26.8	20.0	82.9
Statistics (in US dollars per dmt sold)								
Gross average realized selling price	173.9	150.3	122.2	107.8	96.9	106.2	106.2	119.3
Net average realized selling price[1]	159.3	134.5	113.2	100.3	69.7	67.4	65.1	109.6
Total cash cost[1] (C1 cash cost)	43.0	43.1	36.4	42.2	40.1	41.1	36.6	40.6
All-in sustaining cost[1]	51.4	49.9	43.1	46.8	44.5	47.1	50.1	46.9
Cash operating margin[1]	107.9	84.6	70.1	53.5	25.2	20.3	15.0	62.7

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 22.

25. Risk Factors

An investment in securities of the Company is highly speculative and involves significant risks. If any of the events contemplated in the risk factors described below actually occurs, the Company's business may be harmed and its financial condition and results of operation may suffer significantly. In that event, the trading price of the Ordinary Shares could decline and purchasers of Ordinary Shares may lose all or part of their investment. The risks described herein are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

Financial Risks

Iron Ore Prices

The Company's principal business is the exploration, development and production of iron ore. The Company's future profitability is largely dependent on movements in the price of iron ore. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply/demand balance. Given the historical volatility of iron ore prices, there are no assurances that the iron ore price will remain at economically attractive levels. An increase in iron ore supply without a corresponding increase in iron ore demand would be expected to result in a decrease in the price of iron ore. Similarly, a decrease in iron ore demand without a corresponding decrease in the supply of iron ore would be expected to result in a decrease in the price of iron ore. A continued decline in iron ore prices would adversely impact the business of the Company and could affect the feasibility of the Company's projects. As some of the Company's long-term debt and other financial instruments are subject to rate fluctuation based on the price of iron ore, a decrease in iron ore could have an adverse impact on the Company's financial instruments. A continued decline in iron ore prices would also be expected to adversely impact the Company's ability to attract financing. Iron ore prices are also affected by numerous other factors beyond the Company's control, including the exchange rate of the United States dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major iron ore producing regions. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and if warranted, could be discontinued.

Fluctuating Mineral Prices

Factors beyond the control of the Company may affect the marketability of any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company's control. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital, and a loss of all or part of an investment in securities of the Company may result.

Liquidity / Financing Risk

The Company may need to obtain additional equity or debt financing in the future through the sale of securities, by optioning or selling its properties, or otherwise. No assurance can be given that additional financing will be available for further exploration and development of the Company's properties when required, upon terms acceptable to the Company or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

As of March 31, 2021, Champion had cash and cash equivalents of approximately $609.3 million and total long-term debt of approximately $215 million. Although Champion has been successful in repaying debt in the past and restructuring its capital structure with a lower cost of capital, there can be no assurance that it can continue to do so. In addition, Champion may in the future assume additional debt or reduce its holdings of cash and cash equivalents in connection with funding future growth initiatives, existing operations, capital expenditures or in pursuing other business opportunities. Champion's level of indebtedness could have important consequences for its operations. In particular, Champion may need to use a large portion of its cash flows to repay principal and pay interest on its debt, which will reduce the amount of funds available to finance its operations and other business activities. Champion's debt level may also limit its ability to pursue other business opportunities, borrow money for operations or capital expenditures or implement its business strategy.

As of March 31, 2021, Champion had approximately $226.4 million in debt maturing by December 23, 2025. This amount excludes $1.9 million in capital lease payments expected by August 1, 2027. Currently, US$220 million are undrawn under the Company's Amended Credit Facility. The Term Facility will mature five years from December 23, 2020 while the Revolving Facility will mature three years from December 23, 2020.

25. Risk Factors (continued)

Financial Risks (continued)

Liquidity / Financing Risk (continued)

In addition to future cash flows from operations, potential divestments and the creation of new partnerships, Champion's other potential sources of liquidity for the payment of its expenses and principal and interest payable on its debt and other financial instruments include issuing additional equity or unsecured debt and borrowing under the Company's US$50 million Revolving Facility. The key financial covenant in the Revolving Facility requires Champion to maintain a net debt to EBITDA ratio that does not exceed 4.25:1 (as of March 31, 2021, this ratio was approximately 0.35:1). Champion's ability to reduce its indebtedness and meet its payment obligations will depend on its future financial performance, which will be impacted by financial, business, economic and other factors. Champion will not be able to control many of these factors, including the economic conditions in the markets in which it operates. There is no certainty that Champion's existing capital resources and future cash flows from operations will be sufficient to allow it to pay principal and interest on its debt and other financial instruments and meet its other obligations. If these amounts are insufficient or if Champion does not comply with financial covenants under the Amended Credit Facility or its other financial instruments, Champion may be required to refinance all or part of its existing debt, sell assets, borrow more money or issue additional equity. The ability of Champion to access the bank, public debt or equity capital markets on an efficient basis may be constrained by a dislocation in the credit markets or capital or liquidity constraints in the banking, debt or equity markets at the time of such refinancing.

Champion is also exposed to liquidity and various counterparty risks including, but not limited to: (i) Champion's lenders and other banking and financial counterparties; (ii) Champion's insurance providers; (iii) financial institutions that hold Champion's cash; (iv) companies that have payables to Champion, including concentrate customers; and (v) companies that have received deposits from Champion for the future delivery of equipment.

Global Financial Conditions and Capital Markets

As future capital expenditures of the Company will be financed out of funds generated from operations, borrowings and possible future equity sales, the Company's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the Company's securities.

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008, 2009 and the first half of 2020. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2019, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery. Similarly, as a result of the recent outbreak of the novel coronavirus disease (COVID-19), there has been a slowdown in world economies since the first quarter of 2020.

The impact that the United Kingdom's leaving the European Union on January 31, 2020 may continue to have on global financial markets' challenges and the demand for commodities is uncertain. As a result, access to public financing has been negatively impacted. Following January 31, 2020, the European Union and the United Kingdom negotiated the terms of their future relationship and on December 31, 2020, entered into a Trade and Cooperation Agreement. These conditions have resulted and may continue to result in a reduction in demand for various resources and raw materials.

These factors may impact the ability of the Company to obtain equity or debt financing in the future on favourable terms. Additionally, these factors, as well as other related factors, may impair the Company's ability to make capital investments and may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, the Company's operations could be adversely impacted and the trading price of its Ordinary Shares may be adversely affected.

25. Risk Factors (continued)

Financial Risks (continued)

Operating Costs

The Company's financial performance is affected by its ability to achieve production volumes at certain cash operating costs. The Company's expectations with respect to cash operating costs of production are based on the mine plan that reflects the expected method by which the Company will mine Mineral Reserves at the Bloom Lake Mine and the expected costs associated with the plan. Actual iron ore production and cash operating costs may differ significantly from those the Company has anticipated for a number of reasons, including variations in the volume of ore mined and ore grade, which could occur because of changing mining rates, ore dilution, varying metallurgical and other ore characteristics and short-term mining conditions that require different sequential development of ore bodies or mining in different areas of the mine. Mining rates are impacted by various risks and hazards inherent at the operation, including natural phenomena, such as inclement weather conditions, and unexpected labour shortages or strikes or availability of mining fleet. Cash operating costs are also affected by ore characteristics that impacts recovery rates, labour costs, the cost of mining supplies and services, foreign currency exchange rates and stripping costs incurred during the production phase of the mine. In the normal course of operations, the Company manages each of these risks to mitigate, where possible, the effect they have on operating results.

Foreign Exchange

Iron ore is sold in U.S. dollars. The Company is, therefore, subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. Revenue generated by the Company from production on its properties are received in U.S. dollars while operating and capital costs are incurred primarily in Canadian dollars. A decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact the Company's financial performance. In addition, Champion's functional and reporting currency is Canadian dollars, while its Credit Facility and Equipment Financing Facility are denominated in U.S. dollars. Therefore, as the exchange rate between the Canadian dollar and the U.S. dollar fluctuates, the Company will experience foreign exchange gains and losses, which can have a significant impact on its consolidated operating results.

Interest Rates

A significant, prolonged increase in interest rates could have a material adverse impact on the interest payable under the Company's long-term debt, long-term leases and other financial instruments. The Company's interest rate exposure mainly relates to the interest payments on its variable-rate debt totaling US$180 million as of March 31, 2021.

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Company's ability to obtain financing, to achieve production and on its financial performance. See also "*Global Financial Conditions and Capital Markets*" above.

Operational Risks

Mineral Exploration, Development and Operating Risks

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and is frequently non-productive. Resource acquisition, exploration, development and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices, which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company's not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Company will result in the establishment or expansion of resources or reserves.

25. Risk Factors (continued)

Operational Risks (continued)

Mineral Exploration, Development and Operating Risks (continued)

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of iron ore and other minerals, including, but not limited to, environmental hazards (including hazards relating to the discharge of pollutants), industrial accidents, labor force disruptions, health crises (including epidemics and pandemics), adjacent or adverse land or mineral ownership rights or claims that may result in constraints on current or future mining operations, unavailability of materials and equipment, equipment failures, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical conditions or formations, unanticipated ground and water conditions, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls or tailings dams, pit flooding, fire, explosions and natural phenomena and "acts of God" such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in, among other things, damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays in mining, limited mine site access, difficulty selling concentrate to customers, reputational loss, monetary payments and losses and possible legal liability. As a result, production may fall below historic or estimated levels and Champion may incur significant costs or experience significant delays that could have a material adverse effect on its financial performance, liquidity and results of operations. The Company maintains insurance to cover some of these risks and hazards; however, such insurance may not provide sufficient coverage in certain circumstances or may not be available or otherwise adequate for the Company's needs. See also "*Risk Factors – Insurance and Uninsured Risks*" below.

The Company's processing facility is dependent on continuous mine feed to remain in operation. Insofar as the Bloom Lake Mine does not maintain material stockpiles of ore or material in process, any significant disruption in either mine feed or processing throughput, whether due to equipment failures, adverse weather conditions, supply interruptions, export or import restrictions, labour force disruptions or other causes, may have an immediate adverse effect on the results of its operations. A significant reduction in mine feed or processing throughput at the mine could cause the unit cost of production to increase to a point where the Company could determine that some or all of its reserves are or could be uneconomic to exploit.

The Company periodically reviews mining schedules, production levels and asset lives in its LOM planning for all of its operating and development properties. Significant changes in the LOM plans can occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investment in new equipment and technology, iron ore price assumptions and other factors. Based on this analysis, the Company reviews its accounting estimates and, in the event of impairment, may be required to write-down the carrying value of one or more of its long-lived assets. This complex process continues for the LOM. See also "*Risk Factors – Ability to Support the Carrying Value of Non-Current Assets*" below.

In addition, any current and future mining operations are and will be subject to the risks inherent in mining, including adverse fluctuations in commodity prices, fuel prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, industrial accidents and labour actions or unrest. The occurrence of any of these events could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Company.

As well, risks may arise with respect to the management of tailings and waste rock, mine closure, rehabilitation and management of closed mine sites (regardless of whether the Company operated the mine site or acquired it after operations were conducted by others). Financial assurances may also be required with respect to closure and rehabilitation costs, which may increase significantly over time and reserved amounts may not be sufficient to address actual obligations at the time of decommissioning and rehabilitation.

As a result of the foregoing risks, and in particular, where a project is in a development stage, expenditures on any and all projects, actual production quantities and rates, and cash costs may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs. In addition, estimated production dates may be delayed materially, in each case especially to the extent development projects are involved. Any such events can materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

25. Risk Factors (continued)

Operational Risks (continued)

Uncertainty of Mineral Resource and Mineral Reserve Estimates

Although the Mineral Resource and Mineral Reserve estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of Mineral Resources and Mineral Reserves can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to Mineral Resources and Mineral Reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in Mineral Resources and Mineral Reserves, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral Resources and Mineral Reserves are reported as general indicators of mine life. Mineral Resources and Mineral Reserves should not be interpreted as assurances of potential mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of Mineral Resources and Mineral Reserves and corresponding grades. Until ore is actually mined and processed, Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on mineral prices. Any material change in resources, Mineral Resources or Mineral Reserves, or grades or stripping ratios will affect the economic viability of the Company's projects.

Uncertainties and Risks Relating to Feasibility Studies

Feasibility studies are used to determine the economic viability of a deposit, as are pre-feasibility studies and preliminary assessments. Feasibility studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. Generally accepted levels of confidence are plus or minus 15% for feasibility studies, plus or minus 25-30% for pre-feasibility studies and plus or minus 35-40% for preliminary economic assessments. There is no certainty that the Phase II Feasibility Study will be realized. While the Phase II Feasibility Study is based on the best information available to the Company, it cannot be certain that actual costs will not significantly exceed the estimated cost. While the Company incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory Mineral Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future mineral and metal prices.

In addition, ongoing mining operations at the Bloom Lake Mine are dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralization, favourable geological conditions, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. Actual operating results may differ from those anticipated in the Feasibility Study or the Phase II Feasibility Study. The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. There is no certainty that metallurgical recoveries obtained in bench scale or pilot plant scale tests will be achieved in ongoing or future commercial operations. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties, and as a result, the Company cannot give any assurance that the Phase II Feasibility Study results will not be subject to change and revisions.

Dependence on the Bloom Lake Mine

While the Company may invest in additional mining and exploration projects in the future, the Bloom Lake Mine is currently the Company's sole producing asset providing all of the Company's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Bloom Lake Mine, including with respect to the realization or timing of the Phase II expansion project, would materially and adversely affect the financial condition and financial sustainability of the Company. In addition, the results of operations of the Company could be materially and adversely affected by any events which cause the Bloom Lake Mine to operate at less than optimal capacity, including, among other things, equipment failure, adverse weather, serious environmental, public health and safety issues, any permitting or licensing issues and any failure to produce expected amounts of iron ore. See also "*Liquidity / Financing Risk*" above and "*Public Health Crises*" below.

25. Risk Factors (continued)

Operational Risks (continued)

Development and Expansion Projects Risks

The Company's ability to meet development and production schedules and cost estimates for its development and expansion projects cannot be assured. Without limiting the generality of the foregoing, the Company is in the process of implementing the Phase II expansion project of the Bloom Lake Mine, which requires considerable capital expenditures and various environmental and other permits and governmental authorizations. Construction and development of these projects are subject to numerous risks, including, without limitation, risks relating to: significant cost overruns due to, among other things, delays, changes to inputs or changes to engineering; delays in construction and technical and other problems, including adverse geotechnical conditions and other obstacles to construction; ability to obtain regulatory approvals or permits, on a timely basis or at all; ability to comply with any conditions imposed by regulatory approvals or permits, maintain such approvals and permits or obtain any required amendments to existing regulatory approvals or permits; accuracy of reserve and resource estimates; accuracy of engineering and changes in scope; adverse regulatory developments, including the imposition of new regulations; significant fluctuations in iron ore and other commodity prices, fuel and utilities prices, which may affect the profitability of the projects; community action or other disruptive activities by stakeholders; adequacy and availability of a skilled workforce; strikes; difficulties in procuring or a failure to procure required supplies and resources to construct and operate a mine; availability, supply and cost of water and power; weather or severe climate impacts; litigation; dependence on third parties for services and utilities; development of required infrastructure; a failure to develop or manage a project in accordance with the planning expectations or to properly manage the transition to an operating mine; the reliance on contractors and other third-parties for management, engineering, construction and other services, and the risk that they may not perform as anticipated and unanticipated disputes may arise between them and the Company; and the effects of the COVID-19 pandemic or other potential pandemics, including regulatory measures intended to address the pandemic or operating restrictions imposed to protect workers, supply chain impacts and other factors. These and other risks could lead to delays in developing certain properties or delays in current mining operations, and such delays could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Replacement of Mineral Reserves

The Bloom Lake Mine is currently the Company's only source of production. The Company's ability to maintain, past the current life of mine at the Bloom Lake Mine, or increase its annual production will depend on its ability to bring new mines into production and to expand Mineral Reserves at the Bloom Lake Mine. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish Mineral Reserves and to construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current or future exploration programs may be successful. There is a risk that depletion of reserves will not be offset by discoveries. As a result, the reserve base of the Company may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current LOM, based on current production rates, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Environmental Risks and Hazards

The operations of the Company are subject to environmental laws and regulations relating to the protection of the environment (including living things), occupational health and safety, hazardous or toxic substances, wastes, pollutants, contaminants or other regulated or prohibited substances or dangerous goods (collectively, "Environmental Laws"), as adopted and amended from time to time. Environmental Laws provide for, among other thing, restrictions and prohibitions on spills, releases and emissions of various substances produced in association with, or resulting from, mining industry operations, such as seepage from tailings disposal areas that result in environmental pollution. A breach of Environmental Laws may result in the imposition of fines, penalties, restrictive orders or other enforcement actions. In addition, certain types of operations require the submission and approval of environmental impact assessments or other environmental authorizations. Environmental Laws are evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with such changes to Environmental Laws has a potential to adversely impact the Company's future cash flows, earnings, results of operations and financial condition.

The Company's operation is subject to environmental regulations which are enforced primarily by the Department of Environment, Climate Change and Municipalities (Newfoundland and Labrador), the Ministry of the Environment and the Fight against Climate Change (Quebec), Fisheries and Oceans Canada, and Environment and Climate Change Canada.

25. Risk Factors (continued)

Operational Risks (continued)

Reclamation Costs and Related Liabilities

The Company is required to submit for government approval a reclamation plan in connection with certain mining sites, to submit financial warranties covering the anticipated cost of completing the work required under such a plan, and to pay for the reclamation work upon the completion or cessation of certain mining activities. Any significant increases over the Company's current estimates of future cash outflows for reclamation costs could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Government Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters.

Potential First Nations Land Claims

The Company conducts its operations in the Province of Quebec and in the Province of Newfoundland and Labrador, which areas are subject to conflicting First Nations land claims. Aboriginal claims to lands, and the conflicting claims to traditional rights between Aboriginal groups, may have an impact on the Company's ability to develop its properties. The boundaries of traditional territorial claims by these groups, if established, may impact the areas which constitute the Company's properties. Mining licences and mineral claims and their renewals may be affected by land and resource rights negotiated as part of new agreements that may be entered into by governments with First Nations.

Pursuant to section 35 of The Constitution Act of 1982, the Federal and Provincial Crowns (including those of the Provinces of Quebec and Newfoundland and Labrador) have in some circumstances a duty to consult and a duty to accommodate Aboriginal peoples. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights or Aboriginal title, and a credible claim to such rights or title has been made, a developer may also be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the proposed project and, in some circumstances, accommodate them. The outcome of such consultations may significantly delay or even prevent the development of the Company's properties.

The development and the operation of the Company's properties may require the entering into of impact and benefits agreements ("IBAs") or other agreements with the affected First Nations. As a result of such IBAs or other agreements, the Company may incur significant financial or other obligations to affected First Nations.

On April 12, 2017, the Company, through QIO, entered into an IBA with the Uashaunnuat, Innu of Uashat and of Mani-Utenam, the Innu Takuaikan Uashat Mak Mani-Utenam Band No. 80 and the Innu Takuaikan Uashat Mak Mani-Utenam Band Council with respect to future operations at Bloom Lake (the "Bloom Lake IBA").

The Bloom Lake IBA is a LOM agreement and provides for real participation in Bloom Lake for the Uashaunnuat in the form of training, jobs and contract opportunities and ensures that the Innu of Takuaikan Uashat Mak Mani-Utenam receive fair and equitable financial and socio-economic benefits. The Bloom Lake IBA also contains provisions which recognize and support the culture, traditions and values of the Innu of Takuaikan Uashat Mak Mani-Utenam, including recognition of their bond with the natural environment.

The negotiation of any IBA required in the future for other projects may significantly delay the development of the properties. There can be no assurance that the Company will be successful in reaching an IBA or other agreement with First Nation groups asserting Aboriginal rights or Aboriginal title or who may have a claim which affects the Kami Project, the CFLN project, Quinto Claims or any of the Company's other projects.

No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company or, where applicable, in the name of its joint venture partners, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

25. Risk Factors (continued)

Operational Risks (continued)

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities which it is currently conducting under applicable laws and regulations, and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, there can be no assurance that the Company will be able to obtain all necessary licenses and permits required in the future to carry out exploration, development and mining operations at its projects on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

Climate Change

Champion recognizes that climate change is a global challenge that will affect its business in a range of possible ways. Champion's mining and processing operations are energy intensive, resulting in a carbon footprint either directly or through the purchase of fossil-fuel based energy. As a result, the Company is impacted by current and emerging policy and regulations relating to the greenhouse gas emission levels, energy efficiency and reporting of climate change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency and technological innovation, the current regulatory trend may result in additional transition costs at Champion's operations. In addition, the physical risks of climate change may also have an adverse effect on Champion's business and operations. These may include increased incidence of extreme weather events and conditions, resource shortages, changes in rainfall and storm patterns and intensities and changing temperatures. Associated with these physical risks is an increasing risk of climate-related litigation (including class actions) and the associated costs. Stakeholders are seeking enhanced disclosure of the material risks, opportunities, financial impacts and governance processes related to climate change. Adverse publicity or climate-related litigation could have an adverse effect on Champion's reputation, financial condition or results of operations.

Public Health Crises

The Company's business, operations and financial condition could be materially and adversely affected by outbreaks of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a public health event of international concern, and on March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. On March 13, 2020, the Government of Quebec declared a public health emergency. On March 23, 2020, the Government of Quebec mandated companies involved in the mining industry to reduce mining activities in the Province of Quebec to a minimum. As a result, the Company announced on March 24, 2020 that it was ramping down operations. Although, as announced by the Company on April 23, 2020 following the Quebec Government's announcement that mining activities were to be considered a "priority service" in the Province of Quebec effective April 15, 2020, the operations gradually ramped up and although early actions implemented by management of the Company in response to the COVID-19 pandemic minimized its impacts on the Company and its operations, there is no certainty that there will be no further reductions or disruptions to the Company's mining and operating activities.

Since the beginning of the outbreak of COVID-19, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity worldwide. The COVID-19 outbreak has caused companies and various international jurisdictions to impose significant travel, gathering and other public health restrictions. The impact of COVID-19 on global supply chains, and in particular its impact on the mining industry, is still evolving. The speed and extent of the spread of COVID-19 (which for purposes of this AIF, where applicable, includes any variants thereof), and the duration and intensity of resulting business disruption, local and international, and related financial and social impact, are uncertain. Further, the extent and manner to which COVID-19, and measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19, may affect the Company cannot be predicted with certainty. The Company cannot estimate whether any additional restrictions will be imposed on its activities or whether any additional measures will be taken by governments (including measures that result in the suspension or reduction of mining operations) and the potential financial and operational impact thereof, including impact on employee health, workforce productivity and availability, travel restrictions, contractor availability, supply availability, ability to sell or deliver iron ore and the availability of insurance and the cost thereof.

25. Risk Factors (continued)

Operational Risks (continued)

Public Health Crises (continued)

Such public health crises can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations, increased labour, shipping and fuel costs, regulatory changes, political or economic instabilities or civil unrest. Similarly, the Company's ability to obtain financing and the ability of the Company's vendors, suppliers, consultants and partners to meet their obligations to the Company may be impacted as a result of the COVID-19 outbreak and efforts to contain the virus. Consequently, the COVID-19 outbreak or potential future public health crises may have a material adverse effect on the Company's business, results of operations and financial condition. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain the COVID-19 pandemic or remedy its impact.

Infrastructure and Reliance on Third Parties for Transportation of the Company's Iron Ore Concentrate

Some of the Company's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, the Company has entered into various agreements for various infrastructure requirements, including for rail transportation, power and port access with various industry participants, including external service and utility providers. These are important determinants affecting capital and operating costs. The Company has concluded agreements with the relevant rail companies and port authorities necessary for the transportation and handling of the Company's production of Bloom Lake iron ore, and disruptions in their services could affect the operation and profitability of the Company.

In addition, there is no certainty that the Company will be able to continue to access sources of power on economically feasible terms for all of its projects and requirements and this could have a material adverse effect on the Company's results of operations and financial condition.

Reliance on Small Number of Significant Customers

The Company currently relies on a small number of significant customers in connection with the sale of its iron ore. As a result of this reliance on the limited number of customers, the Company could be subject to adverse consequences if any of these customers breaches their purchase commitments.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Company requires and will continue to require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected. It is also expected that if the Company proceeds with the Phase II expansion project at Bloom Lake, such project will require significant financing.

Dependence on Third Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish Mineral Resources and Mineral Reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Reliance on Information Technology Systems

The Company's operations are dependent upon information technology systems. These systems are subject to disruption, damage or failure from a variety of sources. Failures in the Company's information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in the Company's information technology systems could materially adversely affect its financial condition and results of operation. Information technology systems failures could also materially adversely affect the effectiveness of the Company's internal controls over financial reporting.

25. Risk Factors (continued)

Operational Risks (continued)

Cybersecurity Threats

The Company's operations depend, in part, on how well it and its suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyber-attacks. Cybersecurity threats include attempts to gain unauthorized access to data or automated network systems and the manipulation or improper use of information technology systems. A failure of any part of the Company's information technology systems could, depending on the nature of such failure, materially adversely impact the Company's reputation, financial condition and results of operations. Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company has in the past been, and may in the future be, involved in various legal proceedings. While the Company is not aware of any pending or contemplated legal proceedings the outcome of which could have a material adverse effect on the Company's financial condition and results of operations, the Company may become subject to legal proceedings in the future, the outcome of which is uncertain, and may incur defense costs in connection therewith, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on the Company's financial condition and results of operations.

Other Risks

Volatility of Stock Price

In recent years, the securities markets in Australia and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Ordinary Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings and that the value of the Ordinary Shares will be affected by such volatility.

Reputational Risk

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived socially and in the marketplace. Damage to Champion's reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity (for example with respect to Champion's handling of environmental matters or its relations with stakeholders), whether true or not. Champion places a great emphasis on protecting its image and reputation by managing its social media and other web-based platforms, but it does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, ability to secure labour and ability to finance, decreased investor confidence and impediments to Champion's overall ability to advance its projects, thereby having a material adverse impact on its financial performance, cash flows, operations and growth prospects.

25. Risk Factors (continued)

Other Risks (continued)

Internal Controls and Procedures

Management of the Company has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Company do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented thereby, and (ii) the financial statements of the Company fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. The Company files certifications of annual and interim filings, signed by the Company's Chief Executive Officer and Chief Financial Officer, as required by National Instrument 52-109 – Issuers' Annual and Interim Filings. In such certifications, the Company's Chief Executive Officer and Chief Financial Officer certify the appropriateness of the financial disclosure in the Company's filings with the securities regulators, the design and effectiveness of the Company's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting at the respective financial period end. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate.

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. They are not a guarantee of perfection. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statements preparation.

Insurance and Uninsured Risks

The Company currently maintains insurance to protect it against certain risks related to its current operations (including, among others, directors' and officers' liability insurance) in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. However, the Company is unable to maintain insurance to cover all risks at economically feasible premiums, and in certain cases, insurance coverage may not be available or may not be adequate to cover any resulting liability (such as, for example, matters relating to environmental losses and pollution). Consequently, the Company may elect not to insure against certain risks due to high premiums or for various other reasons. Accordingly, insurance maintained by the Company does not cover all of the potential risks associated with its operations. In addition, no assurance can be given that the current insurance maintained by the Company will continue to be available at economically feasible premiums or at all, that the Company will obtain or maintain such insurance or that such insurance will provide sufficient coverage for any future losses. As a result, the Company's property, liability and other insurance may not provide sufficient coverage for losses related to the risks identified in this AIF or other risks or hazards. Should liabilities arise as a result of insufficient or non-existent insurance, any future profitability could be reduced or eliminated and delays, increases in costs and legal liability could result, each of which could have a material adverse impact upon the Company's cash flows, earnings, results of operations and financial condition.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other companies involved in the mining industry or have significant shareholdings in such companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. In the event that such a conflict of interest arises, a director is required to disclose the conflict of interest and to abstain from voting on the matter.

Dependence on Management and Key Personnel

The Company is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, could have a material adverse impact upon the Company. In addition, the Company may need to recruit and retain other qualified managerial and technical employees to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

Employee Relations

Champion's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees, minimizing employee turnover and attracting new skilled workforce. Work stoppages, prolonged labor disruptions or other industrial relations events at Champion's major capital projects, as well as inability to recruit and retain qualified employees, could lead to project delays or increased costs and have a material adverse impact on Champion's projects, the completion, including the timing thereof, of the Bloom Lake Phase II expansion project, the Company's cash flows, earnings, results of operations and financial condition.

25. Risk Factors (continued)

Other Risks (continued)

Competitive Conditions

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential and for management and technical personnel. The Company's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Company will compete in each of these respects with other parties, many of which have greater financial resources than the Company. Accordingly, there can be no assurance that any of the Company's future acquisition efforts will be successful or that it will be able to attract and retain required personnel. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Dilution and Future Sales

The Company may from time to time undertake offerings of its Ordinary Shares or of securities convertible into Ordinary Shares, and it may also enter into acquisition agreements under which it may issue Ordinary Shares in satisfaction of certain required payments. An increase in the number of Ordinary Shares issued and outstanding and the prospect of issuance of Ordinary Shares upon conversion of convertible securities may have a depressive effect on the price of Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power and equity interests of the Ordinary Shareholders will be diluted. Furthermore, sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Company's ability to raise capital through future sales of Ordinary Shares.

Joint Ventures and Option Agreements

From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also be the case that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program, the structure of its participation and the interest therein to be acquired by it, the directors of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. In some of those arrangements, a failure of a participant to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

From time to time, the Company may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. Any failure of any option or joint venture partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a material adverse effect on such agreements. In addition, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements.

Ability to Support the Carrying Value of Non-Current Assets

As of March 31, 2021, the carrying value of Champion's non-current assets was approximately $689.4 million, or approximately 46.1% of Champion's total assets. Non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. If indication of impairment exists, a non-current asset's recoverable amount is estimated. Such estimation is subjective and it involves making estimates and assumptions with respect to a number of factors, including, but not limited to, mine design, estimates of production levels and timing, Mineral Reserves and Mineral Resources, ore characteristics, operating costs and capital expenditures, as well as economic factors beyond management's control, such as iron ore prices, discount rates and observable net asset value multiples. If the recoverable amount is lower than the carrying value, Champion may be required to record an impairment loss on the non-current asset, which will reduce the Company's earnings. The timing and amount of such impairment charges are uncertain.

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

Disclosure Controls and Procedures

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

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

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

The CEO and CFO of the Company have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of our DC&P as defined in Regulation 52 -109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings as at March 31, 2021, and have concluded that such DC&P were designed and operating effectively.

Internal Control over Financial Reporting

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

The CEO and CFO of the Company have evaluated the design and operating effectiveness of its ICFR as defined in Regulation 52 - 109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings. The evaluation was based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, the CEO and CFO concluded that, as at March 31, 2021, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in our ICFR that occurred during the period beginning on January 1, 2021 and ended on March 31, 2021 which have materially affected or are reasonably likely to materially affect the Company's ICFR.

Limitations of DC&P and ICFR

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

27. Approval

The Board oversees Management's responsibility for financial reporting and internal control systems through its Audit Committee. The Audit Committee meets quarterly with Management and quarterly with the Company's independent auditors to review the scope and results of the annual audit and quarterly reviews, respectively, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board and submitted to the shareholders. The Board has approved the Financial Statements and the disclosure contained in this MD&A as of May 27, 2021. A copy of this MD&A will be provided to anyone who requests it.

28. Nature of Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

29. Additional Information

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

30. Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in this MD&A, except Section 4 "Reserves and Resources - Bloom Lake Phase I as at March 31, 2021" in the note 11 — Reserves and Resources. Mr. Blanchet's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Feasibility Study. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

Mr. Brandon Wilson, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in Section 4 "Reserves and Resources - Bloom Lake Phase I as at March 31, 2021" in the note 11 — Reserves and Resources of this MD&A. Mr. Wilson's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Feasibility Study. Mr. Wilson is a member of the *Ordre des ingénieurs du Québec*.

31. Cautionary Note Regarding Forward-Looking Statements

This MD&A includes certain information and statements that may constitute “forward-looking information” under applicable Canadian securities legislation. All statements other than statements of historical facts, included in this MD&A that address future events, developments or performance that Champion expects to occur, including Management’s expectations regarding (i) the Company's ability to advance the Phase II expansion project and its construction and completion timeline, funding, impact on nameplate capacity, expected capital expenditures, production volume and project economics; (ii) decarbonization initiatives; (iii) laboratory testing and development of cold pelletizing technologies to reposition the Company's product offering; (iv) the revision of the Kami Project feasibility study; (v) the mitigation of risks related to COVID-19 and the impact of COVID-19 on the overall economy, the operations and cash flows of the Company; (vi) the impact of iron ore prices fluctuations; (vii) global macroeconomics and iron ore industry conditions; (viii) the Company’s growth; (ix) the Company's operational improvement; (x) the LoM of the Bloom Lake Mine; (xi) the R&D program which aims to develop new technologies and products; (xii) the Company’s ability to increase its customer base; (xiii) the Company's cash requirements for the next twelve months; (xiv) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore prices; (xv) the impact of exchange rate fluctuations of the Company and its financial results and (xvi) the cold agglomeration technology and its potential to reduce emissions, are forward-looking statements. Statements relating to "reserves" or “resources” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those expressed in forward-looking statements include, without limitation: the results of feasibility studies; changes in the assumptions used to prepare feasibility studies; project delays; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; future transportation costs, failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; the effects of catastrophes and public health crises, including impact of COVID-19 on the global economy, the iron ore market and Champion’s operations, as well as those factors discussed in the section entitled “Risk Factors” of the Company’s 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

All of Champion's forward-looking information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risks they entail. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. The forward-looking statements contained herein are made as of the date hereof or such other date or dates specified in such statements.