Management's Discussion and Analysis

For the Year Ended March 31, 2022

CHAMPION IRON

TSX: CIA - ASX: CIA

As at May 26, 2022

The following Champion Iron Limited ("Champion" or the "Company") Management's Discussion and Analysis ("MD&A") has been prepared as of May 26, 2022. This MD&A is intended to supplement the audited consolidated financial statements for the year ended March 31, 2022 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 and definitions are used throughout this MD&A: US$ (United States dollar), CA$ (Canadian dollar), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Fe (iron ore), Mtpa (million tonnes per annum), M (million), km (kilometres), m (metres), FOB (free on board), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), Phase II (Phase II expansion project), Kami Project (Kamistiatusset project), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining costs) and EPS (earnings per share). The terms "Champion" or the "Company" refer to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. The term "QIO" refers to the Company's subsidiary and operator of Bloom Lake, Quebec Iron Ore Inc.

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 and Other Financial Measures

Certain financial measures used by the Company to analyze and evaluate its results are non-IFRS financial measures or ratios and supplementary financial measures. Each of these indicators is not a standardized financial measure under the IFRS and might not be comparable to similar financial measures used by other issuers. These indicators are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS and other financial measures included in this MD&A are: EBITDA, adjusted net income, cash on hand, EBITDA margin, adjusted EPS, total cash cost or C1 cash cost, AISC per dmt sold, cash operating margin, cash profit margin, net average realized selling price per dmt sold or net average realized FOB selling price per dmt sold, gross average realized selling price per dmt sold or gross average realized FOB selling price per dmt sold and operating cash flow per share. When applicable, a quantitative reconciliation to the most directly comparable IFRS measures is provided in section 22 - Non-IFRS and Other Financial Measures 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) and the Australian Securities Exchange (ASX: CIA) and trades on the OTCQX Best Market (OTCQX: CIAFF).

Champion, through its subsidiary Quebec Iron Ore Inc., owns and operates the Bloom Lake Mining Complex, located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The Bloom Lake Phase I and Phase II plants have a combined nameplate capacity of 15 Mtpa and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with the proven ability to produce a 67.5% Fe direct reduction quality concentrate. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and sells its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to the Bloom Lake Mining Complex, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset project located a few kilometres south-east of Bloom Lake, and the Consolidated Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake.

2. Financial and Operating Highlights

	Three Months Ended March 31,			Year Ended March 31,		
	2022	2021	Variance	**2022**	2021	Variance
Iron ore concentrate produced (wmt)	**1,869,000**	2,011,400	(7%)	**7,907,300**	8,001,200	(1%)
Iron ore concentrate sold (dmt)	**1,889,900**	1,971,100	(4%)	**7,650,600**	7,684,500	—%
Financial Data (in thousands of dollars, except per share amounts)						
Revenues	**331,376**	396,702	(16%)	**1,460,806**	1,281,815	14%
Gross profit	**200,361**	277,116	(28%)	**958,199**	817,756	17%
EBITDA[1]	**197,938**	275,764	(28%)	**925,817**	819,477	13%
EBITDA margin[1]	**60 %**	70 %	(14%)	**63 %**	64 %	(2%)
Net income	**115,653**	155,934	(26%)	**522,585**	464,425	13%
Adjusted net income[1]	**121,311**	155,499	(22%)	**537,768**	470,681	14%
Basic EPS	**0.23**	0.32	(28%)	**1.03**	0.97	6%
Adjusted EPS[1]	**0.24**	0.31	(23%)	**1.06**	0.98	8%
Net cash flow from operating activities	**4,280**	228,566	(98%)	**470,435**	624,419	(25%)
Dividend per ordinary share declared and paid	**0.10**	—	—%	**0.10**	—	—%
Cash and cash equivalents	**321,892**	609,316	(47%)	**321,892**	609,316	(47%)
Total assets	**1,989,230**	1,496,906	33%	**1,989,230**	1,496,906	33%
Total non-current financial liabilities	**251,365**	214,951	17%	**251,365**	214,951	17%
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**207.1**	220.0	(6%)	**225.9**	182.3	24%
Net average realized selling price[1]	**175.3**	201.3	(13%)	**190.9**	166.8	14%
Total cash cost (C1 cash cost)[1]	**60.0**	54.4	10%	**58.9**	54.2	9%
All-in sustaining cost[1]	**70.5**	65.1	8%	**73.1**	62.8	16%
Cash operating margin[1]	**104.8**	136.2	(23%)	**117.8**	104.0	13%
Statistics (in U.S. dollars per dmt sold)[2]						
Gross average realized selling price[1]	**164.1**	173.9	(6%)	**181.1**	139.1	30%
Net average realized selling price[1]	**139.1**	159.3	(13%)	**153.3**	127.3	20%
Total cash cost (C1 cash cost)[1]	**47.4**	43.0	10%	**47.0**	41.0	15%
All-in sustaining cost[1]	**55.7**	51.4	8%	**58.3**	47.5	23%
Cash operating margin[1]	**83.4**	107.9	(23%)	**95.0**	79.8	19%

1 This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.
2 See the "Currency" section of this MD&A included in section 8 - Key Drivers.

3. Quarterly and Year-End Highlights

Health & Safety and Sustainability

- No serious injuries or major environmental issues reported during the period;
- An employee recordable injury frequency rate of 2.98 for the 2022 fiscal year, which is in line with Québec's open pit industry performance;
- COVID-19 testing laboratory and prevention measures maintained in line with the Government of Québec's (the "Government") directives to mitigate risks related to COVID-19 and limit the spread of variants;
- Completed the Company's 2021 Sustainability Report, including Task Force on Climate-Related Financial Disclosure, available on the Company's website at www.championiron.com; and
- Committing to greenhouse gas ("GHG") emissions reduction of 40% by 2030, based on 2014 emission intensity with additional consideration for the targeted nameplate capacity of 15 Mtpa. The Company is also committed to be carbon neutral by 2050.

Financial

- Inaugural dividend of $0.10 per ordinary share paid on March 1, 2022, in connection with the semi-annual results for the period ended September 30, 2021, and an additional dividend of $0.10 per ordinary share declared by the Board of Directors (the "Board") in connection with the annual results for the period ended March 31, 2022;
- Revenues of $331.4M and $1,460.8M for the three-month period and year ended March 31, 2022, respectively, compared to $396.7M and $1,281.8M for the same periods in 2021;
- EBITDA[1] of $197.9M for the three-month period ended March 31, 2022, compared to $275.8M for the same period in 2021. EBITDA[1] of $925.8M for the year ended March 31, 2022, compared to $819.5M for the same period in 2021;
- Net income of $115.7M for the three-month period ended March 31, 2022 (EPS of $0.23), compared to $155.9M for the same period in 2021 (EPS of $0.32). Net income of $522.6M for the year ended March 31, 2022 (EPS of $1.03), compared to $464.4M for the same period in 2021 (EPS of $0.97);
- Net cash flow from operating activities of $4.3M for the three-month period ended March 31, 2022, representing an operating cash flow per share[1] of $0.01, compared to $228.6M or $0.46 for the same period in 2021. Net cash flow from operating activities of $470.4M for the year ended March 31, 2022, representing an operating cash flow per share[1] of $0.93, compared to $624.4M or $1.30 for the same period in 2021;
- Cash on hand[1] and restricted cash of $396.4M as at March 31, 2022, compared to $543.4M as at December 31, 2021 and $680.5M as at March 31, 2021, reflecting the ongoing construction of the Phase II expansion project, working capital changes and the semi-annual dividend payment on March 1, 2022; and
- US$400.0M general purpose revolving facility agreement signed on May 24, 2022 (the "Revolving Facility"), which refinanced the previous Phase II credit facility (the "Credit Facility"), providing increased financial flexibility and enabling the Company to lift the restricted cash covenant of $43.7M, and reduce its cost of capital.

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3. Quarterly and Year-End Highlights (continued)

Operations

- Production of 1,869,000 wmt of high-grade 66.2% Fe concentrate for the three-month period ended March 31, 2022, compared to 2,011,400 wmt of high-grade 66.5% Fe concentrate for the same period in 2021. Production of 7,907,300 wmt of high-grade 66.2% Fe concentrate for the year ended March 31, 2022, compared to 8,001,200 wmt of high-grade 66.4% Fe for the same period in 2021;
- Fe recovery rate of 82.7% and 83.2% for the three-month period and year ended March 31, 2022, respectively, compared to a Fe recovery rate of 82.6% and 83.5%, respectively, for the same periods in 2021; and
- Total cash cost[1] of $60.0/dmt (US$47.4[2]/dmt) (C1) and $58.9/dmt (US$47.0[2]/dmt) for the three-month period and year ended March 31, 2022, respectively, compared to $54.4/dmt (US$43.0[2]/dmt) and $54.2/dmt (US$41.0[2]/dmt), respectively, for the same periods in 2021.

Growth and Development

- Ongoing feasibility study evaluating the reprocessing and infrastructure required to commercially produce a 69% Fe Direct Reduction ("DR") pellet feed product. The study of this proposed project, scaled to convert approximately half of Bloom Lake's increased nameplate capacity, is expected to be completed in mid-2022;
- Announcement of the entering into an acquisition agreement for the Pointe-Noire Iron Ore Pelletizing Facility located in Sept-Îles, Québec (the "Pellet Plant") on May 17, 2022, and announcement that the Company had entered into a memorandum of understanding with a major international steelmaking partner to evaluate the recommissioning of the Pellet Plant to produce DR grade pellets; and
- Advancing the Kami Project's feasibility study, expected to be completed in the second half of calendar 2022, whereby the project is being evaluated for its capability to produce DR grade pellet feed product.

Phase II Milestones

- Phase II commissioning achieved ahead of schedule in late April 2022, despite pandemic-related challenges, positioning the Company to ramp up towards commercial production by the end of calendar 2022;
- Completion of the first rail shipments containing 24,304 wmt of high-grade 66.2% Fe iron ore concentrate from the Phase II project on May 3, 2022; and
- Cumulative investments of $625.2M, including deposits, deployed on the project as at March 31, 2022.

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[2] See the "Currency" section of this MD&A included in note 8 - Key Drivers.

4. Response to the COVID-19 Pandemic

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 and related variants, in line with or exceeding Government guidelines.

On September 1, 2021, a COVID-19 vaccination passport became effective in the province of Québec for certain non-essential businesses, which aimed to limit the spread of the pandemic. Despite this public health measure to protect people from COVID-19, the Omicron variant rapidly increased cases of COVID-19 in late 2021 and early 2022, in the province and globally. As such, the Government introduced and distributed rapid testing solutions to the general population and tightened its restrictions in advance of Christmas holiday gatherings. As there was a consensus that one or more vaccine booster doses may be required to provide adequate protection, during the three-month period ended March 31, 2022, the Québec vaccination campaign continued, providing eligible recipients with a third vaccine dose. Starting mid-February, with public health care indicators starting to stabilize, the Government cautiously and gradually started easing health measures and restrictions. Since March 12, 2022, the vaccination passport is no longer required in Québec.

The Company continuously reviews its COVID-19-related measures and protocols in order to safeguard the health and safety of its employees, partners and local communities. The pandemic created and continues to create some operational inefficiencies. Early in the three-month period ended March 31, 2022, the virus rapidly increased at the mine site and surrounding communities, forcing Management to allocate a smaller workforce between operations and the Phase II project. The rapid spread of the Omicron variant also created additional logistical complexities, due to increases in cases at the mine site and the implementation of preventive isolation measures. Accordingly, the Company deployed additional measures in order to avoid a significant disruption in the Company's operations during this fiscal quarter, which contributed to increasing operating expenses during the three-month period ended March 31, 2022.

Although the Company is managing its operations to mitigate risks related to COVID-19, significant uncertainties remain regarding the ultimate impact that the pandemic may have on the overall economy and the demand for iron ore products. The pandemic's future impact on the Company, including operations, supply chain and cash flows, remains uncertain and will depend on future developments, such as the duration of the pandemic, the emergence of variants, the efficacy and regulatory actions to contain the virus.

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

5. Dividend on Ordinary Shares

The Board declared a dividend of $0.10 per ordinary share on May 25, 2022 (Montréal time) / May 26, 2022 (Sydney time), in connection with the financial results for the fiscal year ended March 31, 2022, payable on June 28, 2022, to the Company's shareholders at the close of business in Australia and Canada on June 7, 2022 (local time). The ordinary shares will begin trading on an ex-dividend basis at the open of trading in Australia and Canada on June 6, 2022.

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

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

Additional details on the dividends and related tax information can be found on the Company's website at www.championiron.com under the section Investors – Dividend Information.

6. Bloom Lake Phase II Commissioning

During the three-month period ended March 31, 2022, the Company advanced the work required to commission its Phase II project. As such, the Company completed its first rail shipments containing 24,304 wmt of high-grade 66.2% Fe iron ore concentrate from the Phase II project on May 3, 2022. The Company's first saleable Phase II high-grade iron ore concentrate is expected to be shipped from the port of Sept-Îles in the first quarter of the 2023 fiscal year. This significant milestone represents a tangible step towards realizing Bloom Lake's potential to become one of the largest global suppliers of high-purity iron ore.

As the Company anticipates reaching commercial production at Phase II by the end of calendar 2022[1], project milestones achieved and related works undertaken during the three-month period ended March 31, 2022 included:

- Water-based commissioning of multiple process systems and all ancillary services at the plant;
- Obtained provincial government approval for future expansion of the tailings facilities to accommodate the full life of mine plan, while awaiting final federal government authorization;
- Continuation of construction works; and
- Commissioning of the plant at the end of April 2022, with first rail shipments completed on May 3, 2022.

7. Decarbonization Initiatives

Product Research and Development

The steel industry is undergoing a structural shift in its production methods, including an increased focus on reducing greenhouse gas emissions from the iron and steelmaking processes. This dynamic is expected to create a rising demand for higher-grade iron ore products and a shift towards reduction technologies used to produce liquid iron, such as the use of direct reduced iron ("DRI") in electric arc furnaces ("EAF") instead of blast furnaces-basic oxygen furnaces ("BF-BOF").

Accordingly, the Company advanced its Research and Development ("R&D") program which aims to develop technologies and products to support the steelmaking transition from the BF-BOF method to the DRI-EAF method, while supporting emissions reduction in the BF-BOF process.

During the three-month period and year ended March 31, 2022, the Company incurred product R&D expenses of $1,547,000 and $5,549,000, respectively, compared to $336,000 and $1,258,000, respectively, for the same periods in 2021. The expenses incurred focused on two main areas:

1. Development of an iron ore pellet feed consisting of more than 69% Fe; and
2. Development of a cold pelletizing technology.

Additionally, and as part of its commitment to participate in the iron and steel industry's decarbonization, the Company continued to invest and actively collaborate with a European-based company which holds a proprietary cold pelletizing technology. During the year ended March 31, 2022, the Company further increased its involvement with the European-based company with additional investments totalling $4,476,000 (US$3,500,000), in the form of a convertible loan agreement and an equity investment. The objective of the cold pelletizing technology is to substantially reduce emissions linked to the agglomeration of iron ore. 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 test the potential of cold pelletizing technologies, towards industrial trials, jointly with this European-based company.

Emissions Reduction Initiatives

As part of its ongoing efforts to minimize the environmental impact of its operations, the Company committed to GHG emissions reduction of 40% by 2030, based on 2014 emissions intensity with additional consideration for the targeted nameplate capacity of 15 Mtpa. The Company further committed to be carbon neutral by 2050. This GHG target is in line with the Paris Agreement 2 degrees Celsius scenarios, the Canadian government GHG reduction and the Science Based Targets initiative ("SBTi") frameworks. Towards this effort, the Company implemented a working group mandated to identify emissions reduction initiatives and evaluate resources required to deploy a program to reach its GHG emissions reduction objectives.

Recent initiatives include a partnership with Tugliq Energy Co. to initiate testing of electric pickup trucks designed for mining operations in Northern climates, which are expected to reduce emissions.

[1] See the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

7. Decarbonization Initiatives (continued)

Direct Reduction Pellet Feed > 69% Fe

Since the fourth quarter of the 2021 fiscal year, the Company completed laboratory work and testing to produce a DR grade pellet feed iron ore concentrate higher than 69% Fe with an average combined silica and alumina content below 1%. Preliminary results indicate that the Company could upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants by using additional processes, including mild regrinding and a silica flotation stage. This new DR pellet feed product is expected to be finer than the Company's existing products and rank as one of the highest-quality DR pellet feed products available on the seaborne market.

As commercial production of DR pellet feed products would require additional reprocessing and infrastructure, the Company initiated a feasibility study to evaluate the investments required to convert half of Bloom Lake's nameplate capacity of 15 Mtpa. Achieving DR pellet feed commercial production would enable the Company to further engage with DRI-EAF based iron and steel producers, potentially benefit from higher product pricing and enable the Company to participate further in reducing emissions in the steelmaking process.

During the three-month period ended March 31, 2022, the Company continued to advance the feasibility study, anticipated to be completed in mid-2022.

Acquisition of an Iron Ore Pelletizing Facility

On May 17, 2022, the Company announced it has entered into a definitive purchase agreement (the “Purchase Agreement”) to acquire, via a wholly-owned subsidiary, the Pointe-Noire iron ore pelletizing facility located in Sept-Îles, adjacent to the port facilities. The Company also entered into a Memorandum of Understanding (the “MOU”) with a major international steelmaker (the “FS Partner”) to complete a feasibility study to evaluate the re-commissioning of the Pellet Plant and produce DR grade pellets. The feasibility study will evaluate the investments required to re-commission the Pellet Plant while integrating up-to-date pelletizing and processing technologies.

The MOU sets out a framework for Champion and the FS Partner to collaborate in order to complete the feasibility study, anticipated to occur in 2023. Subject to the feasibility study's positive findings and results, the MOU outlines a framework for a joint venture to produce DR grade iron ore pellets to sell to third parties, including the FS Partner (the “Project”). Pursuant to the Purchase Agreement, Champion is required to comply with various undertakings in connection with the Pellet Plant, including a commitment to design and operate the Project using exclusively green energy sources, including electricity, natural gas, biofuels or renewable energy, as main power sources.

8. Key Drivers

A. Iron Ore Concentrate Price

The price of iron ore concentrate is one of the most significant factors affecting the Company’s financial results. As such, net cash flow from operating activities 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% Fe iron ore concentrate, the Company’s iron ore product has proven to 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 based on the high-grade CFR China Index (“P65”). 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, 2022, the average iron ore price increased substantially, compared to the previous quarter, as a result of supply and demand factors. Accordingly, iron ore prices increased early in the period in tandem with China’s renewed focus on infrastructure investment and announced measures to support the real estate sector. While the Chinese government pledged to support the economy, including commitments for steel intensive infrastructure investments, Brazilian and Australian supplies were constrained with weather and labour-related issues. Furthermore, the military conflict between Russia and Ukraine, initiated in late February, curtailed supply of several commodities, including iron ore. Supply issues from high-grade iron ore export hubs in Ukraine and Brazil, in tandem with elevated coking coal prices and robust steel prices, created positive support for the premium on high-grade iron ore products.

8. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

The Chinese steel industry reported lower crude steel production for the three-month period ended March 31, 2022, compared to the same prior-year period, attributable to restrictions imposed ahead of China's February 2022 Olympics and a surge in COVID-19 cases. In fact, the World Steel Association[1] reported that China's crude steel production totalled 246.26 million tonnes for the period, an 8.7% decrease from 2021. The completion of the 2022 Beijing Winter Olympics, coupled with the positive seasonal demand, supported a resumption in output growth late in the period. Offsetting the lower output in China, the World Steel Association[1] reported that the world ex-China posted 213.25 million tonnes of crude steel production for the three-month period ended March 31, 2022, a modest decrease compared to the same period in 2021.

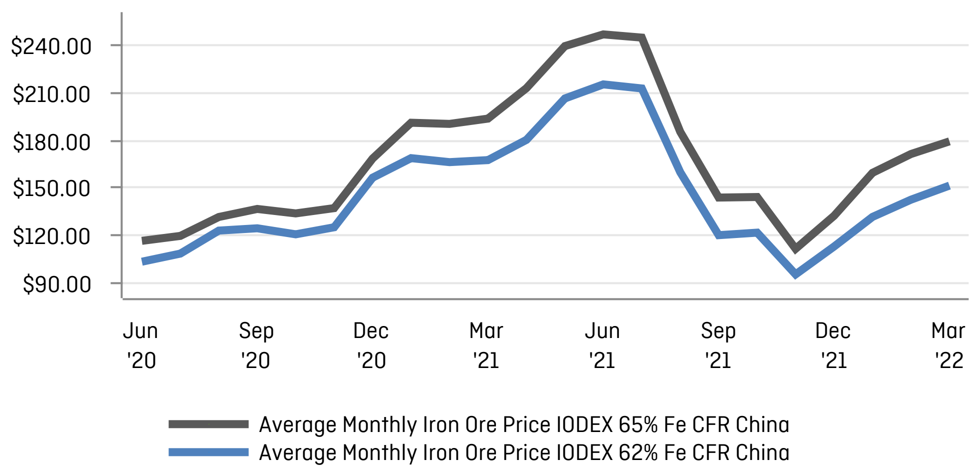
During the three-month period ended March 31, 2022, the P65 index for high-grade iron ore fluctuated from a low of US$140.5/dmt to a high of US$192.3/dmt. The P65 index average price for the period was US$169.7/dmt, an increase of 32% from the previous quarter, resulting in an average premium of 19.8% over the P62 reference price of US$141.6/dmt.

During the three-month period ended March 31, 2022, the Company's gross average realized selling price[2] was US$164.1/dmt, before sea freight and other costs and provisional pricing adjustments on tonnes in transit at the end of the previous quarter. The gross average realized selling price[2] of US$164.1/dmt was slightly lower than the P65 index average price for the period of US$169.7/dmt due to the negative impact of sales based on fixed backward-looking iron ore prices, when prices were substantially lower compared to the P65 index average for the current period. This negative impact was partially offset by sales in transit as at March 31, 2022, provisionally priced using an average forward price of US$185.7/dmt, which is higher than the P65 index average price for the period. Taking into account sea freight and other costs and sales adjustments, the Company's net realized FOB selling price[2] was US$139.1/dmt compared to US$159.3/dmt for the same period in 2021.

During the year ended March 31, 2022, the P65 index for high-grade iron ore fluctuated from a low of US$101.8/dmt to a high of US$264.2/dmt. The P65 index average price for the year was US$179.9/dmt, an increase of 25% from the same period in 2021, resulting in an average premium of 17.4% over the P62 index reference price of US$153.3/dmt.

During the year ended March 31, 2022, the gross average realized selling price[1] of US$181.1/dmt, before sea freight and other costs and provisional pricing adjustments, is comparable to the P65 index average of US$179.9/dmt, demonstrating the Company's ability to track the P65 high-grade index over the long term. Taking into account these latter, the net realized FOB selling price[1] was US$153.3/dmt, compared to US$127.3/dmt for the same period in 2021. The Company believes that it remains well positioned to benefit from iron ore prices which continue to offer an attractive operating margin as it has no fixed price contracts in place, and the Bloom Lake Mine is not subject to royalties.

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



[1] https://www.worldsteel.org/
[2] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

8. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

A significant portion 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 at the port of 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 P65 forward iron ore 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 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, 2022, a final price of US$169.3/dmt was established for the 856,200 tonnes of iron ore that were in transit as at December 31, 2021 and which were previously evaluated using an average expected price of US$142.3/dmt. Accordingly, during the three-month period ended March 31, 2022, positive pricing adjustments were recorded for tonnes subject to provisional prices as at December 31, 2021, positively impacting revenues in the current quarter by US$27.0/dmt for the 856,200 tonnes of iron ore that were in transit as at December 31, 2021. Over the total volume of 1,889,900 dmt sold during the current period, the positive adjustments represent US$12.2/dmt. As at March 31, 2022, 691,100 tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting period (March 31, 2021: 1,007,000 tonnes). A gross forward provisional price of US$185.7/dmt has been used as at March 31, 2022, to estimate the sales of the Company that remain subject to final price setting.

The following table details the Company's exposure, as at March 31, 2022, to the movements in the iron ore price for the provisionally invoiced sales volume:

(in thousands of U.S. dollars)	**As at March 31, 2022**
Tonnes (dmt) subject to provisional pricing adjustments	**691,100**
10% increase in iron ore prices	**12,831**
10% decrease in iron ore prices	**(12,831)**

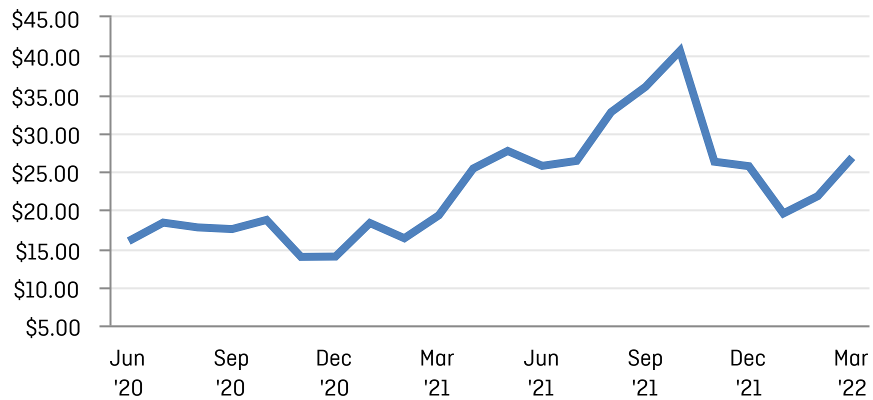
The sensitivities demonstrate the monetary impact on ore sales revenues resulting from a 10% increase and 10% decrease in realized selling prices as at March 31, 2022, while holding all other variables constant, including foreign exchange rates. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact commodity prices. The above sensitivities should therefore be used with caution.

8. Key Drivers (continued)

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 several regions overseas including historical sales to China, Japan, Europe, the Middle East and South Korea. The common reference route for dry bulk material from the Americas to Asia is the Tubarao (Brazil) to Qingdao (China) route which encompasses 11,000 nautical miles. The freight cost per tonne associated with this route is captured in the C3 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)



During the three-month period ended March 31, 2022, the C3 index averaged US$22.9/t, a 26% decrease from the previous three-month period. The lower freight rates are likely attributed to a combination of factors including Brazil's rainy season hindering iron ore shipments, in addition to a stabilization of port congestions globally experienced in the previous period. Later in the period, the C3 index experienced upward momentum resulting from rising global fuel prices in tandem with sanctions imposed on Russia, which impacted energy prices. Furthermore, China's recent increase in COVID-19 cases caused transportation disruptions across the country, impacting vessel congestion at ports, resulting in rising freight prices.

The industry has identified a historical 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 over time. As the freight cost for ocean transport between Sept-Îles and China is largely influenced by the C3 cost, a decrease in iron ore prices typically results in lower ocean freight costs for the Company, resulting in a natural hedge for one of the Company's largest cost components. With recent events impacting the seaborne iron ore supply and other freight rates, this historical relationship has experienced a disconnect.

Due to its distance from main shipping hubs, Champion typically contracts vessels three to four weeks 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 uniformly throughout the year.

Despite these conditions influencing freight pricing, the Company benefits from a freight contract for one vessel per month until December 2022, which is expected to reduce the Company's freight premium volatility with a certain agreed-upon price premium above the average C3 index plus a seasonal premium for winter conditions.

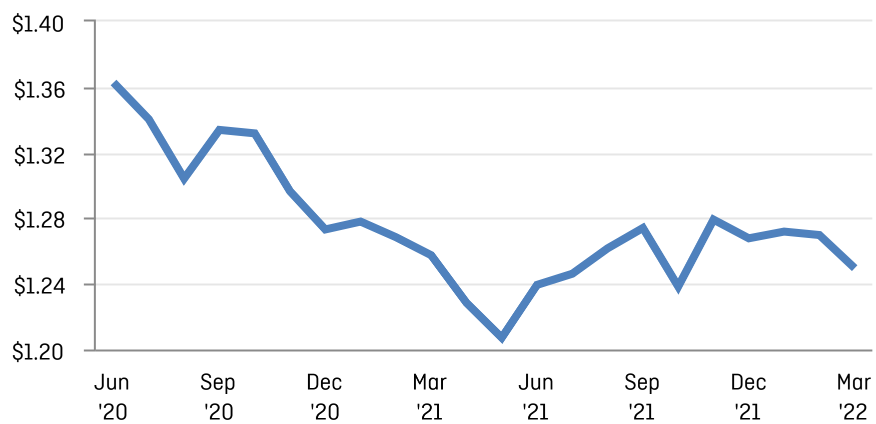
8. Key Drivers (continued)

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 the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. As such, the Company benefits from a natural hedge between its revenues, sea freight costs, long-term debt and its lease liabilities. Despite this natural hedge, the Company is exposed to foreign currency fluctuations as its mining operating expenses are mainly incurred in Canadian dollars. During the year ended March 31, 2022, the Company entered into forward foreign exchange contracts to comply with its Senior Debt covenants.

The strengthening of the U.S. dollar would positively impact the Company's net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the majority of the Company's long-term debt and lease liabilities are denominated in U.S. dollars, the Company is 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%.

Monthly Closing Exchange Rate – CA$/US$



Exchange rates were as follows:

	CA$ / US$					
	Average			Closing		
	FY2022	FY2021	Variance	**FY2022**	FY2021	Variance
Q1	**1.2282**	1.3853	(11)%	**1.2394**	1.3628	(9)%
Q2	**1.2600**	1.3321	(5)%	**1.2741**	1.3339	(4)%
Q3	**1.2603**	1.3030	(3)%	**1.2678**	1.2732	— %
Q4	**1.2662**	1.2660	— %	**1.2496**	1.2575	(1)%
Year-end as at March 31	**1.2536**	1.3219	(5)%	**1.2496**	1.2575	(1)%

Apart from these key drivers, the potential impact of the COVID-19 pandemic and the risk factors that are 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,		
	2022	2021	Variance	**2022**	2021	Variance
Operating Data						
Waste mined and hauled (wmt)	**5,071,700**	3,796,300	34%	**20,512,500**	15,481,100	33%
Ore mined and hauled (wmt)	**5,388,200**	5,636,100	(4%)	**22,263,200**	21,571,700	3%
Material mined and hauled (wmt)	**10,459,900**	9,432,400	11%	**42,775,700**	37,052,800	15%
Strip ratio	**0.94**	0.67	40%	**0.92**	0.72	28%
Ore milled (wmt)	**4,904,100**	5,237,800	(6%)	**20,972,100**	20,598,700	2%
Head grade Fe (%)	**30.3**	30.7	(1%)	**29.9**	30.7	(3%)
Fe recovery (%)	**82.7**	82.6	—%	**83.2**	83.5	—%
Product Fe (%)	**66.2**	66.5	—%	**66.2**	66.4	—%
Iron ore concentrate produced (wmt)	**1,869,000**	2,011,400	(7%)	**7,907,300**	8,001,200	(1%)
Iron ore concentrate sold (dmt)	**1,889,900**	1,971,100	(4%)	**7,650,600**	7,684,500	—%
Financial Data (in thousands of dollars)						
Revenues	**331,376**	396,702	(16%)	**1,460,806**	1,281,815	14%
Cost of sales	**116,658**	110,299	6%	**458,678**	428,882	7%
Other expenses	**26,648**	14,591	83%	**84,871**	43,693	94%
Net finance costs	**2,269**	5,430	(58%)	**11,045**	22,428	(51%)
Net income	**115,653**	155,934	(26%)	**522,585**	464,425	13%
EBITDA[1]	**197,938**	275,764	(28%)	**925,817**	819,477	13%
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**207.1**	220.0	(6%)	**225.9**	182.3	24%
Net average realized selling price[1]	**175.3**	201.3	(13%)	**190.9**	166.8	14%
Total cash cost (C1 cash cost)[1]	**60.0**	54.4	10%	**58.9**	54.2	9%
All-in sustaining cost[1]	**70.5**	65.1	8%	**73.1**	62.8	16%
Cash operating margin[1]	**104.8**	136.2	(23%)	**117.8**	104.0	13%

Operational Performance

Fourth Quarter of the 2022 Fiscal Year vs Fourth Quarter of the 2021 Fiscal Year

In the three-month period ended March 31, 2022, 10,459,900 tonnes of material were mined and hauled, compared to 9,432,400 tonnes during the same period in 2021, an increase of 11%. The current strip ratio is in line with the revised mine plan, which includes preparation for Phase II operations. The increase in material movement was enabled through the utilization of additional operational equipment compared to the same prior-year period, offset by a longer haul cycle as material sourced from different pits, including those that deepened with mining activities over time, contributed to a longer haul cycle year-over-year.

The iron ore head grade for the three-month period ended March 31, 2022 was 30.3%, compared to 30.7% for the same period in 2021. The variation in head grade is attributable to the presence of some lower-grade ore being sourced and blended from different pits, which was anticipated and is in line with the mining plan and the LoM head grade average.

Additionally, the Company's average Fe recovery rate remained stable quarter-over-quarter as a result of a constant recovery circuit.

Bloom Lake produced 1,869,000 wmt of 66.2% Fe high-grade iron ore concentrate during the three-month period ended March 31, 2022, a decrease of 7%, compared to 2,011,400 wmt of 66.5% Fe during the same period in 2021. The slightly lower production is attributable to a lower head grade and lower throughput. The plant processed 4,904,100 tonnes of ore during the three-month period ended March 31, 2022, compared to 5,237,800 for the same prior-year period. The throughput for the period was negatively affected by the operational inefficiencies caused by the COVID-19 Omicron variant, together with minor unplanned maintenances.

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9. Bloom Lake Mine Operating Activities (continued)

2022 Fiscal Year vs 2021 Fiscal Year

On March 24, 2020, the Company announced the ramp-down of its operations following Government directives in response to the COVID-19 pandemic. Operations gradually ramped up following the Government's announcement in April 2020 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 its impact on the Company and its operations. Once Government restrictions were lifted, the Company accelerated its mining activities and fully resumed its production capacity.

The Company mined and hauled 42,775,700 tonnes of material during the year ended March 31, 2022, compared to 37,052,800 tonnes for the same period in 2021. This increase in material mined and hauled is attributable to the utilization of additional operational equipment compared to the same prior-year period and the negative impact of the COVID-19 pandemic on several of the Company's other activities early in the comparative period. The strip ratio increased to 0.92 for the year ended March 31, 2022, compared to 0.72 for the same period in 2021. The strip ratio is consistent with the revised mine plan which includes preparation for Phase II operations.

The iron ore head grade of 29.9% for the year ended March 31, 2022 was attributable to different sourcing pits, compared to 30.7% for the same period in 2021 and is consistent with the LoM head grade average.

The plant processed 20,972,100 tonnes of ore during the year ended March 31, 2022, an increase of 2% over the same period in 2021. The iron ore concentrate produced remained stable during the year ended March 31, 2022 despite a lower head grade, compared to the same period in 2021, as a result of continuous improvements and operational innovations allowing the Company to increase throughput stability and reach a higher level of mill productivity.

10. Financial Performance

A. Revenues

	Three Months Ended March 31,			Year Ended March 31,		
	2022	2021	Variance	**2022**	2021	Variance
(in U.S. dollars per dmt sold)						
Index P62	**141.6**	166.9	(15%)	**153.3**	128.2	20%
Index P65	**169.7**	191.2	(11%)	**179.9**	143.7	25%
US$ Gross average realized selling price[1]	**164.1**	173.9	(6%)	**181.1**	139.1	30%
Freight and other costs	**(37.2)**	(23.0)	62%	**(35.3)**	(20.5)	72%
Provisional pricing adjustments	**12.2**	8.4	45%	**7.5**	8.7	(14%)
US$ Net average realized FOB selling price[1]	**139.1**	159.3	(13%)	**153.3**	127.3	20%
Foreign exchange rate conversion	**36.2**	42.0	(14%)	**37.6**	39.5	(5%)
CA$ Net average realized FOB selling price[1]	**175.3**	201.3	(13%)	**190.9**	166.8	14%

Fourth Quarter of the 2022 Fiscal Year vs Fourth Quarter of the 2021 Fiscal Year

During the three-month period ended March 31, 2022, 1,889,900 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price[1] of US$164.1/dmt, before freight and other costs and provisional pricing adjustments, compared to US$173.9/dmt for the same prior-year period. The decrease in gross average realized selling price[1] mainly reflects lower index prices during the three-month period ended March 31, 2022, compared to the same prior-year period. Despite lower index prices, the gross average realized selling price[1] of US$164.1/dmt represents a premium of 15.9% over the benchmark P62 price for the period, compared to a premium of 4.2% for the same period in 2021.

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10. Financial Performance (continued)

A. Revenues (continued)

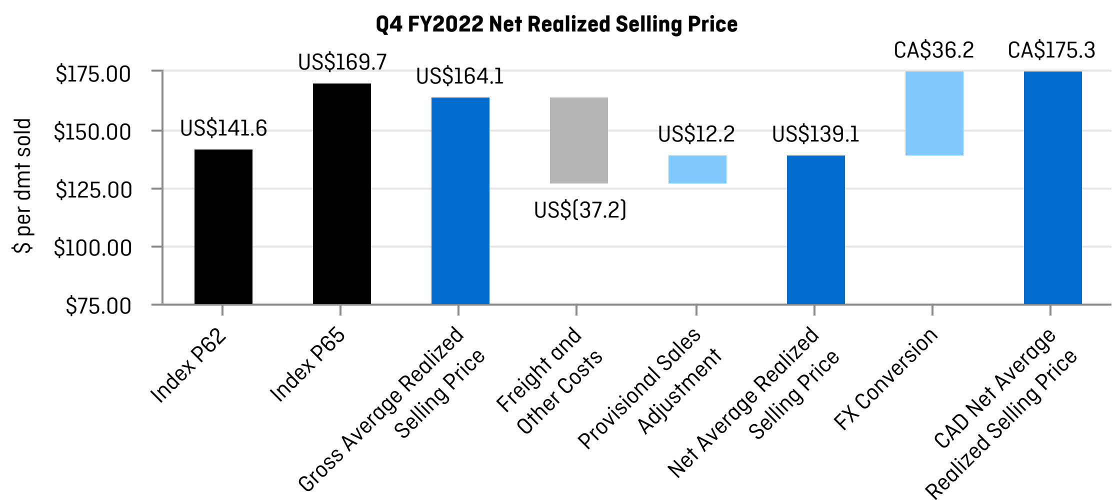
Fourth Quarter of the 2022 Fiscal Year vs Fourth Quarter of the 2021 Fiscal Year (continued)

The gross average realized selling price[1] of US$164.1/dmt was slightly lower than the P65 index average price of US$169.7/dmt for the period due to the negative impact of sales based on backward-looking iron ore prices, when prices were substantially lower than the P65 index average for the period. The gross average realized selling price[1] also reflects the positive impact of sales at a determined price based on the average forward price of US$185.7 at the expected settlement date for 691,100 tonnes which were in transit at the end of the period.

The average C3 index for the three-month period ended March 31, 2022 was US$22.9/t compared to US$18.0/t for the same period in 2021, representing an increase of 27%, which contributed to higher freight costs in the three-month period ended March 31, 2022, compared to the same prior-year period. The freight costs variation relative to the C3 index during the period was mainly due to the timing of the vessels' booking. A dynamic also arose where the lower C3 index during the period, likely due to lower Brazilian shipments, had somewhat disconnected with other bulk freight indices. As a result, vessel operators were not willing to book vessels using the C3 index when prices were low. The Company expects to benefit from the quarter's low freight index in the upcoming period for sales contracts based on fixed backward-looking indexes.

The net average realized selling price[1] of US$139.1 for the three-month period ended March 31, 2022 was negatively impacted by a higher C3 index. Freight and other costs represented 23% of the gross average realized selling price for the period, compared to 13% for the same period in 2021, which represents a variation of US$14.2/dmt. Provisional pricing adjustments on previous sales, which were directly correlated to the increase in the P65 index early in the quarter contributed to increasing the net average realized selling price[1]. During the three-month period ended March 31, 2022, the final price was established for the 856,200 tonnes of iron ore that were in transit as at December 31, 2021. Accordingly, during the three-month period ended March 31, 2022, net positive provisional pricing adjustments were recorded as an increase in revenues for the 856,200 tonnes, representing a positive impact of US$12.2/dmt for the period, compared to US$8.4/dmt for the same period in 2021.

After taking into account sea freight and other costs of US$37.2/dmt and the positive provisional pricing adjustment of US$12.2/dmt, the Company obtained a net average realized selling price[1] of US$139.1/dmt (CA$175.3/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $331,376,000 for the three-month period ended March 31, 2022 compared to $396,702,000 for the same period in 2021, reflecting the lower net average realized selling price[1] as well as the negative volume impact attributable to the COVID-19 pandemic.



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10. Financial Performance (continued)

A. Revenues (continued)

2022 Fiscal Year vs 2021 Fiscal Year

For the year ended March 31, 2022, the Company sold 7,650,600 tonnes of iron ore concentrate, mainly to customers in China, Japan, South Korea and Europe. While the high-grade iron ore P65 index price fluctuated between a low of US$101.8/dmt and a high of US$264.2/dmt during the year ended March 31, 2022, the Company sold its product at a gross average realized selling price[1] of US$181.1/dmt. The gross average realized selling price is comparable to the average P65 high-grade index of US$179.9/dmt for the period. The Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term.

Combining the gross average realized selling price[1] with the positive provisional pricing adjustment of US$7.5/dmt, the Company sold its high-grade iron ore at a price of US$188.6/dmt during the year ended March 31, 2022, compared to the P65 high-grade index average of US$179.9/dmt. Deducting sea freight and other costs of US$35.3/dmt, the Company obtained a net average realized selling price[1] of US$153.3/dmt (CA$190.9/dmt) for its high-grade iron ore. The increase in freight and other costs in the year ended March 31, 2022, compared to the same period in 2021, negatively impacted the net average realized selling price[1] for the period by US$14.8/dmt. As such, revenues totalled $1,460,806,000 for the year ended March 31, 2022, compared to $1,281,815,000 for the same period in 2021, mainly as a result of a higher gross average realized selling price[1], partially offset by higher freight and other costs and the negative impact of foreign exchange rates.

B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related general and administrative ("G&A") expenses as well as rail and port operation costs. It also includes specific and incremental costs related to COVID-19.

For the three-month period ended March 31, 2022, the cost of sales totalled $116,658,000, compared to $110,299,000 for the same period in 2021. During the three-month period ended March 31, 2022, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific and incremental costs related to COVID-19, totalled $60.0/dmt, compared to $54.4/dmt for the same period in 2021. The total cash cost[1] for the three-month period ended March 31, 2022 was negatively impacted by fuel price increases, longer haul cycle times associated with the current mine plan, and the utilization of additional operational mining equipment in order to prepare for Phase II. Increased explosives costs also contributed to higher cash costs[1] for the period.

For the year ended March 31, 2022, the Company produced high-grade iron ore at a total cash cost[1] amounting to $58.9/dmt, compared to $54.2/dmt for the year ended March 31, 2021. The variation is attributable to the same factors that affected the total cash cost[1] for the three-month period ended March 31, 2022. In addition, minor unplanned maintenances contributed to the higher cash cost[1] for the year ended March 31, 2022.

C. Gross Profit

The gross profit for the three-month period ended March 31, 2022 totalled $200,361,000, compared to $277,116,000 for the same prior-year period. The decrease in gross profit is mainly attributable to lower revenues, as a result of a lower net average realized selling price[1] of $175.3/dmt for the three-month period ended March 31, 2022, compared to $201.3/dmt for the same period in 2021 and lower volume of iron ore concentrate sold. The lower net average realized selling price[1], compared to the same prior-year period, is due to the negative impact of higher freight and other costs and lower P65 index average price, partially offset by a favourable provisional price adjustment on previous sales.

The gross profit for the year ended March 31, 2022 totalled $958,199,000, compared to $817,756,000 for the same period in 2021. The increase is largely driven by the higher net average realized selling price[1] of $190.9/dmt for the year ended March 31, 2022, compared to $166.8/dmt for the same period in 2021. The higher revenues were partially offset by higher production costs mainly attributable to increased fuel and explosives costs.

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10. Financial Performance (continued)

D. Other Expenses

	Three Months Ended March 31,			Year Ended March 31,		
	2022	2021	Variance	**2022**	2021	Variance
(in thousands of dollars)						
Share-based payments	**6,689**	2,439	174 %	**12,818**	3,983	222 %
G&A expenses	**8,094**	7,905	2 %	**31,769**	23,594	35 %
Sustainability and other community expenses	**4,353**	3,911	11 %	**16,983**	14,858	14 %
Product R&D expenses	**1,547**	336	360 %	**5,549**	1,258	341 %
Bloom Lake Phase II start-up costs	**5,965**	—	— %	**17,752**	—	— %
	26,648	14,591	83 %	**84,871**	43,693	94 %

The higher share-based payments for the three-month period and year ended March 31, 2022, compared to the same prior-year periods is attributable to the change in classification of share-based payment arrangements, initially classified as equity-settled instruments. As the Company modified some of the RSUs, PSUs and DSUs during the year ended March 31, 2022 to allow the holders to elect the form of settlement for vested share-based units granted, the Company reassessed for all prior awards granted its cash obligation at fair value using the share price as at March 31, 2022. The increase in share-based payments for the year ended March 31, 2022 also reflects the costs associated with an increase in the numbers of performance share units granted to key employees, as part of the Company's remuneration policy to retain talented employees and provide alignment of interests between such key employees and the Company's shareholders. A part of these performance share units are linked to the achievement of certain milestones relating to the Phase II project and do not have a significant dilutive impact on the Company's current shareholders.

G&A expenses were stable for the three-month period ended March 31, 2022, compared to the same period in 2021. The variation in G&A expenses in the year ended March 31, 2022, compared to the same prior-year period, represents costs associated with a higher headcount and professional fees required to support the Company's growth initiatives, as well as increased insurance costs impacting the mining industry.

Higher sustainability and other community expenses in the three-month period and year ended March 31, 2022 reflected the Company's increased focus on sustainability.

The variation in R&D expenses in the three-month period and year ended March 31, 2022, compared to the same periods in 2021, is due to the advancement of the strategy to develop technologies and products supporting emissions reduction, as detailed in section 7 — Decarbonization Initiatives. R&D expenses are mainly comprised of consultant fees and salaries and benefits.

During the three-month period and year ended March 31, 2022, the Company incurred pre-commercial start-up costs for the Phase II project, mainly related to staff mobilization and training.

E. Net Finance Costs

Fourth Quarter of the 2022 Fiscal Year vs Fourth Quarter of the 2021 Fiscal Year

Net finance costs decreased to $2,269,000 for the three-month period ended March 31, 2022, compared to $5,430,000 for the same period in 2021, mainly as a result of a foreign exchange gain compared to a foreign exchange loss in 2021 and higher capitalization of borrowing costs during the construction period of Phase II.

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated debt and lease liabilities. During the three-month period ended March 31, 2022, the foreign exchange gain amounted to $847,000, compared to a foreign exchange loss of $2,108,000 in the same period in 2021. Realized and unrealized foreign exchange gain is 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, 2022, compared to December 31, 2021. The appreciation of the Canadian dollar contributed to a foreign exchange gain on the Company's Senior Debt and on the Phase II mining equipment and railcars financed through debt or lease liabilities, partially offset by a foreign exchange loss on its accounts receivable and cash on hand[1] denominated in U.S. dollars.

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(Expressed in Canadian dollars, except where otherwise indicated)

10. Financial Performance (continued)

E. Net Finance Costs (continued)

Fourth Quarter of the 2022 Fiscal Year vs Fourth Quarter of the 2021 Fiscal Year (continued)

Interest expenses on long-term debt decreased in the three-month period ended March 31, 2022, compared to the same prior-year period, due to the progress on the Phase II project and the build-up of qualifying assets, resulting in a higher capitalization rate being used to determine the amount of borrowing costs eligible for capitalization.

2022 Fiscal Year vs 2021 Fiscal Year

Net finance costs decreased to $11,045,000 for the year ended March 31, 2022, compared to $22,428,000 for the same period in 2021. Lower net finance costs are mainly due to lower foreign exchange losses, lower interest costs on long-term debt, partially offset by higher standby commitment fees on undrawn available long-term debt balances.

Lower interest expenses on long-term debt are attributable to the progress on the Phase II project and the build-up of qualifying assets, resulting in a higher capitalization rate being used to determine the amount of borrowing costs eligible for capitalization. Standby commitment fees which are not eligible for capitalization totalled $5,031,000 for the year ended March 31, 2022, compared to $975,000 for the same prior-year period.

F. Other Income

During the three-month period and year ended March 31, 2022, other income totalled $9,868,000 and $8,560,000, respectively, and mainly represents the realized and unrealized change in the fair value on non-current investments. For the same periods in 2021, other income of $3,952,000 and $10,237,000, respectively, represented the change in the fair value of non-current investments attributable to share price increases in the Company's equity investments during the periods and to a gain on the disposal of equity investments.

G. Income Taxes

The Company and its subsidiaries are subject to tax in Australia and Canada. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available against which the losses can be used. During the year ended March 31, 2022, Champion, incorporated under the laws of Australia, incurred a current tax expense related to the dividend received from its Canadian subsidiary and had partially recognized a deferred tax liability on its investments in the subsidiary. 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 mining profit, as defined by the *Mining Tax Act* (Québec), divided by revenues. Progressive tax rates are based on 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, 2022 (2021: 26.50%).

During the year ended March 31, 2022, current income and mining tax expenses totalled $47,864,000 and $306,480,000, respectively, compared to $100,638,000 and $280,855,000, respectively, for the same periods in 2021. The variation is mainly due to the change of taxable profit associated with the volatility of iron ore prices and the Company being subject to a 5% withholding tax in connection with the payment of dividends. During the year ended March 31, 2022, deferred income and mining tax expenses totalled $17,795,000 and $41,778,000, respectively, compared to $4,475,000 and $16,592,000, respectively, for the same periods in 2021. The variation in deferred tax expenses is mainly due to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The combined provincial and federal statutory tax and mining taxes was 38% while the Company's effective tax rates ("ETRs") were 36% and 40%, respectively, for the three-month period and year ended March 31, 2022, compared to 40% and 39%, respectively, for the same periods in 2021. The lower ETR for the three-month period ended March 31, 2022 was due to a lower mining profit margin, which resulted in a lower tax rate, as per the progressive mining tax rates schedule detailed previously, partially offset by the impact of a capital loss not recognized, combined with the 5% withholding tax paid by Champion on the dividend received from QIO and the recognition of a deferred tax liability on its investments in QIO.

10. Financial Performance (continued)

G. Income Taxes (continued)

During the year ended March 31, 2022, the Company paid $475,278,000 in income and mining taxes, of which $191,542,000 was for mining and income taxes for the period of April 1, 2020 to March 31, 2021, and $283,736,000 was for tax installments. Since monthly tax installments are based on the previous 2021 fiscal year's taxable income, which was lower due to the iron ore concentrate price volatility during the year ended March 31, 2022, current income and mining taxes of $306,480,000 exceed the $283,736,000 paid in tax installments, resulting in income and mining taxes payable of $22,744,000 as at March 31, 2022.

H. Net Income & EBITDA[1]

Fourth Quarter of the 2022 Fiscal Year vs Fourth Quarter of the 2021 Fiscal Year

For the three-month period ended March 31, 2022, the Company generated net income of $115,653,000 (EPS of $0.23), compared to $155,934,000 (EPS of $0.32) for the same period in 2021. The net income was mainly affected by lower gross profits associated with a lower P65 index average price and higher sea freight and other costs during the period, as well as by lower volumes of iron ore concentrate sold, compared to the same prior-year period. The decrease in net income is partially offset by lower current income and mining taxes as a result of lower operating earnings.

For the three-month period ended March 31, 2022, the Company generated an EBITDA[1] of $197,938,000, including non-cash share-based compensation and pre-commercial start-up costs for Phase II totalling $12,654,000, representing an EBITDA margin[1] of 60%, compared to $275,764,000, representing an EBITDA margin[1] of 70% for the same period in 2021. The decrease in EBITDA[1] period-over-period is primarily due to lower revenue from lower net average realized selling prices[1].

2022 Fiscal Year vs 2021 Fiscal Year

For the year ended March 31, 2022, the Company generated net income of $522,585,000 (EPS of $1.03), compared to $464,425,000 (EPS of $0.97) for the same period in 2021. The increase in net income is mainly due to higher gross profits and lower net finance costs mainly attributable to a lower foreign exchange loss for the period. The increase is partially offset by Bloom Lake Phase II start-up costs, higher G&A expenses and higher current income and mining taxes as a result of higher operating earnings.

For the year ended March 31, 2022, the Company generated an EBITDA[1] of $925,817,000, representing an EBITDA margin[1] of 63%, compared to $819,477,000, representing an EBITDA margin[1] of 64% for the same period in 2021. 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 pre-commercial start-up costs for Phase II.

I. AISC[1] and Cash Operating Margin[1]

During the three-month period ended March 31, 2022, the Company realized an AISC[1] of $70.5/dmt, compared to $65.1/dmt for the same period in 2021. The variation relates to higher total cash costs[1] and the negative impact of lower volumes of iron ore concentrate sold. Deducting the AISC[1] of $70.5/dmt from the net average realized selling price[1] of $175.3/dmt, the Company generated a cash operating margin[1] of $104.8/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended March 31, 2022, compared to $136.2/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price[1] for the period.

During the year ended March 31, 2022, the Company recorded an AISC[1] of $73.1/dmt, compared to $62.8/dmt for the same period in 2021. The variation is due to higher total cash costs[1], higher sustaining capital expenditures related to higher stripping and mining activities and higher investments made in tailings lifts associated with preventive and corrective interventions on two specific dikes. The cash operating margin[1] totalled $117.8/dmt for the year ended March 31, 2022, compared to $104.0/dmt for the same period in 2021. The variation is mainly due to a higher net average realized selling price[1].

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

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

Mineral reserves and resources are subject to a systematic internal peer review. Process and validations are documented and sent to the Resource and Reserve committee for approval. As a control, external technical audits are conducted when required. The 2021 technical audit did not identify any major risk or flaws in the estimation. In general, any estimation update would be based on new information, including but not limited to drilling information, calibration to production and changes to assumptions. Information used for update is validated by a "qualified person" as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Tonnages and grades included in the following statement have been reviewed by the Resource and Reserve committee.

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 Joint Ore Reserves Committee ("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 the 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 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 the 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 Phase II Feasibility Study. The Company is not aware of any new information or data that materially affects the information included in the Phase II Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the Phase II Feasibility Study continue to apply and have not materially changed. The Phase II Feasibility Study is available under the Company's filings at www.sedar.com and on the ASX at www.asx.com.au.

4. Reserves and Resources — Bloom Lake as at March 31, 2022

During the 2022 fiscal year, stripping activities commenced as detailed in the NI 43-101 and JORC Code (2012 edition) compliant technical report titled "Bloom Lake Mine – Feasibility Study Phase II", authored by BBA, Soutex and WSP Canada Inc., and dated June 20, 2019. As such, it is no longer relevant to report reserves and resources separately as Phase I and Phase II.

The Bloom Lake reserves and resources were subject to adjustments for new drilling, operational experience and depletion, due to iron ore being mined as of March 31, 2022. The Phase II Feasibility Study is available under the Company's filings at www.sedar.com and on the ASX at www.asx.com.au.

- Total Bloom Lake measured and indicated resources totalled 846 Mt as at March 31, 2022, compared to 843 Mt as at March 31, 2021 for Phase I (894 Mt as at March 31, 2021 for Phase II, inclusive of Phase I);
- Bloom Lake inferred resources totalled 129 Mt as at March 31, 2022, compared to 79 Mt as at March 31, 2021 for Phase I (54 Mt as at March 31, 2021 for Phase II, inclusive of Phase I); and
- Total Bloom Lake proven and probable reserves totalled 745 Mt at 28.8% Fe as at March 31, 2022, compared to 345 Mt at 30.0% Fe as at March 31, 2021 for Phase I (807 Mt at 29.0% as at March 31, 2021 for Phase II, inclusive of Phase I).

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

4. Reserves and Resources — Bloom Lake as at March 31, 2022 (continued)

All Bloom Lake mineral resources reported are inclusive of the Bloom Lake mineral reserves. The Bloom Lake mineral reserves and resources reported were estimated using an iron ore reference price of US$61.50/dmt (based on CFR China Index P62). Bloom Lake proven reserves and measured resources as of March 31, 2022 include 1.2 Mt of pre-concentration stockpiles.

The changes in resources and reserves between March 31, 2021 and March 31, 2022 are mostly due to the following:

- Change in the pit design in relation to the Phase II expansion detailed in the Phase II Feasibility Study;
- Adjustment of the geological domains due to the addition of new drill holes to the database;
- Adjustment of the estimation parameters used in modelling through calibration with results from operations; and
- Yearly depletion.

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

	As at March 31, 2022 (Phases I and II)					As at March 31, 2021 (Phase I)
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Measured	219	30.4	1.3	1.2	0.3	379
Indicated	626	28.6	2.1	1.9	0.5	464
Total measured and indicated resources	846	29.0	1.9	1.7	0.4	843
Inferred	129	27.2	1.3	1.2	0.5	79

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

	As at March 31, 2022 (Phases I and II)					As at March 31, 2021 (Phase I)
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Proven*	214	30.1	1.3	1.2	0.3	202
Probable	531	28.3	2.3	2.1	0.5	143
Total proven and probable	745	28.8	2.0	1.8	0.4	345

* Proven tonnage of 214 Mt includes 1 Mt of stockpiles.

5. Consolidated Reserves and Resources as at March 31, 2022

Bloom Lake mineral resources and reserves, as stated by the Phase II Feasibility Study, include Bloom Lake Phase I resources and reserves and do not take into account the depletion. Bloom Lake mineral resources and reserves have been adjusted for depletion and calibrated with production.

The reserves and resources mentioned below (except the Bloom Lake 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 the 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, 2022 (continued)

Table 3: Consolidated Mineral Resources (million dmt)

Property	Group	Measured	Indicated	Total Measured & Indicated	Inferred
Bloom Lake	Bloom Lake	**219**	**626**	**846**	**129**
Consolidated Fire Lake North[1]	Fire Lake North[1]	27	667	694	522
	Bellechasse	—	—	—	215
	Oil Can	—	—	—	967
	Total	**27**	**667**	**694**	**1,704**
Moiré Lake[2]	Moiré Lake	**—**	**164**	**164**	**417**
Quinto Claims[3]	Peppler Lake	—	327	327	216
	Lamêlée North	—	272	272	653
	Hobdad	—	—	—	508
	Total	**—**	**599**	**599**	**1,377**
Lamêlée South[4]	Lamêlée South	**—**	**75**	**75**	**229**
Kamistiatusset[5]	Rose North	236	313	549	287
	Rose Central	250	295	545	161
	Mills Lake	51	131	182	75
	Total	**537**	**739**	**1,276**	**523**
Harvey-Tuttle[6]	Harvey-Tuttle	**—**	**—**	**—**	**947**
Penguin Lake[7]	Penguin Lake (45% Champion Iron Limited interest)	**—**	**—**	**—**	**239**
Total as at March 31, 2022		**783**	**2,868**	**3,651**	**5,565**
Total as at March 31, 2021		**406**	**1,944**	**2,350**	**3,990**

Table 4: Consolidated Mineral Reserves (million dmt)

Property / Group	Proven	Fe (%)	Probable	Fe (%)	Reserves Proven & Probable	Fe (%)
Bloom Lake*	214	30.1	531	28.3	745	28.8
Fire Lake North[8]	24	36.0	441	32.2	465	32.4
Kamistiatusset[5]	393	29.0	125	28.2	517	28.8
Total as at March 31, 2022	**631**	**29.6**	**1,096**	**29.8**	**1,727**	**29.8**
Total as at March 31, 2021	**370**	**30.3**	**902**	**30.1**	**1,272**	**30.2**

* Proven tonnage of 214 Mt includes 1 Mt of stockpiles.

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, Lamêlée Project, Quebec" (as regards Lamêlée), 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,

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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 Lac Lamêlée resource estimates are based on the NI 43-101 technical report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. 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 Iron Limited 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 Champion Iron Limited'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.

5 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.

6 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).

7 The historical Penguin Lake resource estimates are based on the National Instrument 43-101 technical report entitled "43-101 Technical Report and Mineral Resource Estimate on the Penguin Lake Project" by MRB & Associates 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 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 Iron Limited 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 Champion Iron Limited'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.

8 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).

I. Bloom Lake (Inclusive of Phase I)

Bloom Lake mineral resources and reserves, as stated by the Phase II Feasibility Study, include Bloom Lake Phase I resources and reserves and do not take into account the depletion. Bloom Lake mineral resources and reserves have been adjusted for depletion and calibrated with production.

Table 5: March 31, 2022 Bloom Lake Mineral Resource Estimate (at 15% Fe Cut-Off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al_2O_3 (%)
Measured	219	30.4	1.3	1.2	0.3
Indicated	626	28.6	2.1	1.9	0.5
Total measured and indicated	846	29.0	1.9	1.7	0.4
Inferred	129	27.2	1.3	1.2	0.5

Table 6: March 31, 2022 Bloom Lake Mineral Reserve Estimate (at 15% Fe Cut-Off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al_2O_3 (%)
Proven*	214	30.1	1.3	1.2	0.3
Probable	531	28.3	2.3	2.1	0.5
Total proven and probable	745	28.8	2.0	1.8	0.4

* Proven tonnage of 214 Mt includes 1 Mt of stockpiles.

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources (continued)

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[9]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	27	35.2
Indicated	667	31.4
Total measured and indicated resources	694	31.5
Inferred	522	30.1

Table 8: Fire Lake North Historical Mineral Reserve Estimate at Cut-Off 15% Fe[9]

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	Weight Recovery (%)
Proven	24	36.0	0.5	45.0
Probable	441	32.2	2.8	39.6
Total proven and probable	465	32.4	1.3	39.9

Table 9: Historical Inferred Resources for Other Consolidated Fire Lake North Deposits at Cut-Off 15% Fe[10]

Deposit	Mt Tonnage (dmt)	Fe (%)
Bellechasse	215	28.7
Oil Can	967	33.2

[9] 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).

[10] 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).

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources (continued)

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[11]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	164	30.5
Total measured and indicated resources	164	30.5
Inferred	417	29.4

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 Lamêlée projects are part of the Quinto Claims.

Table 11: Peppler Lake Historical Resource Estimate at Cut-Off 18% Fe[12]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	327	28.0
Total measured and indicated resources	327	28.0
Inferred	216	27.5

Table 12: Lamêlée Historical Resource Estimate at Cut-Off 18% Fe[13]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	272	29.4
Total measured and indicated resources	272	29.4
Inferred	653	30.5

[11] 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).

[12] 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).

[13] The historical Lamêlée resource estimates are based on the NI 43-101 technical report entitled "Mineral Resource Technical Report, Lamêlée 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).

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources (continued)

IV. Quinto Claims (continued)

Table 13: Hobdad Historical Resource Estimate at Cut-Off 18% Fe[14]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	—	—
Total measured and indicated resources	—	—
Inferred	508	27.4

V. Lamêlée South

Table 14: Lamêlée South Historical Resource Estimate at Cut-Off 18% Fe[15]

Category	Mt Tonnage (dmt)	Fe (%)
Measured	—	—
Indicated	75	31.6
Total measured and indicated resources	75	31.6
Inferred	229	30.5

VI. Kami

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)[16]

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	HmFe (%)	Mn (%)
Measured	537	29.9	15.9	10.9	1.2
Indicated	739	29.5	15.8	10.3	1.1
Total measured and indicated	1,276	29.7	15.8	10.5	1.1
Inferred	523	29.5	15.0	11.1	1.0

[14] 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, Lamêlée Project, Quebec" (as regards Lamêlée), 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).

[15] The historical Lac Lamêlée South resource estimates are based on the NI 43-101 technical report entitled "NI 43-10 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. 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 Iron Limited 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 Champion Iron Limited'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.

[16] 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.

(Expressed in Canadian dollars, except where otherwise indicated)

11. Reserves and Resources (continued)

5. Consolidated Reserves and Resources (continued)

VI. Kami (continued)

Table 16: Kami Project Historical Mineral Reserve Estimate (at 15% Fe Cut-Off)[17]

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	Mag (%)	Weight Recovery (%)
Proven	393	29.0	15.0	1.2	34.7
Probable	125	28.2	11.1	1.1	32.0
Total proven and probable	517	28.8	14.1	1.2	34.1

VII. 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 Mt of inferred historical resources at 23.2% Fe.[18]

VIII. Cluster 3

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 a total of 535 Mt of inferred historical resources (239 Mt attributable to the Company) at 33.1% Fe with a cut-off at 15% Fe.[19] Cluster 3 also includes a series of small deposits near Round Lake (north-west of Penguin Lake).

6. Material Changes

There were no material changes in the year ended March 31, 2022 other than depletion by the Bloom Lake Mine. Only changes applied on the current estimation are due to depletion and new drilling and production information used to calibrate the model.

[17] 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.

[18] 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).

[19] 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).

12. Exploration Activities and Regional Growth

Exploration and Evaluation Activities

During the three-month period and year ended March 31, 2022, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the year ended March 31, 2022, $400,000 and $3,711,000 in exploration and evaluation expenditures were incurred, respectively, compared to $226,000 and $581,000 for the same periods in 2021.

During the year ended March 31, 2022, exploration and evaluation expenditures mainly consisted of $1,300,000 in acquisition costs for the Lac Lamêlée South property. Exploration expenditures also included costs associated with work related to updating the Kami Project feasibility study, minor exploration work and claim renewal fees.

In the comparative periods, exploration and evaluation expenditures mainly consisted of fees required to maintain the Company's exploration properties, exploration expenses related to drilling and geophysical work at the Company's Gullbridge-Powderhorn property, located in Northern Central Newfoundland, and the staking costs for additional exploration claims.

Acquisition of Exploration Property from Fancamp Exploration Ltd. ("Fancamp")

On July 12, 2021, the Company completed the acquisition of the Lac Lamêlée South property and a 1.5% net smelter royalty interest on the Company's Moiré Lake property and the Company's Fermont property portfolio, including the O'Keefe-Purdy, Harvey-Tuttle, and Consolidated Fire Lake North properties from Fancamp.

The Lac Lamêlée South property adds an additional 74.7 Mt[1] of historical indicated resources and 229.3 Mt[1] of historical inferred resources, with the project located adjacent to the Company's existing development properties south of Bloom Lake. 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.

Consideration paid to Fancamp included $1,300,000 in cash, an undertaking in favour of Fancamp to make future finite production payments on a fixed amount of future iron ore production payable once certain production thresholds have been reached with respect to the Lac Lamêlée South, Moiré Lake and Fermont property portfolio properties.

Concurrently with the transaction, the Company also staked 11 additional claims directly adjacent to the Lac Lamêlée South property, in order to supplement its holdings in this area.

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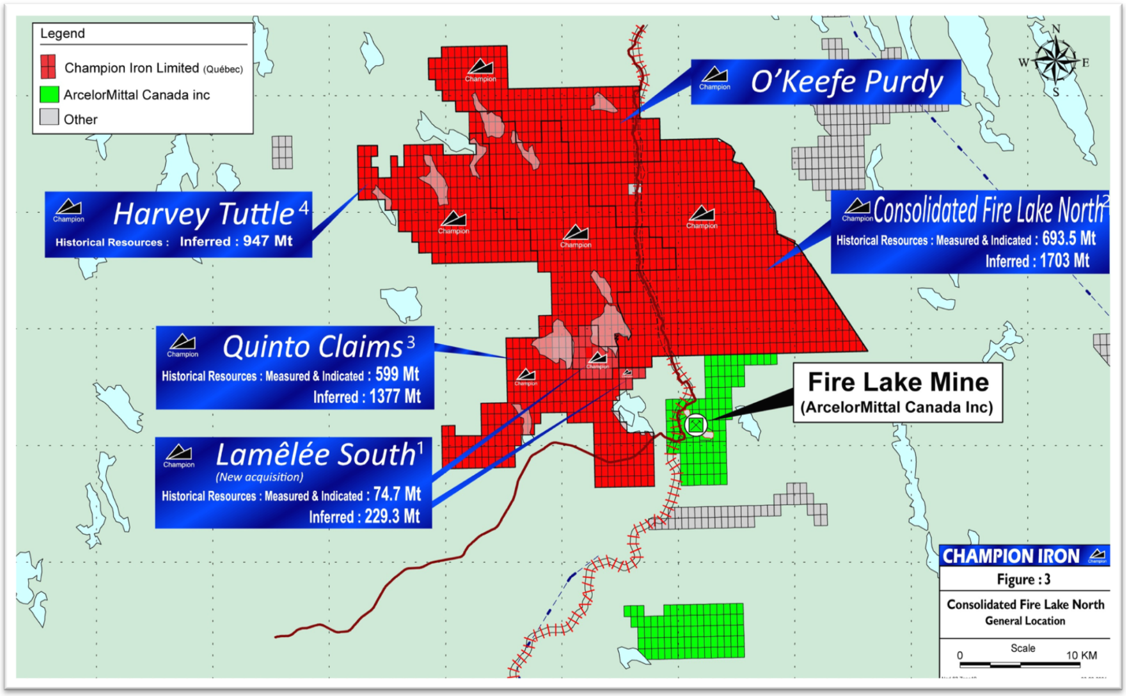
[1] The historical Lac Lamêlée resource estimates are based on the NI 43-101 technical report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. 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 mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

12. Exploration Activities and Regional Growth (continued)



Notes

1. The historical Lac Lamêlée South resource estimates are based on the NI 43-101 technical report entitled "NI 43-101 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. 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 mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
2. The historical Consolidated Fire Lake 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 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 Iron Limited 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 Champion Iron Limited's existing mining tenements and therefore the reports on these mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
3. The historical Quinto Claims resource estimates are based on the NI 43-101 technical reports entitled "Mineral Resource Technical Report, Peppler Project, Quebec" (as regards Peppler Lake), "Mineral Resource Technical Report, Lamelee Project, Quebec" (as regards Lamêlée) and "Mineral Resource Technical Report, Hobdad Project, Quebec" (as regards Hobdad), each prepared 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 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 Iron Limited 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 Champion Iron Limited's existing mining tenements and therefore the reports on these mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
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 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 Iron Limited 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 Champion Iron Limited's existing mining tenements and therefore the reports on these mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
5. Certain resources mentioned are foreign estimates from an Australian perspective.

12. Exploration Activities and Regional Growth (continued)

Acquisition of the Kami Project

On April 1, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. The Kami Project and related mining properties are located in the Labrador Trough geological belt in southwestern Newfoundland, near the Québec border. Refer to note 8 — Acquisition of the Kami Project in the Financial Statements.

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 Iron Ore Corp. ("Alderon"), the Kami Project's former owner, 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", "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[1].

Alderon completed an updated feasibility study on the Kami Project in September 2018. The Company is currently revising the Kami Project's scope with the aim of maximizing the project's value by incorporating the most recent mining technologies. Over the upcoming months, the Company will evaluate the amenability of the deposit's feasibility study to produce a DR grade product. The updated feasibility study is expected to be completed in the second half of calendar 2022, as part of the Company's strategy to evaluate its growth alternatives within its property portfolio.

[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 mineralizations 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.

13. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Year Ended March 31,	
	2022	2021	**2022**	2021
(in thousands of dollars)				
Operating cash flows before working capital	**144,336**	168,693	**614,677**	519,097
Changes in non-cash operating working capital	**(140,056)**	59,873	**(144,242)**	105,322
Net cash flow from operating activities	**4,280**	228,566	**470,435**	624,419
Net cash flow used in investing activities	**(134,297)**	(91,439)	**(635,465)**	(245,085)
Net cash flow used in financing activities	**(14,793)**	(15,314)	**(118,141)**	(26,300)
Net increase (decrease) in cash and cash equivalents	**(144,810)**	121,813	**(283,171)**	353,034
Effects of exchange rate changes on cash and cash equivalents	**(1,380)**	(2,137)	**(4,253)**	(25,081)
Cash and cash equivalents, beginning of period	**468,082**	489,640	**609,316**	281,363
Cash and cash equivalents, end of period	**321,892**	609,316	**321,892**	609,316
Operating cash flow per share[1]	**0.01**	0.46	**0.93**	1.30

Operating

During the three-month period ended March 31, 2022, the Company generated operating cash flows of $144,336,000 before working capital items, compared to $168,693,000 for the same period in 2021. The decrease is largely driven by a lower net average realized selling price[1] and lower volumes of concentrate sold. Changes in working capital items for the period were mainly affected by the timing of supplier payments, related to Phase II construction and customer receipts. Based on the foregoing, the operating cash flow per share[1] for the three-month period ended March 31, 2022 was $0.01, compared to an operating cash flow per share[1] of $0.46 for the same period in 2021.

During the year ended March 31, 2022, the Company's operating cash flows before working capital items totalled $614,677,000, compared to $519,097,000 for the same period in 2021. The variation is driven by a higher net average realized selling price[1]. In addition to the payment of $191,542,000 for mining and income taxes for the April 1, 2020 to March 31, 2021 period, changes in working capital items during the year ended March 31, 2022 were mainly affected by the timing of supplier payments and customer receipts. After working capital items, the operating cash flow per share[1] for the period totalled $0.93, compared to $1.30 for the same period in 2021.

Investing

i. Purchase of Property, Plant and Equipment

During the three-month period and year ended March 31, 2022, the Company invested $117,779,000 and $519,322,000, respectively, in addition to property, plant and equipment, compared to $74,500,000 and $174,650,000, respectively, for the same periods in 2021. The following table details these investments:

	Three Months Ended March 31,		Year Ended March 31,	
	2022	2021	**2022**	2021
(in thousands of dollars)				
Tailings lifts	**—**	839	**27,512**	8,165
Stripping and mining activities	**7,581**	7,346	**35,747**	22,831
Mining equipment rebuild	**4,162**	5,008	**13,697**	11,762
Sustaining capital expenditures	**11,743**	13,193	**76,956**	42,758
Phase II	**83,669**	45,971	**354,035**	97,087
Other capital development expenditures at Bloom Lake	**22,367**	15,336	**88,331**	34,805
Purchase of property, plant and equipment as per cash flows	**117,779**	74,500	**519,322**	174,650

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

13. Cash Flows (continued)

Investing (continued)

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

Sustaining Capital Expenditures

Early in the 2021 fiscal year, the Company ramped down its operations following Government directives in response to the COVID-19 pandemic and implemented several measures in its efforts to mitigate the risks related to the spread of the virus. As a result, the overall sustaining capital expenditures were lower and delayed in the 2021 fiscal year, compared to the 2022 fiscal year.

The increase in tailings-related investments for the year ended March 31, 2022, compared to the same period in 2021, is due to preventive works performed on the dikes. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy. Preventive and corrective interventions on two specific dikes were scheduled for the 2022 fiscal year, with $27,512,000 spent to correct identified discrepancies on specific dikes from their original designs, compared to works completed by the asset's previous owner.

The increase in stripping and mining activities during the year ended March 31, 2022, compared to the same period in 2021, was anticipated with the preparation for Phase II project operations and was also attributable to the ramp-down of operations in the first quarter of the 2021 fiscal year, mandated by the Government's COVID-19 containment directives, whereby operations were negatively affected in the comparable period.

The Company's mining equipment maintenance program reflects the work planned and undertaken during the year ended March 31, 2022.

Phase II

For the year ended March 31, 2022, $354,035,000 was spent in capital expenditures. Cumulative investments of $625,200,000, including deposits, were deployed on the project as at March 31, 2022.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended March 31, 2022, other capital development expenditures at Bloom Lake totalled $22,367,000. The expenditures mainly consisted of $13,750,000 in deposits for production equipment to be commissioned and financed in the future through the finance agreement with Caterpillar Financial Services Limited, $4,365,000 in borrowing costs capitalized during the development period of the Phase II project and an investment of $1,948,000 to improve mill and other infrastructure capacity.

During the year ended March 31, 2022, other capital development expenditures at Bloom Lake totalled $88,331,000. During the year ended March 31, 2022, cash outflows include $37,501,000 in deposits for production equipment to be commissioned, an investment of $26,558,000 to increase mill capacity and other infrastructure improvements, capitalized borrowing costs of $15,040,000, related to the Phase II project and a remaining investment of $3,851,000 in lodging infrastructure at the mine site, in order to accommodate a larger workforce. During the year ended March 31, 2022, other capital development expenditures were offset by the receipt of a government grant totalling $6,234,000, related to the Company's greenhouse gas emissions and energy consumption reduction initiatives. The Company qualified for a grant of up to $21,817,000.

During the three-month period and year ended March 31, 2021, other capital development expenditures at Bloom Lake totalled $15,336,000 and $34,805,000, respectively. The investment for the three-month period ended March 31, 2021 mainly consisted of lodging infrastructure investments at the mine site to accommodate an increasing workforce and prepayments for production equipment. The investment for the year ended March 31, 2021 also included other infrastructure upgrades at the mine, the commissioning of new service equipment and the acquisition of additional used railcars.

ii. Acquisition of the Kami Project

During the year ended March 31, 2022, the Company completed the acquisition of the Kami Project and certain related contracts (refer to note 8 — Acquisition of the Kami Project in the Financial Statements). The consideration included a cash payment of $15,000,000, in addition to $444,000 in transaction costs.

13. Cash Flows (continued)

Investing (continued)

iii. Advance Payments

During the three-month period and year ended March 31, 2022, the Company made advance payments totalling $15,267,000 and $97,067,000, respectively, for infrastructure upgrades required to accommodate the anticipated increase in Phase II production volumes and for Phase II rail access, compared to $9,200,000 and $15,211,000, respectively, for the same prior-year periods. These advance payments are part of the $633.8M construction budget and the increase, compared to the same prior-year periods, is attributable to the project's advancement.

iv. Other Investing Activities

During the year ended March 31, 2022, the Company executed a US$2,500,000 convertible loan to a private entity in connection with its cold pelletizing R&D activities. The Company also acquired common shares of this private entity and fully disposed some of its other marketable securities investments, resulting in net proceeds from non-current investments of $5,034,000, compared to $2,079,000 for the same period in 2021.

During the year ended March 31, 2021, the Company transferred $44,972,000 (US$35,000,000) into a restricted account for potential Phase II project cost overruns, pursuant to a Senior Debt covenant. The cash in the restricted account is expected to be released once Phase II operations satisfy the Senior Debt covenants and conditions.

Financing

During the three-month period ended March 31, 2022, the Company drew down $27,516,000, of which $20,000,000 is related to the IQ Loan to finance the increase in transshipment capacity by SFPPN and the remaining cash inflow is related to the CAT Financing in connection with the funding of Phase II mining equipment. Drawdowns made for the year ended March 31, 2022 were comprised of $60,000,000, $30,000,000 and $30,874,000 related to the IQ Loan, FTQ loan and CAT Financing, respectively.

During the three-month period and year ended March 31, 2022, the Company commenced repayment of the CAT Financing in the amount of $2,116,000. During the same prior-year periods, the Company fully repaid a revolving facility of $25,262,000 (US$20,000,000) that was initially drawn in the 2021 fiscal year to face the uncertainty related to the COVID-19 pandemic. During the year ended March 31, 2022, the Company incurred and paid $4,373,000 for new financing transaction costs, compared to $7,888,000 for the same period in 2021, related to the amendment of the Senior Debt, which was increased to fund the completion of the Phase II project.

During the three-month period ended March 31, 2022, 10,000,000 warrants and 120,000 stock options were exercised for proceeds totalling $11,553,000, compared to 12,733,000 warrants and 110,000 stock options for proceeds totalling $14,485,000 during the same period in 2021. During the year ended March 31, 2022, 10,000,000 warrants and 220,000 stock options were exercised for proceeds totalling $12,053,000, compared to 27,733,000 warrants and 6,694,000 stock options for proceeds totalling $36,277,000 during the same period in 2021.

During the year ended March 31, 2022, the Company’s subsidiary, QIO, redeemed 185,000,000 of its preferred shares held by Caisse de dépôt et placement du Québec, at par value, for consideration of $185,000,000. The redemption of the QIO preferred shares terminated the preferred shares dividend payments and reduced the overall cost of capital for the Company. During the year ended March 31, 2022, QIO declared and paid the accumulated dividends on its preferred shares for a total disbursement of $6,470,000, pursuant to the 9.25% dividend rate, compared to $4,219,000 and $28,439,000, respectively, during the three-month period and year ended March 31, 2021. During the three-month period and year ended March 31, 2022, the Company paid an inaugural dividend on ordinary shares totalling $50,623,000 in connection with the semi-annual financial results for the six-month period ended September 30, 2021.

14. Financial Position

As at March 31, 2022, the Company held $396,405,000 in cash on hand[1] and restricted cash. The Company is well positioned to fund all of its cash requirements for the next 12 months with its existing cash balance, forecasted cash flows from operating activities and the following undrawn available financings:

	As at March 31, 2022
(in thousands of dollars)	
Senior Debt	**274,912**
Caterpillar Financial Services Limited	**63,391**
FTQ loan	**45,000**
IQ Loan	**10,000**
Total available and undrawn loans	**393,303**

Following the announcement of Phase II commissioning, on May 24, 2022, QIO completed the refinancing of the US$400.0M Credit Facility with a US$400.0M general purpose Revolving Facility. The Company drew US$180M on the Revolving Facility, equivalent to the Credit Facility balance as at March 31, 2022. The Revolving Facility is provided by Societe Generale (Coordinating Bank, Mandated Lead Arranger and Joint Bookrunners), The Bank of Nova Scotia (Administrative Agent, Mandated Lead Arranger and Joint Bookrunner), with The Toronto-Dominion Bank, The Royal Bank of Canada (acting as Mandated Lead Arrangers and Joint Bookrunners), with the inclusion of the Bank of China Toronto Branch, Fédération des caisses Desjardins du Québec, Bank of Montreal, National Bank, Bank of America and EDC.

The US$400M Revolving Facility will mature four years from May 24, 2022, and will bear interest based on leverage ratios ranging between the Secured Overnight Financing Rate ("SOFR"), plus a credit spread adjustment plus 2.00% if the net debt to EBITDA ratio is lower or equal to 0.50x to SOFR, plus a credit spread adjustment plus 3.00% if the net debt to EBITDA ratio is greater than 2.50x. The Revolving Facility includes standard and customary finance terms and conditions, including with respect to fees, representations, warranties, covenants and conditions precedent to disbursements. This new facility will enable the Company to lift the restricted cash covenant from the previous Credit Facility and reduce the cost of capital.

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

- Remaining expenditures in relation to the Phase II expansion project;
- Payment of mining and income taxes; and
- Semi and final annual dividends payment to shareholders, if declared.

14. Financial Position (continued)

The following table details the changes to the statements of financial position as at March 31, 2022, compared to March 31, 2021:

	As at March 31, 2022	As at March 31, 2021	Variance
(in thousands of dollars)			
Cash and cash equivalents	**321,892**	609,316	(47%)
Short-term investments	**30,777**	27,200	13%
Cash on hand[1]	**352,669**	636,516	(45%)
Receivables	**124,137**	98,755	26%
Other current assets	**119,133**	72,268	65%
Total current assets	**595,939**	807,539	(26%)
Restricted cash	**43,736**	44,012	(1%)
Property, plant and equipment	**1,070,030**	504,985	112%
Exploration and evaluation assets	**107,810**	76,106	42%
Other non-current assets	**171,715**	64,264	167%
Total assets	**1,989,230**	1,496,906	33%
Total current liabilities	**286,890**	293,767	(2%)
Long-term debt	**251,365**	214,951	17%
Rehabilitation obligation	**86,021**	45,074	91%
Other non-current liabilities	**203,256**	90,097	126%
Total liabilities	**827,532**	643,889	29%
Equity attributable to Champion shareholders	**1,161,698**	853,017	36%
Total equity	**1,161,698**	853,017	36%
Total liabilities and equity	**1,989,230**	1,496,906	33%

The Company’s cash and cash equivalents balance on March 31, 2022 decreased from the amount held on March 31, 2021 and is mainly attributable to the payment of $191,542,000 in mining and income taxes for the April 1, 2020 to March 31, 2021 period, investments related to Phase II project capital expenditures, the redemption of the QIO preferred shares for $185,000,000 and the inaugural dividend payment of $50,623,000. The decrease in cash and cash equivalents balance is partially offset by cash flow from operating activities and drawdowns on financing agreements during the year ended March 31, 2022.

Higher receivables were impacted by the sale of concentrate on two vessels which were not yet collected by March 31, 2022, compared to only one vessel in the prior-year period. Higher other current assets are attributable to higher inventories and higher prepaid expenses, mainly related to Phase II.

The increase in property, plant and equipment is mainly attributable to the significant progress made on the Phase II expansion project, the receipt of most of the railcars required for projected Phase II increases in volume and the increase in the asset rehabilitation obligation of $44,605,000, as detailed in an updated rehabilitation study (refer to note 16 — Rehabilitation Obligation in the Financial Statements). The increase in exploration and evaluation assets relates mainly to the acquisition of assets related to the Kami Project. Other non-current assets increased, reflecting the deposits and advance payments made in connection with Phase II.

Higher total current liabilities are mainly due to increased accounts payable balances related to the Phase II project, as several final payments became due following the completion of most of the construction work. In addition, higher total current liabilities are due to the reclassification of the Senior Debt's first four quarterly principal payments totalling $59,981,000 (US$48,000,000) as a current liability, together with the current portion of the IQ loan and CAT Financing. The increase in total current liabilities is partially offset by lower income and mining taxes payable of $22,744,000 as at March 31, 2022, as income and mining taxes payable for the 2021 fiscal year were paid in May 2021.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

14. Financial Position (continued)

The increase in long-term debt during the year ended March 31, 2022 is mainly due to the $60,000,000 drawdown of the IQ Loan, the $30,000,000 drawdown in relation to the loan agreement with FTQ and the $30,874,000 drawdown of the CAT Financing. This increase is partially offset by the reclassification of the principal payments listed above to current liabilities.

Following the completion of a new rehabilitation obligation study during the year ended March 31, 2022, which was required for additional consideration related to the Phase II project, the rehabilitation obligation significantly increased.

The increase in other non-current liabilities is mainly due to additional lease liabilities in the year ended March 31, 2022, following the receipt of most of the railcars and equipment required to support the projected increase in Phase II volumes.

The increase in total equity is mainly attributable to an increase in retained earnings through net income during the year ended March 31, 2022 and the issuance of shares related to the acquisition of the Kami Project, partially offset by the redemption of 185,000,000 QIO preferred shares and the inaugural dividend payment on ordinary shares.

15. Financial Instruments

The nature and extent of risks arising from the Company’s financial instruments are summarized in note 26 of the Financial Statements for the year ended March 31, 2022.

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 the Company's liabilities, with estimated future interest payments, segmented by period, and the future minimum payments of the commitments, as at March 31, 2022:

(in thousands of dollars)	Less than a Year	1 to 5 Years	More than 5 Years	Total
Accounts payable and other	**182,548**	**—**	**—**	**182,548**
Long-term debt, including capital and future interest payment	**84,509**	**233,649**	**68,310**	**386,468**
Lease liabilities, including future interest	**4,936**	**16,494**	**67,213**	**88,643**
Commitments as per note 29 of the Financial Statements	**154,938**	**106,119**	**210,596**	**471,653**
	426,931	**356,262**	**346,119**	**1,129,312**

The Company has obligation services related to fixed charges for the use of infrastructure over a defined contractual period of time. The service commitment is excluded in the above figure as the service is expected to be used by the Company. To the extent that this changes, the amount of commitment may change.

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

Contractual Obligations and Commitments (continued)

In relation to the acquisition of the Kami Project and contingent upon it advancing to commercial production, the Company is subject to:

- A gross sales royalty to Altius Resources Inc. on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products;
- Finite production payments on future production;
- Education and training fund for the local communities; and
- Special tax payment to the Minister of Finance of Newfoundland and Labrador.

The Company is also subject to a limited production payment on its Consolidated Fire Lake North, Lac Lamêlée, Moiré Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

Other Off-Balance Sheet Arrangements

The undrawn portion of the Senior Debt totalled US$220,000,000, which was composed of a term facility of US$170,000,000 that was only available during the pre-completion period of Phase II, and a revolving credit facility of US$50,000,000; both of which were subject to standby commitment fees.

The undrawn portion of the FTQ loan amounted to $45,000,000, as at March 31, 2022, and is subject to standby commitment fees.

The undrawn portion of the finance agreement with Caterpillar Financial Services amounted to US$50,729,000, as at March 31, 2022. The original amount of US$75,000,000 may be increased at Caterpillar Financial Services' discretion up to an amount no greater than US$125,000,000. The finance agreement is also subject to standby commitment fees.

The undrawn portion of the IQ Loan amounted to $10,000,000 as at March 31, 2022.

Based on the foregoing, as at March 31, 2022, the Company is benefiting from available and undrawn loans totalling $393,303,000, which will allow the Company to fund all its cash requirements for the next 12 months.

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, 2022.

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, 2022.

20. New Accounting Standards Issued but not 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, 2022.

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 28 of the Financial Statements for the year ended March 31, 2022.

22. Non-IFRS and Other Financial Measures

The Company has included certain non-IFRS financial measures, ratios and supplementary financial measures in this MD&A, as listed in the table below, to provide investors additional information to help them evaluate the underlying performance of the Company. These measures are mainly derived from the Financial Statements but do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Management believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to understand the results of the Company's operations. Non-IFRS and other financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The exclusion of certain items from non-IFRS financial measures does not imply that these items are necessarily non-recurring.

Non-IFRS and Other Financial Measures	
Non-IFRS Financial Measures	
EBITDA	Earnings before income and mining taxes, net finance costs and depreciation
Adjusted net income	Net income plus incremental costs related to COVID-19 and Phase II start-up costs, less gain on disposal of non-current investments, and the related tax effect of these items
Cash on hand	Cash and cash equivalents plus short-term investments
Non-IFRS Ratios	
EBITDA margin	EBITDA as a percentage of revenues
Adjusted EPS	Adjusted net income per basic weighted average number of ordinary shares outstanding
Total cash cost or C1 cash cost per dmt sold	Cost of sales before incremental costs related to COVID-19 divided by iron ore concentrate sold in dmt
AISC per dmt sold	Cost of sales before incremental costs related to COVID-19 plus sustaining capital expenditures and G&A expenses divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price less AISC
Gross average realized selling price or gross average realized FOB selling price per dmt sold	Revenues before provisional pricing adjustments and freight and other costs divided by iron ore concentrate sold in dmt
Cash profit margin	Cash operating margin as a percentage of net average realized selling price
Other Financial Measures	
Net average realized selling price or net average realized FOB selling price per dmt sold	Revenues divided by iron ore concentrate sold in dmt
Operating cash flow per share	Net cash flow from (used in) operating activities per basic weighted average number of ordinary shares outstanding

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

EBITDA and EBITDA Margin

EBITDA is a non-IFRS financial measure that allows comparability of operating results from one period to another by excluding the effects of items that are usually associated with investing and financing activities. EBITDA is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments, Phase II pre-commercial start-up costs, COVID-19-related expenditures and other income.

EBITDA margin is used for the purpose of evaluating business performance. Management believes this financial ratio is relevant to investors to assess the Company's ability to generate liquidity by producing operating cash flows to fund working capital needs and capital expenditures, as well as service debt obligation.

EBITDA and EBITDA margin do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2021	2021	2021	**2022**	**2022**
(in thousands of dollars)					
Income before income and mining taxes	391,393	189,564	108,574	**181,312**	**870,843**
Net finance costs	4,387	1,012	3,377	**2,269**	**11,045**
Depreciation	9,959	9,437	10,176	**14,357**	**43,929**
EBITDA	405,739	200,013	122,127	**197,938**	**925,817**
Revenues	545,408	331,006	253,016	**331,376**	**1,460,806**
EBITDA margin	74%	60%	48%	**60%**	**63%**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2020	2020	2020	2021	2021
(in thousands of dollars)					
Income before income and mining taxes	120,077	186,096	194,652	261,047	761,872
Net finance costs	1,145	4,530	11,323	5,430	22,428
Depreciation	8,940	8,346	8,604	9,287	35,177
EBITDA	130,162	198,972	214,579	275,764	819,477
Revenues	244,574	310,994	329,545	396,702	1,281,815
EBITDA margin	53%	64%	65%	70%	64%

Adjusted Net Income and Adjusted EPS

Management uses adjusted net income and adjusted EPS to evaluate the Company's operating performance and for planning and forecasting future business operations. Management believes that these financial measures provide users with enhanced understanding of the Company's results by excluding certain items that do not reflect the core performance of the Company. By excluding these items, Management believes it provides a better comparability of the Company's results from one period to another and with other mining entities. These financial measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures and ratios presented by other companies.

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. Incremental costs related to COVID-19 are mainly comprised of on-site COVID-19 testing and laboratory costs, incremental costs for cleaning and disinfecting facilities, premium payroll costs from adjusted work schedules and additional transportation costs. These costs do not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. Pre-commercial start-up costs for the Phase II project mainly related to staff mobilization and training costs and are part of the construction budget of $633.8M. Management believes these items have a disproportionate impact on the results for a period.

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

Adjusted Net Income and Adjusted EPS (continued)

Management's determination of the components of adjusted net income and adjusted EPS is evaluated periodically and is based, in part, on its review of non-IFRS financial measures and ratios used by mining industry analysts.

	June 30, 2021		September 30, 2021		December 31, 2021		**Three Months Ended March 31, 2022**		**Year Ended March 31, 2022**	
	Net Income	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**
(in thousands of dollars except per share)										
Unadjusted	224,339	0.44	114,596	0.23	67,997	0.13	**115,653**	0.23	**522,585**	1.03
Cash items										
Gain on disposal of non-current investments	(408)	—	232	—	—	—	**—**	—	**(176)**	—
Incremental costs related to COVID-19	2,068	—	1,099	—	1,366	—	**3,310**	0.01	**7,843**	0.02
Bloom Lake Phase II start-up costs	—	—	4,613	0.01	7,174	0.01	**5,965**	0.01	**17,752**	0.03
	1,660	—	5,944	0.01	8,540	0.01	**9,275**	0.02	**25,419**	0.05
Tax effect of adjustments listed above[1]	(889)	—	(2,228)	(0.01)	(3,501)	—	**(3,617)**	(0.01)	**(10,236)**	(0.02)
Adjusted	225,110	0.44	118,312	0.23	73,036	0.14	**121,311**	0.24	**537,768**	1.06

	June 30, 2020		September 30, 2020		December 31, 2020		Three Months Ended March 31, 2021		Year Ended March 31, 2021	
	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS
(in thousands of dollars except per share)										
Unadjusted	75,556	0.16	112,164	0.24	120,771	0.25	155,934	0.32	464,425	0.97
Non-cash item										
Loss on debt refinancing	—	—	—	—	1,863	—	—	—	1,863	—
	—	—	—	—	1,863	—	—	—	1,863	—
Cash items										
Gain on disposal of non-current investments	—	—	—	—	—	—	(2,332)	(0.01)	(2,332)	(0.01)
Incremental costs related to COVID-19	4,562	0.01	2,671	—	2,215	0.01	3,162	0.01	12,610	0.03
	4,562	0.01	2,671	—	2,215	0.01	830	—	10,278	0.02
Tax effect of adjustments listed above[1]	(2,114)	—	(1,076)	—	(1,430)	—	(1,265)	(0.01)	(5,885)	(0.01)
Adjusted	78,004	0.17	113,759	0.24	123,419	0.26	155,499	0.31	470,681	0.98

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

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

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. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	**321,892**	609,316
Short-term investments	**30,777**	27,200
Cash on hand	**352,669**	636,516

Total Cash Cost

Total cash cost, or C1 cash cost, is a common financial performance measure in the iron ore mining industry. 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. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The cost of sales includes production costs such as mining, processing and mine site-related G&A expenses as well as rail and port operation costs, and is adjusted to exclude incremental costs related to COVID-19. Depreciation expense is not a component of total cash cost. Phase II start-up costs are not included in total cash cost as these are pre-commercial expenses related to the Phase II.

				Three Months Ended	**Year Ended**
	June 30, 2021	September 30, 2021	December 31, 2021	**March 31, 2022**	**March 31, 2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	**1,889,900**	**7,650,600**
(in thousands of dollars except per tonne)					
Cost of sales	120,846	110,884	110,290	**116,658**	**458,678**
Less: Incremental costs related to COVID-19	(2,068)	(1,099)	(1,366)	**(3,310)**	**(7,843)**
	118,778	109,785	108,924	**113,348**	**450,835**
Total cash cost (per dmt sold)	60.1	56.2	59.5	**60.0**	**58.9**

				Three Months Ended	Year Ended
	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	March 31, 2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,758,800	2,063,400	1,891,200	1,971,100	7,684,500
(in thousands of dollars except per tonne)					
Cost of sales	107,338	102,739	108,506	110,299	428,882
Less: Incremental costs related to COVID-19	(4,562)	(2,671)	(2,215)	(3,162)	(12,610)
	102,776	100,068	106,291	107,137	416,272
Total cash cost (per dmt sold)	58.4	48.5	56.2	54.4	54.2

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

All-In Sustaining Cost

The Company believes that AISC defines the total cost associated with producing iron ore concentrate more accurately as this measure reflects all the sustaining expenditures incurred to produce high-grade iron ore concentrate. As this measure is intended to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions that would increase production capacity or mine life, including economic evaluations for such projects. It also does not include product R&D expenses, start-up costs and exploration expenses that are not sustainable in nature, income and mining tax expenses, working capital, defined as current assets less current liabilities, interest costs, or other income (expense). This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The Company calculates AISC as the sum of total cash cost, sustaining capital, including deferred stripping cost and G&A expenses divided by the iron ore concentrate sold to arrive at a per dmt figure. The AISC excludes the incremental costs related to COVID-19. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. The sustaining capital included in the AISC calculation excludes development capital expenditures such as capacity increase projects and studies for future expansion projects.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2021	2021	2021	**2022**	**2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	**1,889,900**	**7,650,600**
(in thousands of dollars except per tonne)					
Cost of sales	120,846	110,884	110,290	**116,658**	**458,678**
Less: Incremental costs related to COVID-19	(2,068)	(1,099)	(1,366)	**(3,310)**	**(7,843)**
Sustaining capital expenditures[1]	16,767	26,461	21,985	**11,743**	**76,956**
G&A expenses	7,804	7,548	8,323	**8,094**	**31,769**
	143,349	143,794	139,232	**133,185**	**559,560**
AISC (per dmt sold)	72.6	73.6	76.0	**70.5**	**73.1**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2020	2020	2020	2021	2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,758,800	2,063,400	1,891,200	1,971,100	7,684,500
(in thousands of dollars except per tonne)					
Cost of sales	107,338	102,739	108,506	110,299	428,882
Less: Incremental costs related to COVID-19	(4,562)	(2,671)	(2,215)	(3,162)	(12,610)
Sustaining capital expenditures[1]	5,946	12,177	11,442	13,193	42,758
G&A expenses	5,184	5,695	4,810	7,905	23,594
	113,906	117,940	122,543	128,235	482,624
AISC (per dmt sold)	64.8	57.2	64.8	65.1	62.8

[1] Purchase of property, plant and equipment as per the consolidated statements of cash flows are classified into sustaining capital expenditures, Phase II capital expenditures and other capital development expenditures at Bloom Lake. Sustaining capital expenditures are defined as capital expenditures to sustain or maintain the existing assets to achieve operations as per the mine plan, from which future economic benefits will be derived. Refer to section 13 — Cash flows of this MD&A.

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

Cash Operating Margin and Cash Profit Margin

Cash operating margin per dmt sold is used by Management to better understand the iron ore concentrate margin realized throughout a period. Cash operating margin represents the net average realized selling price per dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin per dmt sold divided by the net average realized selling price per dmt sold. These measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2021	2021	2021	**2022**	**2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	**1,889,900**	**7,650,600**
(in thousands of dollars except per tonne)					
Revenues	545,408	331,006	253,016	**331,376**	**1,460,806**
Net average realized selling price (per dmt sold)	276.2	169.4	138.1	**175.3**	**190.9**
AISC (per dmt sold)	72.6	73.6	76.0	**70.5**	**73.1**
Cash operating margin (per dmt sold)	203.6	95.8	62.1	**104.8**	**117.8**
Cash profit margin	74%	57%	45%	**60%**	**62%**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2020	2020	2020	2021	2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,758,800	2,063,400	1,891,200	1,971,100	7,684,500
(in thousands of dollars except per tonne)					
Revenues	244,574	310,994	329,545	396,702	1,281,815
Net average realized selling price (per dmt sold)	139.1	150.7	174.2	201.3	166.8
AISC (per dmt sold)	64.8	57.2	64.8	65.1	62.8
Cash operating margin (per dmt sold)	74.3	93.5	109.4	136.2	104.0
Cash profit margin	53%	62%	63%	68%	62%

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

Gross Average Realized Selling Price per dmt Sold

Gross average realized selling price is used by Management to better understand the iron ore concentrate price throughout a period. The measure excludes the provisional pricing adjustments on sales contracts structured on a provisional pricing basis and freight and other costs, enabling Management to track the level of its iron ore concentrate price compared to the average P65 index used in the market.

Provisional pricing adjustments represent any difference between the revenue recognized at the end of the previous period and the final settlement price. Excluding this element allows a better understanding of the iron ore price realized on vessels sold during the period. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2021	2021	2021	**2022**	**2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,974,700	1,953,900	1,832,100	**1,889,900**	**7,650,600**
(in thousands of dollars except per tonne)					
Revenues	545,408	331,006	253,016	**331,376**	**1,460,806**
Provisional pricing adjustments	(60,895)	11,229	7,466	**(28,769)**	**(70,969)**
Freight and other costs	67,807	85,219	96,849	**88,757**	**338,632**
Gross revenues	552,320	427,454	357,331	**391,364**	**1,728,469**
Gross average realized selling price (per dmt sold)	279.7	218.8	195.0	**207.1**	**225.9**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2020	2020	2020	2021	2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,758,800	2,063,400	1,891,200	1,971,100	7,684,500
(in thousands of dollars except per tonne)					
Revenues	244,574	310,994	329,545	396,702	1,281,815
Provisional pricing adjustments	(23,135)	(28,980)	(15,376)	(20,449)	(87,940)
Freight and other costs	41,027	54,002	54,331	57,456	206,816
Gross revenues	262,466	336,016	368,500	433,709	1,400,691
Gross average realized selling price (per dmt sold)	149.2	162.8	194.8	220.0	182.3

23. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of May 25, 2022, there are 516,611,876 ordinary shares issued and outstanding. In addition, there are 5,765,399 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units, and 15,281,250 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, 2022 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, 2021.

The Company's fiscal year ends on March 31. All financial data is stated in millions of dollars except for earnings per share and adjusted EPS[1].

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Financial Data ($ millions)								
Revenues	331.4	253.0	331.0	545.4	396.7	329.5	311.0	244.6
Operating income	173.7	109.2	190.4	400.0	262.5	203.3	189.5	118.8
EBITDA[1]	197.9	122.1	200.0	405.7	275.8	214.6	199.0	130.2
Net income	115.7	68.0	114.6	224.3	155.9	120.8	112.2	75.6
Adjusted net income[1]	121.3	73.0	118.3	225.1	155.5	123.4	113.8	78.0
EPS - basic	0.23	0.13	0.23	0.44	0.32	0.25	0.24	0.16
EPS - diluted	0.22	0.13	0.22	0.43	0.30	0.24	0.22	0.15
Adjusted EPS - basic[1]	0.24	0.14	0.23	0.44	0.31	0.26	0.24	0.17
Net cash flow (used in) from operations	4.3	104.6	374.1	(12.6)	228.6	189.1	131.4	75.3
Operating Data								
Waste mined and hauled (thousands of wmt)	5,072	5,442	5,300	4,700	3,796	4,958	4,114	2,613
Ore mined and hauled (thousands of wmt)	5,388	5,517	5,714	5,644	5,636	5,183	6,070	4,683
Strip ratio	0.94	0.99	0.93	0.83	0.67	0.96	0.68	0.56
Ore milled (thousands of wmt)	4,904	5,161	5,680	5,227	5,238	5,194	5,563	4,605
Head grade Fe (%)	30.3	30.6	29.1	29.6	30.7	29.7	30.9	31.3
Fe recovery (%)	82.7	83.9	83.3	82.9	82.6	83.6	85.2	82.3
Product Fe (%)	66.2	66.2	66.3	66.3	66.5	66.4	66.1	66.5
Iron ore concentrate produced (thousands of wmt)	1,869	2,013	2,089	1,936	2,011	1,922	2,269	1,799
Iron ore concentrate sold (thousands of dmt)	1,890	1,832	1,954	1,975	1,971	1,891	2,063	1,759
Statistics (in dollars per dmt sold)								
Gross average realized selling price[1]	207.1	195.0	218.8	279.7	220.0	194.8	162.8	149.2
Net average realized selling price[1]	175.3	138.1	169.4	276.2	201.3	174.2	150.7	139.1
Total cash cost (C1 cash cost)[1]	60.0	59.5	56.2	60.1	54.4	56.2	48.5	58.4
All-in sustaining cost[1]	70.5	76.0	73.6	72.6	65.1	64.8	57.2	64.8
Cash operating margin[1]	104.8	62.1	95.8	203.6	136.2	109.4	93.5	74.3
Statistics (in U.S. dollars per dmt sold)[2]								
Gross average realized selling price[1]	164.1	154.8	174.6	228.3	173.9	150.3	122.2	107.8
Net average realized selling price[1]	139.1	109.5	134.7	225.5	159.3	134.5	113.2	100.3
Total cash cost (C1 cash cost)[1]	47.4	47.2	44.6	48.9	43.0	43.1	36.4	42.2
All-in sustaining cost[1]	55.7	60.3	58.4	59.1	51.4	49.7	42.9	46.8
Cash operating margin[1]	83.4	49.2	76.3	166.4	107.9	84.6	70.1	53.5

1 This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

2 See the Currency section of this MD&A included in section 8 - Key Drivers.

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 materially and adversely affected 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, over which the Company has no control. 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 and the recent increase in volatility thereof, 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. 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, the overall state of the economy and expectations for economic growth (including as a result of the COVID-19 pandemic), global and regional demand, political and economic conditions, including trade protection measures such as tariffs and import and export restrictions, production levels and costs and transportation costs in major iron ore producing regions. During the financial year ended March 31, 2022, iron ore prices and high-grade iron ore premiums experienced increased volatility, and the price for iron ore was subject to important volatility. The Company cannot predict the future impact of those factors on iron ore prices, nor whether those factors will continue or if other factors that may negatively affect iron ore prices and high-grade iron ore premiums will emerge. 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.

Freight Costs and Inflation

The Company uses external sea freight to ship most of its iron ore concentrate. Global sea freight capacity issues, which have been exacerbated by the COVID-19 pandemic and port congestions globally, in addition to rising fuel prices and recent inflationary pressure, continue to persist worldwide. Such dynamics in tandem with limited capacity and equipment, has resulted in longer shipping times and price increases. Although the Company is seeking to manage and reduce its freight premium volatility, including through freight contracts, the Company remains exposed to fluctuations in freight costs. Adverse fluctuations in freight costs, including as a result of general economic conditions, rising fuel prices, decreased vessel availability or otherwise, could have a material affect the Company's business, results of operations and profitability.

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.

25. Risk Factors (continued)

Financial Risks (continued)

Liquidity / Financing Risk (continued)

As of March 31, 2022, Champion had cash and cash equivalents of approximately $321.9 million and total long-term debt of approximately $323.4 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 as well as payment under lease liabilities, 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, 2022, the Company had a total undrawn Amended Credit Facility of US$220 million. The 2020 Term Facility was scheduled to mature five years from December 23, 2020 while the 2020 Revolving Facility was scheduled to mature three years from December 23, 2020. Following the announcement of Phase II commissioning, QIO completed on May 24, 2022, the refinancing of the Amended Credit Facility with the Revolving Facility, which is scheduled to mature four years from May 24, 2022. See "Current Financial Period – 2022 Refinancing" above. As of March 31, 2022, the Company also had the Equipment Financing Facility with Caterpillar Financial Services Limited for an undrawn amount of US$50.7 million, and a seven-year FTQ Loan Agreement for an undrawn amount of $45 million, maturing on May 21, 2028. Additionally, the Company had an undrawn IQ Loan of $10.0 million to partially finance a total investment of $85 million related to upgrades at SFPPN. Accordingly, as of March 31, 2022, the Company had a total $393.3 million of undrawn available financing.

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, its lease liabilities and other financial instruments include issuing additional equity or unsecured debt and borrowing under the Company's Revolving Facility. 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, lease liabilities 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 Revolving 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 disruption 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. In the event that such counterparties were affected by a business disruption, insolvency or similar event, Champion's liquidity or access to funds could be adversely affected, which could limit its ability to pursue other business opportunities or implement its business strategy.

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 outbreak of the coronavirus disease (COVID-19), there has been a slowdown in world economies since the first quarter of 2020.

The conflict between Russia and Ukraine that commenced in February 2022 may result in increased volatility on global financial markets and the demand and price for commodities although the scale and impact is uncertain.

25. Risk Factors (continued)

Financial Risks (continued)

Global Financial Conditions and Capital Markets (continued)

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.

Increasing Global Instability as a Result of the Russia-Ukraine Conflict

Although the Company does not conduct business directly with or within Russia and Ukraine, increasing global instability could impact its operations with worsening supply chain disruptions coupled with macro-economic forces increasing market, commodity prices and foreign exchange volatility, driving up fuel prices and increasing inflationary pressures limiting consumer spending capacity and rising operating expenses. In addition, governments have warned of potential coordinated cyberattacks on critical infrastructures. Additionally, the conflict triggered global sanctions across many jurisdictions, which may impact the global trade flows of iron ore products and steel, which could impact the Company's historical business relationships. While the Company has risk mitigation measures in place such as advance placement of orders to secure materials and supplier diversification (alternate sourcing), a prolonged conflict could continue to result in additional inflationary pressure, and supply chain and transportation disruption, which could materially adversely affect the Company's business, results of operations and profitability.

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. 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. 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. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. However, historical fluctuations in the U.S. dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. 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 Revolving 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

The Company is exposed to interest rate risk, mainly as a result of certain of its borrowings being at variable rates of interest. As of March 31, 2022, US$202.6 million of the Company's borrowings was at variable rates. In order to manage inflation risks in accordance with their mandates, the central banks of several jurisdictions including Canada have recently announced increases to their benchmark rates and are expected to continue to increase their benchmark rates in the short to medium term. 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, which could reduce the profitability of the Company and affect the trading prices of its Ordinary Shares.

25. Risk Factors (continued)

Financial Risks (continued)

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. The Chinese market is a significant source of global demand for commodities, including steel and iron ore. Chinese demand has been a major driver in global commodities markets for a number of years. A slowing in China's economic growth or the establishment by China of trade protection measures such as tariffs and import and export restrictions could result in lower prices and demand for iron ore. 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.

Global carbon tax and carbon import duties

There continues to be an increasing focus on carbon (also referred to as "greenhouse gas" or GHG) emissions produced by the mining and other industries. Legislation and regulations in various jurisdictions aimed at reducing domestic greenhouse gas emissions and implementing systems to prevent the import of goods with embedded emissions continue to be considered or adopted. While we expect that carbon taxes will increase over time, it is not yet possible to reasonably estimate the nature, extent, timing and cost or other impacts of any future taxes or other programs that may be enacted, including the impact on demand for iron ore products from traditional steel producers and other customers, and the impact on the Company's ability to sell its products to customers. Additionally, as countries attempt to implement systems to prevent the import of goods with embedded emissions, carbon import duties may impact the Company's historical trade partners, sales and financial performance. See "Climate Change and ESG Matters" below.

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), social acceptance by the local communities 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.

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.

25. Risk Factors (continued)

Operational Risks (continued)

Mineral Exploration, Development and Operating Risks (continued)

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 entire duration of 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, supply chain cost increases and disruption, 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, including the completion of the Phase II expansion of the Bloom Lake Mine, which could have a material adverse impact on 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.

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, in particular those of the Bloom Lake Mine, will affect the economic viability of the Company's projects.

25. Risk Factors (continued)

Operational Risks (continued)

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. 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, pandemics, government-imposed restrictions on operations, 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 remaining milestones 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 working towards commercial production for the Phase II expansion project of the Bloom Lake Mine, which will require 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 (Québec), 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. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required. Any significant increases over the Company's current estimates of future cash outflows for reclamation costs, as a result of the Company being required to carry out unanticipated reclamation work or otherwise, could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Applicable Laws and Regulations

Exploration, development and mining of minerals are subject to extensive and complex federal, provincial and local laws and regulations, including 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. The costs of compliance and any changes to the Company's operations mandated by new or amended laws or regulations, may be significant. Such costs and delays may materially adversely impact the Company's business, results of operations or financial condition. Furthermore, any violations of these laws or regulations may result in substantial fines and penalties, remediation costs, third party damages, or a suspension or cessation of the Company's operations, which could materially adversely affect the Company's business, results of operations or financial condition.

Potential First Nations Land Claims

The Company conducts its operations in the Province of Québec 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.

Pursuant to section 35 of The Constitution Act of 1982, the Federal and Provincial Crowns (including those of the Provinces of Québec 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.

There is an increasing level of public concern relating to the perceived effect of mining activities on indigenous communities. The evolving expectations related to human rights, indigenous rights and environmental protection may adversely impact the Company's current or future activities. Such opposition may be directed through legal or administrative proceedings, against the government and/or the Company, or expressed in manifestations such as protests, delayed or protracted consultations, blockades or other forms of public expression against the Company's activities or against the government's position. There can be no assurance that these relationships can be successfully managed. Intervention by the aforementioned groups may have a material adverse effect on the Company's reputation, results of operations and financial performance.

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.

25. Risk Factors (continued)

Operational Risks (continued)

Potential First Nations Land Claims (continued)

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 Consolidated Fire Lake North 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. Title to, and the area of, mineral concessions may be disputed, and there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Third parties may have valid claims on underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including land claims by indigenous groups, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to conduct its operations on one or more of its properties as currently anticipated or permitted or to enforce its rights in respect of its properties.

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 and ESG Matters

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. In addition, global efforts to transition to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, focus and jurisdiction of these changes, transition risks may pose varying levels of financial and reputational risk to the business.
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.

In addition, there is increased investor attention on environmental, social and governance ("ESG") issues more generally. Notwithstanding our commitment to conducting our business in a socially responsible manner, to the extent mining companies fall out of favour with some investors due to the industry's real or perceived impacts on climate change and its perceived role in a transition to a low carbon economy, this could negatively affect our shareholder base and access to capital.

25. Risk Factors (continued)

Operational Risks (continued)

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 COVID-19 pandemic, including as a result of the emergence of other variants of the virus in the future. 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. During the financial year ended March 31, 2021, the Government of Québec imposed restrictive measures pursuant to which companies involved in the mining industry were required to reduce mining activities in the Province of Québec to a minimum, which resulted in the Company ramping down operations for a portion of March and April 2020. Although, as announced by the Company on April 23, 2020 following the Québec Government's announcement that mining activities were to be considered a "priority service" in the Province of Québec 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. The recent resurgence of the COVID-19 virus and the recent spread of new variants thereof and the possibility that a resurgence of the COVID-19 virus or the spread of such new or other variants or mutations thereof may occur in other areas, has resulted in the re-imposition of certain of the foregoing restrictions, and may result in further restrictions, by governmental authorities in certain jurisdictions, including certain jurisdictions in which we operate. This further increases the risk and uncertainty as to the extent and duration of the COVID-19 pandemic and its ultimate impact on the global economy.

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 MD&A, where applicable, includes any variants thereof), the actions that may be taken by governmental authorities in response thereto and in each case, the related financial and social impact, are uncertain. Further, the extent and manner to which COVID-19, and measures taken by governmental authorities, 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.

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 full extent to which COVID-19 (including as a result of the effect of other variants of the virus in the future) 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 the duration, severity and geographic spread of the COVID-19 virus and variants and mutations thereof; further actions that may be taken by governmental authorities, including in respect of travel restrictions and business disruptions, the effectiveness and timing of actions taken to contain and treat the COVID-19 virus and variants and mutations thereof, including the vaccines developed in response thereto and the rates of vaccination among population, and how quickly and to what extent normal economic and operating conditions can resume.

Depending on the extent and duration of the COVID-19 pandemic, it may also have the effect of heightening many of the other risks described in this MD&A including the risks relating to the iron ore and other mineral prices, the Company's exposure to commodity prices; the successful completion of the Phase II expansion, including the expected return on investment thereof; restricted access to capital and increased borrowing costs; the Company's ability to service obligations under its debt obligations and otherwise complying with the covenants contained in the agreements that govern the Company's indebtedness.

25. Risk Factors (continued)

Operational Risks (continued)

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, loading and port authorities necessary for the transportation and handling of production of Bloom Lake iron ore, including from the Phase II expansion, 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. In 2021 and 2022, supply chains were affected by a number of factors, including inflation affecting the price of raw materials and transportation, and supply chain disruptions resulting from the COVID-19 pandemic and other factors. 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.

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. The Company's operations depend on the timely maintenance, upgrade and replacement of these systems, as well as pre-emptive efforts to mitigate cybersecurity risks and other technology system disruptions. In addition, measures taken as a result of the COVID-19 pandemic have resulted in certain of the Company's workforce working remotely, which has increased the Company's reliance on its IT systems and associated risks. These systems are subject to disruption, damage or failure from a variety of sources, including an increasing threat of continually evolving cybersecurity risks. Failures in the Company's information technology systems could translate into production downtimes, operational delays, compromising of confidential information, destruction or corruption of data, loss of production or accidental discharge; expensive remediation efforts; distraction of management; damage to the Company's reputation; or events of noncompliance which could lead to regulatory fines or penalties or ransom payments. 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. The Company is subject to cybersecurity attacks and related threats from time to time. 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. In addition, the Company's insurance coverage for cyber-attacks may not be sufficient to cover all the losses it may experience as a result of a cyber incident.

The Company and its third party service provides also collects, uses, discloses, stores, transmits and otherwise processes customer, supplier and employee and others' data as part of its business and operations, which may include personal data or confidential or proprietary information. There can be no assurance that any security measures that the Company or its third-party service providers have implemented will be effective against current or future security threats. If a compromise of such data were to occur, the Company may become liable under its contracts with other parties and under applicable law for damages and incur penalties and other costs to respond to, investigate and remedy such an incident. Depending on the facts and circumstances of such an incident, these damages, penalties, fines and costs could be significant. Any such event could harm the Company's reputation and result in litigation against it.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, agreements with customers and third parties, environmental laws, volatility in stock price or failure or alleged failure to comply with disclosure obligations. 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.

Certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Ordinary Shares by those institutions, which could materially adversely affect the trading price of the Ordinary Shares.

25. Risk Factors (continued)

Other Risks (continued)

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, ability to secure permits and governmental approvals, 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.

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. Any failure of the Company's internal controls and procedures could result in improper disclosure to the financial markets, which could adversely affect the Company's reputation, business, results of operations and ability to finance.

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 MD&A 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 on 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.

25. Risk Factors (continued)

Other Risks (continued)

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 on the Company. In addition, the Company' success also depends, in part, on its continuing ability to identify, recruit, train, develop and retain other qualified managerial and technical employees with specialized market knowledge and technical skills 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.

Although the Company and its mine site workers agreed on the terms of a new 3-year collective agreement on June 23, 2021, the Company cannot predict the outcome of any future negotiations relating to labour disputes, union representation or the renewal of any collective agreement relating to its employees, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any future negotiations. If its unionized workers engage in a strike or any other form of work stoppage, it could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could have a material adverse effect on the Company's business, results of operations or financial condition.

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, the Company may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for its participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. From time to time, the Company may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. 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 the Company to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

25. Risk Factors (continued)

Other Risks (continued)

Joint Ventures and Option Agreements (continued)

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.

Anti-Corruption and Anti-Bribery Laws

The Company may be impacted by anti-bribery, anti-corruption, and related business conduct laws. The Canadian Corruption of Foreign Public Officials Act and anti-bribery and anticorruption laws in other jurisdictions where we do business, prohibit companies and their intermediaries from making improper payments for the purposes of obtaining or retaining business or other commercial advantages. The Company's policies mandate compliance with these laws, the failure of which often carry substantial penalties. There can be no assurances that the Company's internal control policies and procedures will always protect it from inappropriate acts committed by the Company's affiliates, employees, or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's reputation, business, financial position, and results of operations.

Ability to Support the Carrying Value of Non-Current Assets

As of March 31, 2022, the carrying value of Champion's non-current assets was approximately $1,393.3 million, or approximately 70% 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 Vice-President Financial Performance, acting in the capacity of 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, 2022, 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, 2022, 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, 2022 and ended on March 31, 2022 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 26, 2022. 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 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 and has confirmed that the relevant information is an accurate representation of the available data and studies for the relevant projects, except section 4 - Reserves and Resources — Bloom Lake as at March 31, 2022 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 Phase II 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 as at March 31, 2022 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 Phase II Feasibility Study. Mr. Wilson is a member of the *Ordre des ingénieurs du Québec*.

31. Cautionary Note Regarding Forward-Looking Statements

FORWARD-LOOKING STATEMENTS

This MD&A includes certain information and statements that may constitute “forward-looking information” under applicable Canadian securities legislation. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control.

SPECIFIC FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this MD&A that address future events, developments or performance that Champion expects to occur, including Management’s expectations regarding:

(i) the Company's Phase II expansion project and its milestones, commissioning and impact on commercial production and on nameplate capacity, mining rate and shipping of iron ore concentrate and production volume;

(ii) the development of green steelmaking solutions;

(iii) the opportunity to re-commission the Pellet Plant in Pointe-Noire and produce DR pellets;

(iv) the mitigation of risks related to COVID-19 and the limitation of the spread of variants, the impact of COVID-19 on the overall economy, the demand for iron ore concentrate and operations, results, supply chain and cash flows of Champion and future developments related to the pandemic;

(v) GHG and CO_2 emission reduction initiatives, objectives, targets and expectations;

(vi) rising demand for higher grade raw materials and shift towards reduction technologies used to produce liquid iron, such as the use of DRI in EAFs instead of BF-BOF for liquid iron production and the related R&D program of the Company and its results and transition of its product offering;

(vii) the impact of iron ore prices fluctuations on net cash flow from operating activities and the Company’s development and the occurrence of certain events and their impact on iron ore prices and high-grade iron ore products demand;

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

(ix) benefits from low freight index;

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

(xi) the feasibility study to evaluate the reprocessing and infrastructure required for the commercial production of a 69% Fe DR pellet feed product and its completion timeline;

(xii) the Company’s strategy to evaluate its growth alternatives within its property portfolio;

(xiii) the release of restricted cash under the Senior Debt covenant;

(xiv) the revision of the Kami Project scope and related feasibility study including the timing thereof;

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

(xvi) legal actions, including arbitrations and class actions, and their potential outcome on the consolidated financial position of the Company are forward-looking statements.

DEEMED FORWARD-LOOKING STATEMENTS

Statements relating to "reserves" or “resources” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein.

31. Cautionary Note Regarding Forward-Looking Statements (continued)

RISKS

Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause 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 the impact of COVID-19 on the global economy, the iron ore market and Champion's operations;

as well as those factors discussed in the section entitled "Risk Factors" of the Company's 2022 Annual Report and Annual Information Form for the fiscal year ended March 31, 2022, 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.

ADDITIONAL UPDATES

All of Champion's forward-looking information contained in this MD&A is given as of the date hereof or such other date or dates specified in such statements and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of 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.