

## QUARTERLY ACTIVITIES REPORT

### CHAMPION IRON REPORTS RECORD PRODUCTION FOR ITS FY2023 THIRD QUARTER WITH PHASE II REACHING COMMERCIAL PRODUCTION, AND ANNOUNCES THE POSITIVE FINDINGS OF THE DIRECT REDUCTION PELLET FEED PROJECT FEASIBILITY STUDY

- Record quarterly production of 3.0M wmt, EPS of \$0.10 and EBITDA<sup>1</sup> of \$118.2 million
  - Bloom Lake Phase II expansion reaches commercial production
- Direct Reduction Pellet Feed (“DRPF”) Project Feasibility Study resulting in an after-tax NPV of \$738.2 million and IRR of 24.0%

**Montréal, January 26, 2023** (Sydney, January 27, 2023) - Champion Iron Limited (TSX: CIA) (ASX: CIA) (OTCQX: CIAFF) (“Champion” or the “Company”) is pleased to announce operational and financial results for the financial third quarter ended December 31, 2022.

#### **Conference Call Details**

Champion will host a conference call and webcast on January 27, 2023 at 8:30 AM (Montréal time) / January 28, 2023 at 12:30 AM (Sydney time) to discuss the results for the third quarter ended December 31, 2022. Call details are outlined at the end of this quarterly activities report.

Champion’s CEO, Mr. David Cataford, said: “In addition to reporting another quarterly production record, the Phase II expansion project reaching commercial production is a significant milestone that culminates years of work by our dedicated workforce. The Phase II investments at Bloom Lake should contribute to normalizing operating costs per tonne sold as we continue to ramp up the project towards nameplate capacity, which we anticipate achieving in the near term. Additionally, our commitment to reduce emissions in the steelmaking process continues as we announce the positive findings of the feasibility study which evaluated the further upgrading of Bloom Lake’s iron ore concentrate to a DRPF quality iron ore product. The project, leveraging the rare purity of our resources, positions our Company to participate in the accelerating transition in the steel industry to reduce emissions, and offers the opportunity to generate significant returns on investments while creating additional positive impact with quality jobs for the region.”

## 1. Highlights

#### **Sustainability**

- No major environmental issues reported during the period;
- Environment and Climate Change Canada performed a regulatory audit of the Bloom Lake facilities and reported no instances of non-compliance; and
- In keeping with Champion's corporate values and recognizing the importance of their relationship with local communities, all employees completed training sessions on diversity and culture, developed in collaboration with the Company's First Nations partners.

#### **Operations and Financial**

- Record production of 2,962,500 wmt of high-grade 66.0% Fe concentrate for the three-month period ended December 31, 2022, representing an increase of nearly 50% compared to 2,013,200 wmt for the same period in 2021. Higher production during the period was driven by achieving commercial production of the Phase II concentrator in December. Quarterly production from the two concentrators was negatively impacted by third-party delays in delivering mining equipment, which impacted mining capacity,

together with significant electrical failures and operational interruptions following abnormal weather events, impacting the greater Québec province in late December 2022. Longer than planned shutdowns, as well as unplanned outages during the commissioning of the new crusher's conveyor systems, also negatively impacted production in the period;

- Revenues of \$351.2 million (\$253.0 million for the same period in 2021), net cash flow from operating activities of \$13.4 million (\$104.6 million for the same period in 2021), EBITDA<sup>1</sup> of \$118.2 million (\$122.1 million for the same period in 2021) and net income of \$51.4 million (EPS of \$0.10) (\$68.0 million and EPS of \$0.13 for the same period in 2021);
- Financial results during the quarter, compared to the prior-year period, were positively impacted by the increase in iron ore sold. This was offset by lower iron ore index prices compared to the same period last year, expected transitional start-up costs to support Phase II commercial production and higher operating costs. Volume of sales in the period was negatively impacted by significant electrical failures and operational interruptions following abnormal weather events in late December 2022, resulting in delayed iron ore shipments due to power outages at the port of Sept-Îles;
- C1 cash cost<sup>1</sup> of \$76.0/dmt (US\$56.0/dmt)<sup>2</sup> for the three-month period ended December 31, 2022, compared to \$59.5/dmt (US\$47.2/dmt)<sup>2</sup> for the same period in 2021. The higher cost was attributable to higher fuel and explosives prices, higher site-related G&A expenses attributable to inflationary pressures, higher maintenance costs due to unscheduled work during the commissioning of the new crusher's conveyor systems and delays in mining equipment deliveries, which contributed to incremental contractor spending at the mine to support higher production volumes. Unit cost during the period was also impacted by higher fixed costs to support the future run rate while production ramps up to nameplate capacity. The economic benefits of the Phase II expansion project should be progressive as throughput gradually increases towards Bloom Lake's revised nameplate capacity of 15 Mtpa<sup>3</sup>;
- Available liquidity<sup>1</sup> of \$476.0 million as at December 31, 2022, including \$166.3 million of cash and cash equivalents and short-term investments, compared to \$586.4 million as at September 30, 2022; and
- Dividend of \$0.10 per ordinary share paid on November 29, 2022, in connection with the semi-annual results for the period ended September 30, 2022, totalling \$51.7 million. Additional details on the dividends and related tax information can be found on the Company's website at [www.championiron.com](http://www.championiron.com) under the section Investors – Dividend Information.

### **Phase II Milestones**

- Phase II plant demonstrated the ability to achieve nameplate capacity on several days during the period and achieved its commercial production in December 2022;
- While plant related work programs have been completed earlier than anticipated, off-site work programs, including third-party infrastructure, continue to advance with slight delays related to labour availability and late delivery of some key components; and
- The Company expects the Bloom Lake site's throughput and Fe recoveries to benefit from ongoing optimization work programs, mining equipment deliveries, and completion of ore crushing system commissioning, while off-site infrastructure capacity increases are advancing, positioning the mine to achieve its expected increased nameplate capacity in the near term<sup>3</sup>.

### **Direct Reduction Pellet Feed Project Feasibility Study**

- Announces positive results of the Feasibility Study, evaluating flowsheet modifications to the Phase II plant and infrastructure required to upgrade its current production to DRPF grade iron ore, resulting in an average life of mine production of approximately 7.5 Mtpa of DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2% (the "Project");
- Project construction period estimated at 30 months with total capital expenditures of \$470.7 million, including additional power and port-related infrastructure, resulting in a Net Present Value ("NVP") of \$738.2 million and Internal Rate of Return ("IRR") of 24.0% after-tax;
- Project could produce one of the highest DRPF quality products available on the seaborne market, which can expect to attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate;
- Production of DRPF product would enhance the Company's ability to further contribute to the green steel supply chain by engaging with additional customers focused on the Direct Reduced Iron ("DRI") and Electric Arc Furnaces ("EAF") steelmaking route, which reduces emissions in the steelmaking process by approximately half, compared to the traditional steelmaking route using Blast Furnace ("BF") and Basic Oxygen Furnace ("BOF"); and
- Approval by the Board of an initial budget of \$10 million to advance the Project during the remainder of calendar 2023 has been obtained, to be funded from existing liquidity, with a Final Investment Decision ("FID") to complete the Project pending securing additional power capacity and non-dilutive funding.

## Other Growth and Development

- The Kamistatusset iron ore project's (the "Kami Project") feasibility study, which is evaluating the project's capability to produce Direct Reduction ("DR") grade pellet feed product, is expected to be completed in the second half of calendar 2023<sup>3</sup>; and
- In collaboration with a major international steelmaking partner, a feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets is advancing, with an anticipated completion date in the second half of calendar 2023<sup>3</sup>.

## 2. Direct Reduction Pellet Feed Project

### DRPF Product and Pricing

With an increased focus to reduce greenhouse gas emissions in the steelmaking processes, the steel industry is experiencing a structural shift in its production methods. This dynamic is expected to create additional demand for higher-purity iron ore products, as the industry transitions towards using reduction technologies to produce liquid iron, such as the use of DRI in EAF instead of BF-BOF.

Benefiting from high-purity reserves and resources, Bloom Lake is one of the few iron-ore deposits in the world capable of upgrading its product to DRPF quality iron ore, requiring both elevated Fe content and low impurities. The Project, proposing to produce 69% Fe with combined silica and alumina content below 1.2%, is expected to produce one of the world's highest purity DRPF quality iron ore. High purity DRPF product is a primary ingredient required in the green steel supply chain to produce high quality and complex steel in the DRI/EAF process, reducing CO<sub>2</sub> equivalent emissions by more than 50%, compared to the conventional steelmaking route utilizing BF-BOF.

DR grade iron ore is generally pelletized to produce DR grade pellets. DR grade pellets are then processed in a DR reactor, removing oxygen from the iron oxide concentrate to produce metallic iron (DRI or HBI), which can be a substitute or blended with scrap steel to produce steel in the EAF steelmaking method.

As DR grade quality iron ore represents a niche product in the iron ore industry, representing approximately 5% of the global seaborne iron ore production, pricing tends to be directly negotiated between producers and sellers without an available global pricing index. Due to its higher Fe content and lower impurities, pricing for DR grade iron ore product, used as a raw material input to make DR grade pellets, is expected to attract a significant premium over the traditional high-grade iron ore P65 index and correlate with the DR grade pellet indices. The Company believes, in tandem with several market experts, that the accelerating transition to reduce emissions in the steelmaking process will result in rising demand for DRPF products. As a result of this expected rising demand and product scarcity, the Company believes that its industry leading DRPF quality product will attract increasing premiums over time. Additionally, production of DRPF quality iron ore is expected to enable the Company to further diversify its customer mix, including steelmakers in closer proximity to Bloom Lake, which could result in freight advantages for the Company.

### Project Feasibility Study Highlights

The Feasibility Study for the DRPF Project, conducted in partnership with BBA, evaluated the equipment and infrastructure required to upgrade the Bloom Lake phase II plant to produce approximately 7.5 Mtpa of DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2%. To integrate the Project with Bloom Lake's existing infrastructure, the Feasibility Study evaluated additional onsite work programs, including modifications and tie-ins to the Phase II plant, a modification to its access road and an upgrade to the site's electricity transport and distribution systems. To facilitate the handling of two different quality iron ore products, the Feasibility Study also assessed modifications to the Société ferroviaire et portuaire de Pointe-Noire ("SFPPN") facilities, including additional conveyor systems and modifications to existing transfer towers.

The Project proposes to deploy proven technologies to regrind iron ore concentrate prior to submitting it to a reverse flotation process to further remove silica from iron oxides while reducing energy consumption and improving iron recovery compared to traditional flowsheets.

Benefiting from expected access to renewable hydro-electric power, the Project is designed to be carbon neutral, and is not expected to create any additional environmental impacts. In addition to the Project's anticipated positive local economic impact, the construction phase of the Project is expected to create ~ 150 jobs over a period of approximately two years with ~ 70 additional permanent quality jobs once completed.

Item	C\$	US\$
NPV	Pre-tax NPV <sub>8%</sub> of \$1,230.1 million After-tax NPV <sub>8%</sub> of \$738.2 million	Pre-tax NPV <sub>8%</sub> of \$918.0 million After-tax NPV <sub>8%</sub> of \$550.9 million
IRR	Pre-tax IRR of 30.1% After-tax IRR of 24.0%	
Capital expenditures ("CAPEX")	\$470.7 million	\$351.3 million
Estimated operating cost (over Bloom Lake's current Total cash cost)	\$9.63/dmt DRPF	\$7.19/dmt DRPF
Production volume	Estimated average annual production of approximately 7.5 Mt DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2%	
Construction period	30 months	
Project estimated life	Project life estimated at 20 years	

### Capital Cost

CAPEX Pre-Production	C\$ million	US\$ million
Phase II circuit optimization	348.1	259.8
Electrical upgrade and port-related infrastructure	46.4	34.6
Contingencies	76.2	56.9
<b>Total</b>	<b>470.7</b>	<b>351.3</b>

### Key Assumptions

Item	Metric	Assumption
Construction period	Months	30
Project life	Years	20
Operating costs (over Bloom Lake's cash cost)	C\$/t	9.6
Assumed Diesel price	C\$/l	2.0
Assumed Electricity tariff	C\$/kwh	0.05
Implied tax rate post allowances including provincial, federal and mining duties	%	36.3
Average foreign exchange rate	C\$/US\$	1.34
Conversion of 66.2% to DRPF	%	96.0

### Project Timeline and Funding

The Project, designed to be an extension to the operating Phase II plant, is expected to require minor modifications to its existing permits and will require an estimated construction period of approximately 30 months. To maintain the Project's timeline, the Board approved an initial budget of \$10 million, to be funded from existing liquidity, to advance the Project during the remainder of calendar 2023. The Company expects to fund the remainder of the Project through existing liquidity, including cash flow from operations, and additional non-dilutive funding sources. The Board expects to review the Project's FID, pending securing additional power and non-dilutive funding.

### 3. Bloom Lake Mine Operating Activities

	Three Months Ended			Nine Months Ended		
	December 31,			December 31,		
	2022	2021	Variance	2022	2021	Variance
<b>Operating Data</b>						
Waste mined and hauled (wmt)	<b>4,371,500</b>	5,441,700	(20%)	<b>14,550,400</b>	15,440,800	(6%)
Ore mined and hauled (wmt)	<b>8,840,400</b>	5,517,200	60%	<b>23,248,200</b>	16,875,000	38%
Material mined and hauled (wmt)	<b>13,211,900</b>	10,958,900	21%	<b>37,798,600</b>	32,315,800	17%
Strip ratio	<b>0.49</b>	0.99	(51%)	<b>0.63</b>	0.92	(32%)
Ore milled (wmt)	<b>8,503,400</b>	5,161,000	65%	<b>22,628,300</b>	16,068,000	41%
Head grade Fe (%)	<b>28.5</b>	30.6	(7%)	<b>29.6</b>	29.8	(1%)
Fe recovery (%)	<b>80.1</b>	83.9	(5%)	<b>79.6</b>	83.3	(4%)
Product Fe (%)	<b>66.0</b>	66.2	—%	<b>66.1</b>	66.2	—%
Iron ore concentrate produced (wmt)	<b>2,962,500</b>	2,013,200	47%	<b>8,102,400</b>	6,038,300	34%
Iron ore concentrate sold (dmt)	<b>2,694,200</b>	1,832,100	47%	<b>7,501,500</b>	5,760,700	30%

#### Phase II Commercial Production

During the first quarter of the 2023 financial year, the Company successfully commissioned its second ore processing plant and the first shipment of concentrate produced from that plant was railed in May 2022. In the second quarter, the last major on-site work programs relating to the Phase II infrastructure were completed, enabling the Company's two crushers to feed both processing facilities and reduce bottlenecks during maintenance periods. Commissioning activities progressed as scheduled during the three-month period ended December 31, 2022, enabling the Company to reach commercial production in December 2022. The Company will continue to make adjustments and improvements in some areas to stabilize and optimize operations, including work to increase throughput and recovery ratio as well as activities to complete ore crushing system commissioning, positioning the Company to achieve nameplate capacity in the first half of calendar year 2023<sup>3</sup>. While major on-site work programs were completed ahead of schedule, off-site work programs, including third-party infrastructure, continue to advance with slight delays related to labour availability and late delivery of some key components. While Phase II demonstrated its ability to reach nameplate capacity on several operating days and achieved commercial production in December 2022, production of the mining complex was limited during the period by the unplanned work during the commissioning of the new crusher's conveyor systems and third-party delays in delivering mining equipment, which impacted the Company's mine operations. Most of the on-site equipment required to increase mining capacity towards Phase II's expected nameplate capacity has now arrived on site and is in the process of being assembled.

#### Operational Performance

##### Third Quarter of the 2023 Financial Year vs Third Quarter of the 2022 Financial Year

In the three-month period ended December 31, 2022, 13.2 million tonnes of material were mined and hauled, compared to 11.0 million tonnes during the same period in 2021, an increase of 21%. The increase in material movement was enabled through the utilization of additional equipment compared to the same prior-year period, partially offset by a longer haul cycle as material was sourced from different pits, including those that deepened with mining activities over time. Delays in the delivery of haul trucks and drills limited the material mined and hauled in the three-month period ended December 31, 2022. Most of the equipment has now arrived at the site and is in the process of being assembled and commissioned.

The strip ratio for the three-month period ended December 31, 2022, was impacted by the limited number of available trucks due to delivery delays. The Company chose to reduce the waste mined and hauled and focused on ore in order to optimize plant operations in connection with transitional incremental feed requirements during the Phase II ramp-up period. The Company intends to gradually recover accumulated waste backlog in future periods. The iron ore head grade for the three-month period ended December 31, 2022, was 28.5%, compared to 30.6% 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 mine plan and the LoM head grade average.

The Company's average Fe recovery rate for the three-month period ended December 31, 2022, was negatively impacted by lower recoveries during the commissioning of the Phase II concentrator. This was expected at this stage of the Phase II commissioning. The improvement of the Phase II stability circuit during the three-month period ended December 31, 2022, allowed an increase in the Fe recovery rate, compared to the second quarter. The Company remains confident in its ability to reach the average LoM expected Fe recovery rate target of 82.4% at Bloom Lake, as detailed in the Phase II Feasibility Study, in the near term<sup>3</sup>.

Bloom Lake achieved record production of 3.0 million wmt of high-grade iron ore concentrate during the three-month period ended December 31, 2022, an increase of nearly 50%, compared to 2.0 million wmt during the same period in 2021, positively impacted by the ongoing commissioning of the Phase II plant. During the quarter, the Phase II project reached the commercial production milestone. Management expects to benefit from optimization work programs and equipment deliveries, which should result in improved combined production of Bloom Lake's plants in the near term. Production during the quarter was negatively impacted by the unplanned work during the commissioning of the new crusher's conveyor systems. Higher throughput also contributed to higher production volumes, compared to the prior-year period, despite a lower global recovery. The commissioned Phase II project's production compares favourably to the scheduled ramp-up production volumes.

The plants processed 8.5 million tonnes of ore during the three-month period ended December 31, 2022, compared to 5.2 million tonnes for the same prior-year period. The throughput for the period was positively affected by higher availability of mined ore and the commissioning of Phase II operations in the previous quarters.

#### First Nine Months of the 2023 Financial Year vs First Nine Months of the 2022 Financial Year

The Company mined and hauled 37.8 million tonnes of material during the nine-month period ended December 31, 2022, compared to 32.3 million tonnes for the same period in 2021. This increase in material mined and hauled is attributable to the commissioning of additional operational equipment compared to the same prior-year period. The strip ratio was 0.63 for the nine-month period ended December 31, 2022, compared to 0.92 for the same period in 2021, and is consistent with the revised mine plan.

The iron ore head grade of 29.6% for the nine-month period ended December 31, 2022, was in line with the same period in 2021, and is consistent with the LoM head grade average. The lower average Fe recovery rate for the nine-month period ended December 31, 2022, was attributable to the commissioning of the Phase II concentrator, as detailed above.

The plant processed 22.6 million tonnes of ore during the nine-month period ended December 31, 2022, an increase of 41% over the same period in 2021, and produced 8.1 million wmt of high-grade iron ore concentrate, compared to 6.0 million wmt for the same period in 2021, mainly attributable to the commissioning of the Phase II project.

## 4. Financial Performance

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2022	2021	Variance	2022	2021	Variance
<b>Financial Data</b> (in thousands of dollars)						
Revenues	<b>351,233</b>	253,016	39%	<b>931,175</b>	1,129,430	(18%)
Cost of sales	<b>209,070</b>	110,290	90%	<b>578,318</b>	342,020	69%
Other expenses	<b>23,780</b>	23,350	2%	<b>56,224</b>	58,223	(3%)
Net finance costs	<b>1,858</b>	3,377	(45%)	<b>16,813</b>	8,776	92%
Net income	<b>51,406</b>	67,997	(24%)	<b>112,490</b>	406,932	(72%)
EBITDA <sup>1</sup>	<b>118,206</b>	122,127	(3%)	<b>297,467</b>	727,879	(59%)
<b>Statistics</b> (in dollars per dmt sold)						
Gross average realized selling price <sup>1</sup>	<b>171.6</b>	195.0	(12%)	<b>171.2</b>	232.1	(26%)
Net average realized selling price <sup>1</sup>	<b>130.4</b>	138.1	(6%)	<b>124.1</b>	196.1	(37%)
C1 cash cost <sup>1</sup>	<b>76.0</b>	59.5	28%	<b>71.7</b>	58.6	22%
All-in sustaining cost ("AISC") <sup>1</sup>	<b>86.7</b>	76.0	14%	<b>86.7</b>	74.0	17%
Cash operating margin <sup>1</sup>	<b>43.7</b>	62.1	(30%)	<b>37.4</b>	122.1	(69%)

### A. Revenues

#### Third Quarter of the 2023 Financial Year vs Third Quarter of the 2022 Financial Year

Revenues totalled \$351.2 million for the three-month period ended December 31, 2022, compared to \$253.0 million for the same period in 2021, reflecting a significantly higher sales volume over the same prior-year period and the weakening Canadian dollar, partially offset by the lower net average realized selling price<sup>1</sup>.

During the three-month period ended December 31, 2022, 2.7 million tonnes of high-grade iron ore concentrate were sold at a gross average realized price<sup>1</sup> of US\$126.5/dmt, before freight and other costs and provisional pricing adjustments, compared to 1.8 million tonnes sold at a

gross average realized price<sup>1</sup> of US\$154.8/dmt for the same period in 2021. Volume of sales was up almost 50% over the prior-year period due to incremental production driven by the Phase II ramp-up. Volume of sales in the period was 0.1 million tonnes lower than in the second quarter as the loading of vessels was impacted by severe weather in late December, which contributed to a power outage at the port of Sept-Îles, whereby it took more than five days to resume loading operations. As a result, the loading of some vessels was postponed until January 2023 and will be recognized as revenue in the next quarter. The decrease in the gross average realized selling price<sup>1</sup> reflects the lower index prices during the three-month period ended December 31, 2022, compared to the same prior-year period. The gross average realized selling price<sup>1</sup> of US\$126.5/dmt represents a premium of 27.8% over the benchmark IODEX 62% Fe CFR China Index (“P62”) price for the period, compared to a premium of 41.2% for the same period in 2021.

During the three-month period ended December 31, 2022, the IODEX 65% Fe CFR China Index (“P65”) for high-grade iron ore fluctuated from a low of US\$91.0/dmt to a high of US\$130.9/dmt. The P65 index average price for the period was US\$110.9/dmt, a decrease of 14% from the same prior-year quarter, resulting in an average premium of 12.0% over the P62 reference price of US\$99.0/dmt. The gross average realized selling price<sup>1</sup> of US\$126.5/dmt was higher than the P65 index average price for the period of US\$110.9/dmt due to 1.7 million tonnes in transit as at December 31, 2022, which were provisionally priced using an average forward price of US\$129.5/dmt, which was significantly higher than the P65 index average price for the period. In addition, the gross average realized selling price<sup>1</sup> was positively impacted by certain sales using backward-looking iron ore index prices, when prices were also higher than the P65 index average for the three-month period ended December 31, 2022.

The average C3 Baltic Capesize Index for the three-month period ended December 31, 2022, was US\$20.6/t compared to US\$31.0/t for the same period in 2021, representing a decrease of 34%, which contributed to lower freight costs in the three-month period ended December 31, 2022, compared to the same prior-year period. The lower freight rates for the three-month period ended December 31, 2022, can be attributed to the partial removal of COVID-19 lockdowns in China and lower seaborne iron ore volumes, as marginal suppliers facing profitability challenges curtailed operations. Champion typically contracts vessels three to five weeks prior to the desired laycan period. This creates a delay between the freight paid and the C3 index price. The effects of these delays are eventually reconciled since the Company ships its high-grade iron ore concentrate uniformly throughout the year. After accounting for sea freight and other costs and provisional pricing adjustments, the Company’s net realized FOB selling price<sup>1</sup> was US\$96.1/dmt, compared to US\$109.5/dmt for the same period in 2021.

Provisional pricing adjustments on previous quarterly sales, which were impacted by the decrease in the P65 index in the first half of the quarter, negatively impacted the net average realized selling price<sup>1</sup>. During the three-month period ended December 31, 2022, a final price of US\$109.4/dmt was established for the 1.3 million tonnes of iron ore that were in transit as at September 30, 2022, and which were previously evaluated using an average expected price of US\$112.3/dmt. Accordingly, during the three-month period ended December 31, 2022, net negative provisional pricing adjustments of \$5.2 million (US\$3.8 million) were recorded as a decrease in revenues for the 1.3 million tonnes, representing a negative impact of US\$1.4/dmt over the total volume of 2.7 million dmt sold during the current period, which was slightly lower than the negative impact for the same period in 2021.

After taking into account sea freight and other costs of US\$29.0/dmt and the negative provisional pricing adjustment of US\$1.4/dmt, the Company obtained a net average realized selling price<sup>1</sup> of US\$96.1/dmt (C\$130.4/dmt) for its high-grade iron ore delivered and in transit at the end of the period.

#### **First Nine Months of the 2023 Financial Year vs First Nine Months of the 2022 Financial Year**

Revenues totalled \$931.2 million for the nine-month period ended December 31, 2022, compared to \$1,129.4 million for the same period in 2021, mainly as a result of a lower U.S. dollar net average realized selling price<sup>1</sup>, partially offset by a significantly higher sales volume and the weakening Canadian dollar.

For the nine-month period ended December 31, 2022, the Company sold 7.5 million tonnes of iron ore concentrate, mainly to customers in China, Japan, South Korea and Europe, compared to 5.8 million tonnes for the same prior-year period. This represents an increase of 30% year-over-year driven by the ramp-up of the Phase II production in the last two quarters.

While the high-grade iron ore P65 index price fluctuated between a low of US\$91/dmt and a high of US\$185/dmt during the nine-month period ended December 31, 2022, it averaged US\$128.5/dmt, representing a decrease of 30% from the same period in 2021. The Company sold its product at a gross average realized selling price<sup>1</sup> of US\$130.5/dmt. Combining the gross average realized selling price<sup>1</sup> with the negative provisional pricing adjustment of US\$4.2/dmt, the Company sold its high-grade iron ore at a price of US\$126.3/dmt during the nine-month period ended December 31, 2022, compared to the P65 high-grade index average of US\$128.5/dmt. The Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term. Deducting sea freight and other costs of US\$31.6/dmt, the Company obtained a net average realized selling price<sup>1</sup> of US\$94.7/dmt (C\$124.1/dmt) for its high-grade iron ore.

## **B. Cost of Sales and C1 Cash Cost<sup>1</sup>**

The cost of sales represents mining, processing, and site-related G&A expenses as well as rail and port operation costs. It also includes specific and incremental costs related to COVID-19 and, starting in April 2022, it includes Bloom Lake Phase II start-up costs incurred after commissioning. These start-up costs mainly include abnormal operational costs attributable to the facility not having reached commercial production.

For the three-month period ended December 31, 2022, the cost of sales totalled \$209.1 million, compared to \$110.3 million for the same period in 2021. During the three-month period ended December 31, 2022, the C1 cash cost<sup>1</sup> per tonne totalled \$76.0/dmt, compared to \$59.5/dmt for the same period in 2021.

The C1 cash cost<sup>1</sup> per dmt sold for the three-month period ended December 31, 2022, benefited from increased production volumes from the Phase II project. However, this was offset by the rising cost of fuel used in the Company's mining activities, workforce fly-in fly-out and land transportation costs, higher explosives costs and global inflationary pressures affecting food services, contractors, and rail and port operations. Cost of sales and C1 cash cost<sup>1</sup> were also impacted by higher fixed costs required to support the Company's increasing nameplate capacity while ramping up production. Locomotive and mining equipment delivery delays also created inefficiencies and incremental increases in contractor spending. In addition, the unplanned work for the repair and modification of the new crusher's conveyor systems during the commissioning also contributed to a higher cash cost for the three-month period ended December 31, 2022. Finally, longer haul cycle times associated with the current mine plan also contribute quarter over quarter to higher mining costs. Despite factors contributing to higher cash cost<sup>1</sup> per dmt sold in the period, the economic benefits of the Phase II expansion project should be progressive as throughput gradually increases and should contribute to normalizing C1 cash cost<sup>1</sup> per dmt sold as Bloom Lake reaches the expected revised nameplate capacity of 15 Mtpa.

The life of mine stripping ratio used for cost capitalization was revised upward in December 2021 concurrently with the commencement of Phase II operations. During the three-month period ended December 31, 2022, the actual strip ratio of 0.49 was lower than the life of mine stripping ratio, therefore no mining costs were capitalized during the period. The prior-year actual strip ratio of 0.99 was significantly higher than the life of mine stripping ratio of 0.48 before Phase II considerations, positively impacting the cash cost<sup>1</sup> for the comparative period because it resulted in capitalization of mining costs.

For the nine-month period ended December 31, 2022, the Company produced high-grade iron ore at a C1 cash cost<sup>1</sup> of \$71.7/dmt, compared to \$58.6/dmt for the nine-month period ended December 31, 2021. The variation is attributable to the same factors that affected the C1 cash cost<sup>1</sup> for the three-month period ended December 31, 2022. In addition, unplanned third-party shutdowns, planned maintenance of the Company's additional facilities, as well as increased headcount and subcontractor usage in relation to the commissioning of the Phase II project occurred during the nine-month period ended December 31, 2022.

## **C. Net Income & EBITDA<sup>1</sup>**

For the three-month period ended December 31, 2022, the Company generated EBITDA<sup>1</sup> of \$118.2 million, representing an EBITDA margin<sup>1</sup> of 34%, compared to \$122.1 million, representing an EBITDA margin<sup>1</sup> of 48%, for the same period in 2021. The year-over-year decrease in EBITDA<sup>1</sup> is primarily due to higher cost of sales and lower net average realized selling prices<sup>1</sup>, partially offset by a higher sales volume driven by the ramp-up of Phase II.

For the three-month period ended December 31, 2022, the Company generated net income of \$51.4 million (EPS of \$0.10), compared to \$68.0 million (EPS of \$0.13) for the same period last year. The year-over-year decrease in net income was mainly affected by lower EBITDA<sup>1</sup> and higher depreciation.

For the nine-month period ended December 31, 2022, the Company generated an EBITDA<sup>1</sup> of \$297.5 million, representing an EBITDA margin<sup>1</sup> of 32%, compared to \$727.9 million, representing an EBITDA margin<sup>1</sup> of 64%, for the same prior-year period. This year-over-year decrease in EBITDA<sup>1</sup> is mainly attributable to the decrease in the net average realized selling price<sup>1</sup> and higher production costs, partially offset by a higher sales volume following the commissioning of Phase II.

For the nine-month period ended December 31, 2022, the Company generated net income of \$112.5 million (EPS of \$0.22), compared to \$406.9 million (EPS of \$0.80) for the same prior-year period. The year-over-year decrease in net income is mainly due to lower EBITDA<sup>1</sup> and higher depreciation, partially offset by lower current and deferred income and mining taxes.



#### D. All In Sustaining Cost ("AISC")<sup>1</sup> and Cash Operating Margin<sup>1</sup>

During the three-month period ended December 31, 2022, the Company realized an AISC<sup>1</sup> of \$86.7/dmt, compared to \$76.0/dmt for the same period in 2021. The increase relates to higher C1 cash costs<sup>1</sup>, partially offset by lower G&A expenses per dmt and lower sustaining capital expenditures. Refer to section 6 - Cash flow for details on sustaining capital expenditures.

The Company generated a cash operating margin<sup>1</sup> of \$43.7/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended December 31, 2022, compared to \$62.1/dmt for the same prior-year period. The variation is mainly due to a combination of higher AISC<sup>1</sup> and a lower net average realized selling price<sup>1</sup> for the period.

During the nine-month period ended December 31, 2022, the Company recorded an AISC<sup>1</sup> of \$86.7/dmt, compared to \$74.0/dmt for the same period in 2021. The variation is mainly due to higher C1 cash costs<sup>1</sup>. The cash operating margin<sup>1</sup> totalled \$37.4/dmt for the nine-month period ended December 31, 2022, compared to \$122.1/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price<sup>1</sup> and higher AISC<sup>1</sup>.

## 5. Exploration Activities

During the three and nine-month periods ended December 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 three and nine-month periods ended December 31, 2022, \$3.8 million and \$6.8 million in exploration and evaluation expenditures were incurred, respectively, compared to \$0.6 million and \$3.3 million, respectively, for the same prior-year periods. During the three and nine-month periods ended December 31, 2022, exploration and evaluation expenditures mainly consisted of costs associated with resource development and drilling, work related to updating the Kami Project feasibility study and claim renewal fees. During the nine-month period ended December 31, 2022, 2,743 metres of diamond drilling were completed on the Bloom Lake property. Drilling at Bloom Lake was undertaken mainly to support operations and allow higher mine planning precision. Geological mapping and assessment were started on exploration claims localized south of Bloom Lake. In addition, 2,101 metres were drilled during September and October 2022 at Lamêlée South.

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

## 6. Cash Flows — Purchase of Property, Plant and Equipment

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
(in thousands of dollars)				
Tailings lifts	10,547	7,000	47,972	27,512
Stripping and mining activities	3,207	10,948	18,000	28,166
Mining equipment rebuild	5,741	4,037	16,649	9,535
<b>Sustaining capital expenditures</b>	<b>19,495</b>	21,985	<b>82,621</b>	65,213
Other capital development expenditures at Bloom Lake	36,822	115,966	174,894	336,330
<b>Purchase of property, plant and equipment as per cash flows</b>	<b>56,317</b>	137,951	<b>257,515</b>	401,543

#### Sustaining Capital Expenditures

The increase in tailings-related investments for the three and nine-month periods ended December 31, 2022, is due to the reclassification of preparation work performed on Phase II dikes from other capital development expenditures to tailings lifts in the comparative periods. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy and is developing a long-term tailings investment plan.

The decrease in stripping and mining activities during the three and nine-month periods ended December 31, 2022, compared to the same prior-year periods, is attributable to the low level of waste moved at the mine, caused by mining equipment delivery delays.

The increase in the Company's mining equipment maintenance program for the three and nine-month periods ended December 31, 2022, is attributable to the addition of mining operating equipment and the high utilization rate for this equipment, as well as higher costs due to global inflationary pressures during the three and nine-month periods ended December 31, 2022.

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

During the three-month period ended December 31, 2022, other capital development expenditures at Bloom Lake totalled \$36.8 million, compared to \$116.0 million in the same period in 2021. During the three-month period ended December 31, 2022, the expenditures mainly consisted of \$15.8 million in deposits for mining equipment, \$5.3 million in Phase II capital expenditures, \$9.9 million in improvement and conformity of various infrastructure, and \$4.8 million in borrowing costs which were capitalized during the development of the Phase II project upon achieving commercial production.

During the nine-month period ended December 31, 2022, other capital development expenditures at Bloom Lake totalled \$174.9 million, compared to \$336.3 million in the same prior-year period. During the nine-month period ended December 31, 2022, the expenditures mainly consisted of \$99.3 million in Phase II capital expenditures, \$35.0 million in deposits for mining equipment, \$19.7 million in improvement and conformity of various infrastructure and \$14.4 million in borrowing costs capitalized in relation to the development of the Phase II project upon reaching commercial production. During the nine-month period ended December 31, 2022, other capital development expenditures were offset by the receipt of a government grant totalling \$5.2 million, related to the Company's greenhouse gas emissions and energy consumption reduction initiatives, compared to \$6.2 million in the same prior-year period. The Company qualified for grants totalling up to \$21.8 million.

During the three and nine-month periods ended December 31, 2021, the expenditures mainly comprised of increases in mill capacity and other infrastructure improvements, prepayments for production equipment, lodging infrastructure investments at the mine site required to accommodate an increasing workforce, and Phase II capital expenditures.

## **7. Conference Call and Webcast Information**

A webcast and conference call to discuss the foregoing results will be held on January 27, 2023 at 8:30 AM (Montréal time) / January 28, 2023 12:30 AM (Sydney time). Listeners may access a live webcast of the conference call from the Investors section of the Company's website at [www.championiron.com/investors/events-presentations](http://www.championiron.com/investors/events-presentations) or by dialing toll free 1-888-390-0546 within North America or +1-800-076-068 from Australia.

An online archive of the webcast will be available by accessing the Company's website at [www.championiron.com/investors/events-presentations](http://www.championiron.com/investors/events-presentations). A telephone replay will be available for one week after the call by dialing +1-888-390-0541 within North America or +1-416-764-8677 overseas, and entering passcode 473890 #.

#### **About Champion Iron Limited**

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 two concentrators have a combined nameplate capacity of 15 Mtpa and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with a 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 has sold its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the 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.

#### **Cautionary Note Regarding Forward-Looking Statements**

This quarterly activities report 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.

All statements other than statements of historical facts included in this quarterly activities report that address future events, developments or performance that Champion expects to occur are forward-looking statements. Forward-looking statements include, among other things, Management's expectations regarding: (i) the Company's Phase II expansion project, its expected achievement of nameplate capacity, throughput, recovery rates, economic and other benefits, impact on nameplate capacity and milestones; (ii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants and to convert approximately half of Bloom Lake's increased nameplate capacity of 15 Mtpa to commercially produce a 69% Fe DRPF product, expected project timeline, economics, capex, budget and financing, layout, flowsheet, integration with Phase II, production metrics, technical parameters, efficiencies, permitting and benefits; (iii) the shift in steel industry production methods and expected rising demand for higher-grade iron ore products and related market deficit and higher premiums, including using reduction technologies to produce liquid iron, the Company's related research and development program and its results and the transition of the Company's product offering and expected benefits thereof; (iv) the feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets and its anticipated completion timeline; (v) the Kami Project's feasibility study, its purpose and anticipated completion timeline; (vi) recovering accumulated waste backlog; (vii) optimization programs and their expected results; and (viii) the Company's growth and opportunities generally.

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; timing and uncertainty of industry shift to green steel and EAF; 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; and 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 financial year ended March 31, 2022, which are available on SEDAR at [www.sedar.com](http://www.sedar.com), the ASX at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.championiron.com](http://www.championiron.com). There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

All of Champion's forward-looking information contained in this quarterly activities report is given as of the date hereof or such other date or dates specified in forward-looking statements and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of 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. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

### **Abbreviations**

Unless otherwise specified, all dollar figures stated herein are expressed in millions of Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations and definitions are used throughout this quarterly activities report: US\$ (United States dollar), C\$ (Canadian dollar), Fe (iron ore), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometers), LoM (life of mine), G&A (general and administrative), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining cost), EPS (earnings per share), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex) and Phase II (Phase II expansion project). The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. "IFRS" refers to International Financial Reporting Standards.

### **For further information, please contact:**

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For additional information on Champion Iron Limited, please visit our website at: [www.championiron.com](http://www.championiron.com).

This document has been authorized for release to the market by the CEO of Champion Iron Limited, David Cataford.

Copies of the Company's unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis ("MD&A") for the three and nine-month periods ended December 31, 2022 are available under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)), on the ASX ([www.asx.com.au](http://www.asx.com.au)) and the Company's website ([www.championiron.com](http://www.championiron.com)).

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<sup>1</sup>This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the section below - Non-IFRS and Other Financial Measures for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable. Additional details for these non-IFRS and other financial measures, have been incorporated by reference and can be found in section 20 of the Company's MD&A for the three and nine-month periods ended December 31, 2022, available on SEDAR at [www.sedar.com](http://www.sedar.com), the ASX at [www.asx.com.au](http://www.asx.com.au) and on the Company's website under the Investors section at [www.championiron.com](http://www.championiron.com).

<sup>2</sup> See the "Currency" section of the MD&A for the three and nine-month periods ended December 31, 2022 included in note 6 - Key Drivers, available on SEDAR at [www.sedar.com](http://www.sedar.com), the ASX at [www.asx.com.au](http://www.asx.com.au) and on the Company's website under the Investors section at [www.championiron.com](http://www.championiron.com).

<sup>3</sup> See the "Cautionary Note Regarding Forward-Looking Statements" section of this quarterly activities report.

### Non-IFRS and Other Financial Measures

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

#### EBITDA and EBITDA Margin

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
(in thousands of dollars)				
Income before income and mining taxes	<b>85,629</b>	108,574	<b>202,088</b>	689,531
Net finance costs	<b>1,858</b>	3,377	<b>16,813</b>	8,776
Depreciation	<b>30,719</b>	10,176	<b>78,566</b>	29,572
<b>EBITDA</b>	<b>118,206</b>	122,127	<b>297,467</b>	727,879
Revenues	<b>351,233</b>	253,016	<b>931,175</b>	1,129,430
<b>EBITDA margin</b>	<b>34%</b>	48%	<b>32%</b>	64%

#### Adjusted Net Income and Adjusted EPS

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
(in thousands of dollars except per share)				
<b>Net Income</b>	<b>51,406</b>	114,596	<b>112,490</b>	338,935
<b>Cash items</b>				
Loss (gain) on disposal of non-current investments	—	232	—	(176)
Incremental costs related to COVID-19	—	1,099	<b>1,145</b>	3,167
Bloom Lake Phase II start-up costs	<b>4,292</b>	4,613	<b>39,159</b>	4,613
	<b>4,292</b>	5,944	<b>40,304</b>	7,604
Tax effect of adjustments listed above <sup>1</sup>	<b>(1,631)</b>	(2,228)	<b>(15,315)</b>	(3,118)
<b>Adjusted net income</b>	<b>54,067</b>	118,312	<b>137,479</b>	343,421
Weighted average number of ordinary shares outstanding - Basic	<b>517,193,000</b>	506,492,000	<b>516,997,000</b>	506,398,000
<b>Adjusted EPS</b>	<b>0.10</b>	0.14	<b>0.27</b>	0.82

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

#### Available Liquidity

	As at December 31, 2022	As at September 30, 2022
Cash and cash equivalents	<b>165,986</b>	276,858
Short-term investments	<b>312</b>	562
Undrawn amounts under credit facilities	<b>309,736</b>	309,002
<b>Available liquidity</b>	<b>476,034</b>	586,422

**C1 cash Cost**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
<b>Per tonne sold</b>				
Iron ore concentrate sold (dmt)	<b>2,694,200</b>	1,832,100	<b>7,501,500</b>	5,760,700
(in thousands of dollars except per tonne)				
Cost of sales	<b>209,070</b>	110,290	<b>578,318</b>	342,020
Less: Incremental costs related to COVID-19	—	(1,366)	<b>(1,145)</b>	(4,533)
Less: Bloom Lake Phase II start-up costs	<b>(4,292)</b>	—	<b>(39,159)</b>	—
	<b>204,778</b>	108,924	<b>577,173</b>	337,487
<b>C1 cash cost (per dmt sold)</b>	<b>76.0</b>	59.5	<b>71.7</b>	58.6

**All-In Sustaining Cost**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
<b>Per tonne sold</b>				
Iron ore concentrate sold (dmt)	<b>2,694,200</b>	1,832,100	<b>7,501,500</b>	5,760,700
(in thousands of dollars except per tonne)				
Cost of sales	<b>209,070</b>	110,290	<b>578,318</b>	342,020
Less: Incremental costs related to COVID-19	—	(1,366)	<b>(1,145)</b>	(4,533)
Less: Bloom Lake Phase II start-up costs	<b>(4,292)</b>	—	<b>(39,159)</b>	—
Sustaining capital expenditures	<b>19,495</b>	21,985	<b>82,621</b>	65,213
G&A expenses	<b>9,212</b>	8,323	<b>30,048</b>	23,675
	<b>233,485</b>	139,232	<b>650,683</b>	426,375
<b>AISC (per dmt sold)</b>	<b>86.7</b>	76.0	<b>86.7</b>	74.0

**Cash Operating Margin and Cash Profit Margin**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
<b>Per tonne sold</b>				
Iron ore concentrate sold (dmt)	<b>2,694,200</b>	1,832,100	<b>7,501,500</b>	5,760,700
(in thousands of dollars except per tonne)				
Revenues	<b>351,233</b>	253,016	<b>931,175</b>	1,129,430
<b>Net average realized selling price (per dmt sold)</b>	<b>130.4</b>	138.1	<b>124.1</b>	196.1
AISC (per dmt sold)	<b>86.7</b>	76.0	<b>86.7</b>	74.0
<b>Cash operating margin (per dmt sold)</b>	<b>43.7</b>	62.1	<b>37.4</b>	122.1
<b>Cash profit margin</b>	<b>34%</b>	45%	<b>30%</b>	62%

**Gross Average Realized Selling Price per dmt Sold**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
<b>Per tonne sold</b>				
Iron ore concentrate sold (dmt)	<b>2,694,200</b>	1,832,100	<b>7,501,500</b>	5,760,700
(in thousands of dollars except per tonne)				
Revenues	<b>351,233</b>	253,016	<b>931,175</b>	1,129,430
Provisional pricing adjustments	<b>5,205</b>	7,466	<b>41,804</b>	(42,200)
Freight and other costs	<b>105,987</b>	96,849	<b>311,479</b>	249,875
Gross revenues	<b>462,425</b>	357,331	<b>1,284,458</b>	1,337,105
<b>Gross average realized selling price (per dmt sold)</b>	<b>171.6</b>	195.0	<b>171.2</b>	232.1