

CHAMPION IRON

CHAMPION IRON LIMITED AUDIT COMMITTEE CHARTER

The Board of Directors (the “Board”) of Champion Iron Limited (the “Company”) has established an Audit Committee (the “Committee”) which consists entirely of independent and non-executive directors. The roles and responsibilities of the Committee are outlined in this charter.

Membership

The Committee shall consist of at least three independent Board members who can all read and understand financial statements and are otherwise financially literate, including:

- At least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
- At least one member who has an understanding of the industry in which the Company operates.

The members of the Committee are appointed by the Board.

Chair

The Board or, failing that, the Committee shall appoint an independent director, other than the Chair of the Board, to be the Chair of the Committee. The Chair is responsible for the following:

- Providing the necessary direction required for the Committee to undertake its role effectively;
- Establishing the frequency of the Committee meetings, within the parameters set forth in this charter;
- Overseeing the preparation of Committee agendas and briefing papers and ensuring that all required matters are brought before the Committee and that all the Committee members receive timely and accurate information so that they can make informed decisions on matters under the Committee’s responsibility;
- Reporting to the Board on the matters reviewed by the Audit Committee and on any decisions or recommendations of the Committee in accordance with this charter;
- Reviewing the expense reports of the Executive Chairman and the Chief Executive Officer;
- Carrying out any special assignments or functions as requested by the Board.

Secretary

Unless otherwise determined by the Committee, the Corporate Secretary shall be the Secretary of the Committee.

Other Attendees

The Chief Financial Officer as well as other members of senior management may be invited to be present for all or part of the meetings of the Committee, but shall not be members of the Committee.

Representatives of the external auditor are expected to attend each meeting of the Committee and at least once a year the Committee shall meet with the external auditors without any management, executives or staff present.

Quorum

A quorum consists of the majority of the members.

Meetings

Committee meetings shall be held not less than five times a year so as to enable the Committee to undertake its role effectively. In addition, the Chair is required to call a meeting of the Committee if requested to do so by any member of the Committee, the Chief Financial Officer or the external auditor.

Reporting Procedures

The Committee shall keep minutes of its meetings. The minutes of each Committee meeting shall be drafted by the Secretary of the Committee or such other secretary of the meeting as shall be delegated by the Secretary or appointed by the Committee from time to time. The Secretary of the Committee shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chair of the Committee.

A report is to be made by the Chair of the Committee at the Board meeting following the Committee meeting along with any recommendations of the Committee.

Duties and Responsibilities of the Committee

The Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the work of the external auditors. In particular, the Committee has the following duties:

Financial Statements and Information

- To review the audited annual and unaudited half-yearly and quarterly financial statements and any press releases and reports which accompany published financial statements (including management's discussion and analysis, related press releases and conference call presentations) before submission to the Board, recommending their approval, focusing particularly on:
 - Any changes in accounting policies and practices;
 - Major judgmental areas;
 - Significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
 - Compliance with accounting policies and standards; and
 - Compliance with legal requirements.

- To review any financial outlook or future-oriented financial information disclosed by the Company before submission to the Board, recommending their approval, focusing on reasonableness of assumptions used and appropriateness of disclosure.
- To review any periodic report, announcement or press release containing financial information that is not audited or reviewed by an external auditor, before submission to the Board, recommending their approval.

Related Party Transactions

- To review and monitor any related party transactions.

External Audit Function

- To recommend to the Board the appointment of the external auditor.
- Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.
- To discuss with the external auditor before the audit commences the nature and scope of the audit.
- To meet privately with the external auditor on at least an annual basis.
- To determine that no management restrictions are being placed upon external auditor.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- To review the external auditor's management letter and management's response and resolve any disagreement between management and the external auditor regarding financial reporting.
- To review any regulatory reports on the Company's operations and management's response.
- To pre-approve all non-audit services to be provided to the Company and its subsidiaries by the external auditor in accordance with National Instrument 52-110 - Audit Committees.
- To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

Communication

- Providing, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors.
- Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.
- Establishing procedures for the receipt, retention and treatment of complaints and concerns regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously, and publicising such procedures in the Company's Whistleblower Policy.

Assessment of Effectiveness

- To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating management and the external auditors.

Oversight of the Risk Management System

- To oversee the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the Company, including the Company's internal compliance and control systems.
- To review at least annually the Company's risk management systems to ensure the exposure to the various categories of risk are minimised.
- To review at least annually the adequacy of the Company's insurance coverage.
- To evaluate the Company's exposure to fraud and to cyber security, data privacy or technology risks.
- To take an active interest in ethical considerations regarding the Company's policies and practices.
- To monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.
- To identify and direct any special projects or investigations deemed necessary.
- To determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the Company, regularly review and update the risk profile, and ensure material risk factors are appropriately disclosed in the Company's annual and interim reports and the Company's annual information form.

Authority

The Committee is authorized by the Board to investigate any activity within its charter. The Committee shall have access to management and to the external and, if applicable, internal auditors with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorized by the Board to obtain outside legal or other independent professional advice, to set and pay the compensation for such legal or other advisors and to secure the attendance of advisors with relevant experience and expertise if it considers this necessary.

The Committee is required to make recommendations to the Board on all matters within the Committee's charter.

Board Review and Approval

This charter shall be reviewed annually by the Board, following review and recommendation by the Committee. The current version of this charter was approved by the Board on January 26, 2023 (Montréal time) / January 27, 2023 (Sydney time).