Management's Discussion and Analysis

For the Year Ended March 31, 2023

CHAMPION IRON

TSX: CIA - ASX: CIA

As at May 31, 2023

The following Champion Iron Limited ("Champion" or the "Company") Management's Discussion and Analysis ("MD&A") has been prepared as of May 31, 2023. This MD&A is intended to supplement the audited consolidated financial statements for the year ended March 31, 2023, 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 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 MD&A: US$ (United States dollar), C$ (Canadian dollar), Board (Board of Directors), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Fe (iron ore), Mt (million tonnes), 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), G&A (general and administrative), 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 Quebec Iron Ore Inc., the Company's subsidiary and the operator of Bloom Lake.

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 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 and EBITDA margin, adjusted net income, adjusted EPS, available liquidity, C1 cash cost or total cash cost, AISC per dmt sold, cash operating margin, cash profit margin, gross average realized selling price per dmt sold, net average realized selling price per dmt sold or net 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 measure is provided in section 22 — Non-IFRS and Other Financial Measures of this MD&A.

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.

Cautionary Note Regarding Forward-Looking Statements (continued)

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 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, milestones and associated costs, and related port capacity;

(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 Direct Reduction quality pellet feed iron ore, expected project timeline, economics, capital expenditure, budget and financing, production metrics, technical parameters, permitting and approvals, efficiencies and economic and other benefits;

(iii) the feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce Direct Reduction grade pellets and its anticipated completion timeline;

(iv) the Kami Project's feasibility study, its purpose, including evaluating the potential to produce a Direct Reduction grade product, and anticipated completion timeline;

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

(vi) the shift in steel industry production methods towards reducing emissions and green steel production methods, including expected rising demand for higher-grade iron ore products and related market deficit and higher premiums, and the Company's participation therein, contribution thereto and positioning in connection therewith, including the transition of the Company's product offering and expected benefits thereof;

(vii) the cold pelletizing technology and its potential to substantially reduce emissions linked to the agglomeration of iron ore;

(viii) greenhouse gas and CO2 emission reduction initiatives, objectives, targets and expectations;

(ix) collaboration between First Nations and Champion;

(x) recovering accumulated waste backlog;

(xi) optimization work programs and their expected results and impact on production;

(xii) expected locomotives delivery and potential sales limitations;

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

(xiv) the relationship between iron ore prices and ocean freight costs and their impact on the Company;

(xv) the impact of iron ore prices fluctuations on the Company and its financial results and the occurrence of certain events and their impact on iron ore prices and demand for high-grade iron ore products;

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

(xvii) legal actions, including arbitration and class actions, their potential outcome and their effect on the consolidated financial position of the Company;

(xviii) production and recovery rate targets and Company's performance;

(xix) pricing of the Company's products;

(xx) the Company's tax position; and

(xxi) the Company's growth and opportunities generally.

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.

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;
- timing and uncertainty of industry shift to green steel and electric arc furnaces, impacting demand for high-grade feed;
- 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 2023 Annual Report and Annual Information Form for the financial year ended March 31, 2023, 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 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 the 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.

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 wholly-owned 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. In January 2023, the Company announced the positive findings of a feasibility study evaluating upgrading half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore and approved an initial budget to advance the project. 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.

2. Financial and Operating Highlights

	Three Months Ended March 31,			Year Ended March 31,			
	2023	2022	Variance	**2023**	2022	Variance	2021
Iron ore concentrate produced (wmt)	**3,084,200**	1,869,000	65%	**11,186,600**	7,907,300	41%	8,001,200
Iron ore concentrate sold (dmt)	**3,092,900**	1,889,900	64%	**10,594,400**	7,650,600	38%	7,684,500
Financial Data (in thousands of dollars, except per share amounts)							
Revenues	**463,913**	331,376	40%	**1,395,088**	1,460,806	(4%)	1,281,815
EBITDA[1]	**195,709**	197,938	(1%)	**493,176**	925,817	(47%)	819,477
EBITDA margin[1]	**42 %**	60 %	(30%)	**35 %**	63 %	(44%)	64 %
Net income	**88,217**	115,653	(24%)	**200,707**	522,585	(62%)	464,425
Adjusted net income[1]	**88,217**	121,311	(27%)	**225,696**	537,768	(58%)	470,681
Basic EPS	**0.17**	0.23	(26%)	**0.39**	1.03	(62%)	0.97
Diluted EPS	**0.17**	0.22	(23%)	**0.38**	1.00	(62%)	0.92
Adjusted EPS[1]	**0.17**	0.24	(29%)	**0.44**	1.06	(58%)	0.98
Net cash flow from operating activities	**167,722**	4,280	3,819%	**235,984**	470,435	(50%)	624,419
Dividend per ordinary share paid	**—**	0.10	(100%)	**0.20**	0.10	100%	—
Dividend per preferred share paid	**—**	—	—%	**—**	0.03	—%	0.15
Cash and cash equivalents	**326,806**	321,892	2%	**326,806**	321,892	2%	609,316
Total assets	**2,315,269**	1,989,230	16%	**2,315,269**	1,989,230	16%	1,496,906
Total non-current financial liabilities	**456,435**	263,669	73%	**456,435**	263,669	73%	214,951
Statistics (in dollars per dmt sold)							
Gross average realized selling price[1]	**183.2**	207.1	(12%)	**174.7**	225.9	(23%)	182.3
Net average realized selling price[1]	**150.0**	175.3	(14%)	**131.7**	190.9	(31%)	166.8
C1 cash cost[1]	**79.0**	60.0	32%	**73.9**	58.9	25%	54.2
AISC[1]	**85.7**	70.5	22%	**86.5**	73.1	18%	62.8
Cash operating margin[1]	**64.3**	104.8	(39%)	**45.2**	117.8	(62%)	104.0
Statistics (in U.S. dollars per dmt sold)[2]							
Gross average realized selling price[1]	**135.5**	164.1	(17%)	**132.0**	181.1	(27%)	139.1
Net average realized selling price[1]	**110.9**	139.1	(20%)	**99.4**	153.3	(35%)	127.3
C1 cash cost[1]	**58.4**	47.4	23%	**55.9**	47.0	19%	41.0
AISC[1]	**63.4**	55.7	14%	**65.4**	58.3	12%	47.5
Cash operating margin[1]	**47.5**	83.4	(43%)	**34.0**	95.0	(64%)	79.8

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[2] See the "Currency" section of this MD&A included in section 7 — Key Drivers.

3. Quarterly and Annual Highlights

Sustainability and Health & Safety

- No serious injuries during the quarter and no major environmental issues reported in the period, or since the recommissioning of Bloom Lake in 2018;
- Fully compliant result following a site inspection by the Québec Ministry of Environment, Fight Against Climate Change, Wildlife and Parks;
- Employee recordable injury frequency rate of 1.53 for the year, down significantly from 2.98 last year and better than Québec's open pit industry performance;
- Welcomed the members of six indigenous groups as participants of the 2023 First Nations Expedition when it stopped at Bloom Lake in March, during their 4,500 km journey that carried the message of reconciliation, healing and hope;
- Bloom Lake Phase II plant officially named "Tshinanu", meaning "we, together" in the Innu language, in recognition of the Company's partnership with First Nations since the restart of the Bloom Lake mining operations and the shared vision for a collaborative future; and
- Optimized the Company's 2022 Sustainability Report, incorporating industry best practice disclosure frameworks, specifically, the Global Reporting Initiative ("GRI"), Sustainability Accounting Standard Board ("SASB") and Task Force on Climate-Related Financial Disclosure ("TCFD"). The Sustainability Report is available on the Company's website at www.championiron.com.

Operations and Finance

- Record quarterly production of 3.1 million wmt of high-grade 66.1% Fe concentrate for the three-month period ended March 31, 2023, an increase of 4% and 65% compared to the previous quarter and the same period of the previous financial year, respectively. Annual production of 11.2 million wmt of high-grade 66.1% Fe concentrate, up 41% from the previous financial year. This was attributable to the strong performance following Phase II achieving commercial production in December 2022;
- Quarterly record iron ore concentrate sales of 3.1 million dmt for the three-month period ended March 31, 2023, up 15% and 64% from the previous quarter and the same period of the previous financial year, respectively. For the year, a record 10.6 million dmt were sold by the Company, up from 7.7 million dmt in the previous financial year;
- While the Company's facilities reached their designed nameplate capacity on several operating days during the quarter, results were impacted by previously disclosed delays in the delivery and commissioning of mining equipment and locomotives required to service third-party rail capacity in Sept-Îles, limiting mining and haulage capacity. Quarterly production results were also impacted by a longer than expected planned maintenance shutdown of one of Bloom Lake's two crushers. A four-day power outage which impacted third-party infrastructure at the port facility in Sept-Îles impacted the Company's shipments. With the recent delivery and assembly of mining equipment, the progress on third-party infrastructure work programs and near-term anticipated locomotives delivery, the path towards reaching Bloom Lake's expanded nameplate capacity of 15 Mtpa in the near term has significantly improved;
- Revenues of $463.9 million for the three-month period ended March 31, 2023 ($331.4 million for the same period in 2022), net cash flow from operating activities of $167.7 million ($4.3 million for the same period in 2022), EBITDA[1] of $195.7 million ($197.9 million for the same period in 2022) and net income of $88.2 million with EPS of $0.17 ($115.7 million with EPS of $0.23 for the same period in 2022);
- For the year ended March 31, 2023, revenues totalled $1,395.1 million ($1,460.8 million for the same period in 2022), with net cash flow from operating activities of $236.0 million ($470.4 million for the same period in 2022), EBITDA[1] of $493.2 million ($925.8 million for the same period in 2022) and net income of $200.7 million ($522.6 million for the same period in 2022). Revenues, EBITDA[1], net cash flow from operating activities and net income were all impacted by lower cash operating margins[1], driven by lower realized selling prices compared to the previous year, as well as higher operating costs attributable to start-up costs and cost inflation;

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3. Quarterly and Annual Highlights (continued)

Operations and Finance (continued)

- For the three-month period ended March 31, 2023, C1 cash cost[1] was $79.0/dmt (US$58.4/dmt)[2], compared to $60.0/dmt (US$47.4/dmt)[2] for the same period in 2022, due to higher fixed costs required to support nameplate capacity. Cash cost[1] for the fourth quarter was slightly higher than cash cost[1] for the previous quarter of $76.0/dmt (US$56.0/dmt)[2], mainly due to the impact of the change in concentrate inventory valuation;
- C1 cash cost[1] of $73.9/dmt (US$55.9/dmt)[2] for the year ended March 31, 2023, compared to $58.9/dmt (US$47.0/dmt)[2] for the same period in 2022, was negatively impacted by fixed costs incurred to support the infrastructure required to achieve the higher anticipated production prior to achieving nameplate capacity. The Company expects those costs to decrease and to normalize as production gradually ramps up towards Bloom Lake's expanded production nameplate capacity of 15 Mtpa. Cash cost[1] during the year was also impacted by inflationary pressures on fuel, explosives and site-related G&A expenses, additional maintenance costs and a higher reliance on contractors at the mine due to delays in mining equipment deliveries;
- $327.1 million of cash and cash equivalents and short-term investments as at March 31, 2023, compared to $352.7 million at the same time last year. Available liquidity[1], including amounts available on the Company's credit facilities, totalled $673.7 million at year-end, compared to $476.0 million at the end of the previous quarter, an increase of $197.7 million, mostly driven by the level of net free cash flow; and
- Dividend of $0.10 per ordinary share declared on May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), in connection with the semi-annual results for the period ended March 31, 2023.

Direct Reduction Pellet Feed Project ("DRPF Project") Update

- In connection with the recently announced positive findings of the DRPF Project feasibility study, the Board approved an increase of $52 million to the initial budget of $10 million announced on January 26, 2023, in order to maintain the DRPF Project's estimated 30-month construction period and a potential commissioning of the project in the second half of the calendar year 2025; and
- The DRPF Project remains on schedule with detailed engineering work advancing as planned.

Other Growth and Development

- The Company continues to evaluate organic growth opportunities, including the Kami Project's feasibility study which is evaluating the project's capability to produce a Direct Reduction ("DR") grade pellet feed product, and a feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility (the "Pellet Plant") and its ability to produce DR grade pellets, in collaboration with a major international steelmaking partner. Both feasibility studies are expected to be completed in the second half of calendar year 2023.

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[2] See the "Currency" section of this MD&A included in note 7 — Key Drivers.

4. Dividend on Ordinary Shares

The Board declared a dividend of $0.10 per ordinary share on May 30, 2023 (Montréal time) / May 31, 2023 (Sydney time), in connection with the annual financial results for the period ended March 31, 2023, payable on July 5, 2023 (Montréal and Sydney time), to the Company's shareholders on record as at the close of business on June 14, 2023 (Montréal and Sydney time).

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

5. Direct Reduction Pellet Feed Project Update

On January 26, 2023 (Montréal time), the Company announced the findings of the DRPF Project's feasibility study, conducted in partnership with BBA Inc., which 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 with up to 69% Fe with a combined silica and alumina content below 1.2%.

The DRPF Project intends to capitalize on the steel industry's focus to reduce emissions and its associated impact on the raw material supply chain. Accordingly, production of a 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") methods. By producing the DRPF product required in the DRI-EAF steelmaking process, the Company would contribute to a reduction in the use of coal in the conventional BF-BOF steelmaking method, which would significantly reduce global emissions. Benefiting from a high-purity resource, the Company has a unique opportunity to produce one of the highest DRPF quality products available on the seaborne market, for which Champion expects to attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate.

The feasibility study proposed a 30-month construction period with estimated capital expenditures of $470.7 million, including additional power and port-related infrastructure, resulting in a Net Present Value ("NPV") of $738.2 million and an Internal Rate of Return ("IRR") of 24.0% after tax. To maintain the estimated project construction timeline and potential completion by the second half of calendar year 2025, the Board increased the initial $10 million budget approved on January 26, 2023, by $52 million, to advance the DRPF Project and secure its schedule. The Company expects to fund the DRPF Project through existing liquidity, including cash flow from operating activities, and additional non-dilutive funding sources. During the three-month period ended March 31, 2023, detailed engineering work advanced as planned.

Additional details on the DRPF Project, including key assumptions and capital costs, can be found in the Company's press release dated January 26, 2023 (Montréal time), available under its profile on SEDAR at www.sedar.com, the ASX at www.asx.com.au and on the Company's website at www.championiron.com.

The Company is not aware of any new information or data that materially affects the information included in the DRPF Project feasibility study and confirms that all material assumptions and technical parameters underpinning the estimates in the DRPF Project feasibility study continue to apply and have not materially changed.

6. Green Steel Initiatives

With an increased focus on reducing greenhouse gas ("GHG") emissions in 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 traditional BF-BOF steelmaking. 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.

6. Green Steel Initiatives (continued)

Accordingly, the Company advanced its research and development program aimed at developing 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. The Company also actively collaborated with a European-based company which holds a proprietary cold pelletizing technology. The objective of the cold pelletizing technology is to substantially reduce emissions linked to the agglomeration of iron ore. Laboratory results demonstrated that carbon emissions related to agglomeration could be reduced by more than 95% with this technology.

During the three-month period and year ended March 31, 2023, the Company incurred innovation and growth initiative expenses of $2.6 million and $11.9 million, respectively, compared to $1.5 million and $5.5 million, respectively, for the same periods in 2022. The expenses were mainly comprised of consultant fees, salaries and benefits related to the development of the DRPF Project.

Emissions Reduction Initiatives

As part of its ongoing efforts to minimize the environmental impact of its operations, the Company continued its efforts to achieve its 2030 commitment to reducing GHG emissions, based on combining its 2014 emissions intensity together with Bloom Lake's increased targeted nameplate capacity of 15 Mtpa, with a further goal to be carbon neutral by 2050. Towards this effort, a working group identified emissions reduction initiatives and evaluated resources required to deploy a program to reach the Company's GHG emissions reduction objectives. As the Company optimizes its Environmental, Social and Governance ("ESG") related disclosures and aligns with industry best practices, new objectives were implemented in its 2022 Sustainability Report, including disclosure on GHG reduction work programs designed to help the Company reach its 2030 and 2050 targets.

Acquisition of an Iron Ore Pelletizing Facility

On May 17, 2022, the Company entered into a definitive purchase agreement (the "Purchase Agreement") to acquire, via a wholly-owned subsidiary and upon satisfaction of certain conditions, 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. During the three-month period and year ended March 31, 2023, the Company advanced the study.

The MOU sets out a framework for Champion and the FS Partner to collaborate in order to complete the feasibility study, anticipated in the second half of calendar year 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 and the FS Partner. 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 electricity, natural gas, biofuels or renewable energy as main power sources.

7. 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 income and 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 greater than 66% 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 IODEX 65% Fe CFR China Index ("P65"). The premium captured by the P65 index is attributable to 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.

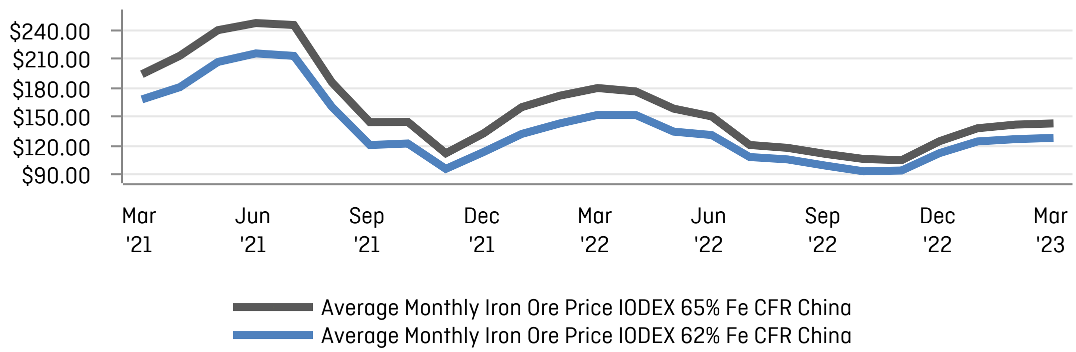
During the three-month period and year ended March 31, 2023, the average iron ore price declined compared to the same periods in 2022. However, the average iron ore price increased significantly during the three-month period ended March 31, 2023, supported by improving macroeconomic indicators in China and seasonal factors impacting iron ore supply from major producing regions. China's economic reopening following its zero-COVID policy, combined with several announcements supporting activities for the property and infrastructure sectors, contributed to higher steel consumption, resulting in higher demand and prices for iron ore during the three-month period ended March 31, 2023. Additionally, improved steel mill profitability and renewed emission controls for China's steel industry increased the demand for high-grade iron ore, improving high-grade iron ore premiums from the previous three-month period.

7. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

China's crude steel production increased by 6.1% in the three-month period ended March 31, 2023, compared to the same period in 2022, totalling 264.4 million tonnes according to the World Steel Association[1]. The country has now seen 7 of the last 8 months of positive year-over-year steel production growth. Meanwhile, the world ex-China produced a total of 197.7 million tonnes of crude steel in the period, a decline of 7.2% from 2022. While many of the global economies ex-China continued to decelerate during the quarter, negatively impacting crude steel production, easing energy prices across Europe have recently led multiple steel furnaces in the region to restart operations after months of being idled.

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



A significant portion of Champion's iron ore concentrate 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 iron ore price fluctuations, compared to the estimated price at the last quarter end, is accounted for as a provisional pricing adjustment to revenue. As the Company's sales are subject to freight routes that usually take up to 55 days before reaching customers, final price adjustments on tonnes in transit at each quarter end, which are recorded using forward prices, are exposed to variations in iron ore index prices after the end of the quarter.

During the three-month period ended March 31, 2023, a final price of US$135.6/dmt was established for the 1.7 million tonnes of iron ore that were in transit as at December 31, 2022, which were previously evaluated using an average expected price of US$129.5/dmt. Accordingly, during the three-month period ended March 31, 2023, positive pricing adjustments of $14.3 million (US$10.5 million) were recorded for tonnes subject to provisional prices as at December 31, 2022, positively impacting revenues in the fourth quarter of the 2023 financial year. For the total volume of 3.1 million dmt sold during the fourth quarter, the positive adjustments represent US$3.4/dmt. As at March 31, 2023, 2.0 million tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods (March 31, 2022: 0.7 million tonnes). A gross forward provisional price of US$141.1/dmt was used as at March 31, 2023, to estimate the sales that remain subject to final pricing.

The following table details the Company's gross revenue exposure, as at March 31, 2023, subject to the movements in iron ore price for the provisionally invoiced sales volume:

(in thousands of U.S. dollars)	**As at March 31,**
	2023
Tonnes (dmt) subject to provisional pricing adjustments	**1,987,800**
10% increase in iron ore prices	**28,047**
10% decrease in iron ore prices	**(28,047)**

The sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars resulting from a 10% increase and 10% decrease in gross realized selling prices as at March 31, 2023. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates will impact net realized FOB selling price in Canadian dollars. The above sensitivities should therefore be used with caution.

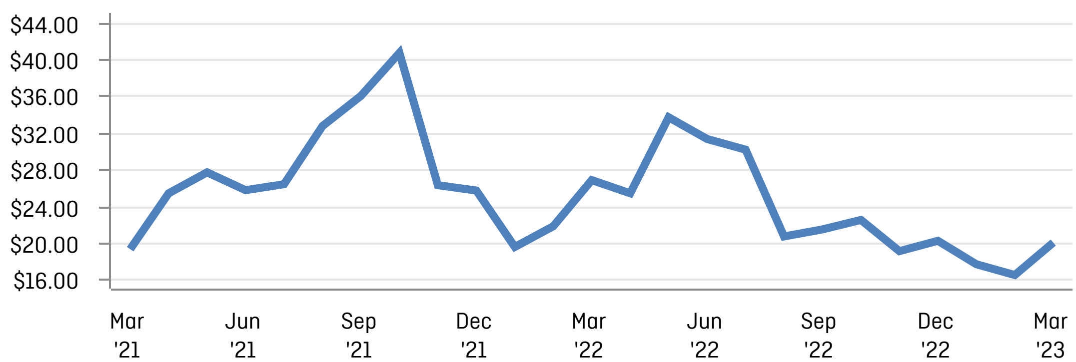
[1] https://www.worldsteel.org/

7. Key Drivers (continued)

B. Sea Freight

Sea freight is an important component of the Company's cost structure as it ships almost all of its iron ore concentrate to several regions overseas, including China, Japan, Europe, India, 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 Asia. There is no index for the route between the port of Sept-Îles (Canada) and China. This route 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 higher than the C3 index price.

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



The average C3 index for the three-month period ended March 31, 2023, was US$18.1/t compared to US$22.9/t for the same period in 2022, a 21% decrease. Poor iron ore volumes from Brazil amid seasonal wet weather had a negative impact on production and exports throughout the winter months, negatively impacting demand for the C3 freight route. As a result, freight rates drifted to levels not seen since March 2021, reaching US$16.0/t in February 2023. The C3 index recovered later in March, coinciding with the end of Brazil's seasonal impact on iron ore exports and in tandem with China entering the spring construction season, resulting in higher seaborne iron ore trades.

The industry has identified a historical relationship between the iron ore price and the C3 index for the Tubarao to Qingdao route. 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 index, a decrease in iron ore prices typically results in lower ocean freight costs for the Company, resulting in a natural hedge of an important revenue component.

When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled since Champion ships its high-grade iron ore concentrate uniformly throughout the year. Additionally, the Company has multiple freight agreements based on an agreed-upon premium above the loading month average C3 index, further diminishing this disconnect.

C. Currency

The Canadian dollar is the Company's functional and reporting currency. The Company is exposed to foreign currency fluctuation as its sales, sea freight costs and the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. 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.

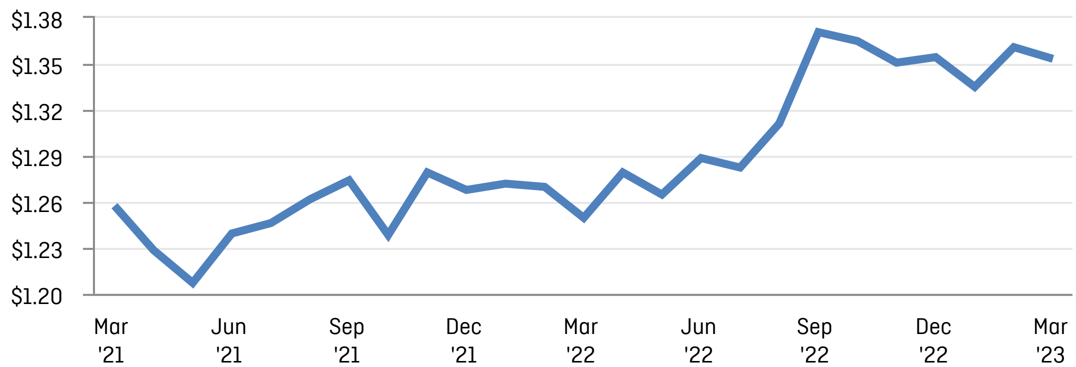
The strengthening of the U.S. dollar would positively impact the Company's net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the majority of the Company's long-term debt and lease liabilities are denominated in U.S. dollars, the Company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

(Expressed in Canadian dollars, except where otherwise indicated)

7. Key Drivers (continued)

C. Currency (continued)

Monthly Closing Exchange Rate – C$/US$



Exchange rates were as follows:

	C$ / US$					
	Average			Closing		
	FY2023	FY2022	Variance	**FY2023**	FY2022	Variance
Q1	**1.2768**	1.2282	4 %	**1.2886**	1.2394	4 %
Q2	**1.3056**	1.2600	4 %	**1.3707**	1.2741	8 %
Q3	**1.3578**	1.2603	8 %	**1.3544**	1.2678	7 %
Q4	**1.3526**	1.2662	7 %	**1.3533**	1.2496	8 %
Year-end as at March 31	**1.3230**	1.2536	6 %	**1.3533**	1.2496	8 %

Apart from these key drivers 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.

8. Bloom Lake Mine Operating Activities

	Three Months Ended March 31,			**Year Ended March 31,**		
	2023	2022	Variance	**2023**	2022	Variance
Operating Data						
Waste mined and hauled (wmt)	**5,023,900**	5,071,700	(1%)	**19,574,300**	20,512,500	(5%)
Ore mined and hauled (wmt)	**9,193,800**	5,388,200	71%	**32,442,000**	22,263,200	46%
Material mined and hauled (wmt)	**14,217,700**	10,459,900	36%	**52,016,300**	42,775,700	22%
Stripping ratio	**0.55**	0.94	(41%)	**0.60**	0.92	(35%)
Ore milled (wmt)	**9,054,600**	4,904,100	85%	**31,682,900**	20,972,100	51%
Head grade Fe (%)	**28.4**	30.3	(6%)	**29.2**	29.9	(2%)
Fe recovery (%)	**78.6**	82.7	(5%)	**79.3**	83.2	(5%)
Product Fe (%)	**66.1**	66.2	—%	**66.1**	66.2	—%
Iron ore concentrate produced (wmt)	**3,084,200**	1,869,000	65%	**11,186,600**	7,907,300	41%
Iron ore concentrate sold (dmt)	**3,092,900**	1,889,900	64%	**10,594,400**	7,650,600	38%

8. Bloom Lake Mine Operating Activities (continued)

Phase II Commercial Production

During the first quarter of the 2023 financial year, the Company successfully commissioned its second ore processing plant with its first shipment of concentrate railed in May 2022. In the second quarter of the 2023 financial year, the last major on-site Phase II infrastructure work programs were completed, enabling the Company's two crushers to feed both processing facilities and reducing bottlenecks during maintenance periods. With major on-site work programs completed ahead of schedule, Phase II reached commercial production in December 2022 and the Company continued to make improvements to stabilize and optimize operations.

While Phase II demonstrated its ability to reach the designed nameplate capacity on several operating days since reaching commercial production, production during the fourth quarter of the 2023 financial year was negatively impacted by the longer than expected maintenance shutdown of the Company's newly commissioned crusher due to winter challenges, as well as previously disclosed mining equipment delivery and commissioning delays, which limited mining capacity. This short-term limitation in mining and crushing capacity created some inefficiencies across the site, restricting the ongoing ramp-up during the quarter. With the recent delivery and assembly of mining equipment and current work to increase throughput and the recovery ratio, the path towards Bloom Lake reaching its expanded nameplate capacity of 15 Mtpa in the near term has significantly improved.

Off-site work programs, including third-party infrastructure, continued to advance during the quarter, further positioning the Company to benefit from additional flexibility and capacity in Sept-Îles to handle the Company's full nameplate capacity. During the three-month period ended March 31, 2023, downstream limitations, including locomotive delivery delays and a four-day power outage at the port, negatively impacted the Company's shipments.

While the Company is experiencing a short-term disconnect in upstream and downstream capacity, compared to the completed infrastructure at Bloom Lake, Management is confident that a stable and operational balance state will be reached in the near term. Teams at Bloom Lake are currently working at optimizing and synchronizing the operations and adapting the maintenance practices to achieve the expected reliability, an important step towards achieving nameplate capacity on a consistent basis. Due to third-party delays to increase infrastructure capacity, including locomotive deliveries, the Company anticipates potential sales limitations, compared to its production capacity in the near term.

Operational Performance

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year

In the three-month period ended March 31, 2023, 14.2 million tonnes of material were mined and hauled, compared to 10.5 million tonnes during the same period in 2022, an increase of 36%. The increase in material movement was enabled through the utilization of additional equipment. Tonnage mined and hauled for the fourth quarter of the 2023 financial year was lower than anticipated, compared to the initial Phase II ramp-up schedule, due to previously disclosed delivery delays of required mining equipment. With the recent delivery and assembly of equipment required to increase mining capacity towards Phase II's expected nameplate capacity, Management is confident its operations can deliver a stronger performance in the upcoming months.

The stripping ratio for the three-month period ended March 31, 2023, was affected by delivery delays that impacted the number of drills and haul trucks available during the quarter. In order to optimize plant operations in connection with transitional incremental feed requirements during the Phase II ramp-up period, the Company chose to reduce mined waste. The Company intends to gradually recover accumulated waste backlog in future periods as additional mining equipment becomes available.

The plants processed 9.1 million tonnes of ore during the three-month period ended March 31, 2023, compared to 4.9 million tonnes for the same prior-year period. The mining capacity limitations resulting from previously disclosed equipment delivery delays negatively impacted the tonnage processed during the quarter. The plants' performance during the three-month period ended March 31, 2023, was also impacted by a longer than expected maintenance shutdown of one of the Company's two crushers.

The iron ore head grade for the three-month period ended March 31, 2023, was 28.4%, compared to 30.3% for the same period in 2022. 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 of 78.6% for the three-month period ended March 31, 2023, was negatively impacted by the unstable recoveries of the Phase II concentrator, which were to be expected at this stage of the Phase II commissioning, the limited mining capacity reflecting the unavailability of mining equipment as well as the short-term instability of the crushing systems. The Company remains confident in its ability to reach the average LoM expected Fe recovery rate target of 82.4% in the near term at Bloom Lake, as detailed in the Phase II feasibility study.

8. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year (continued)

Bloom Lake achieved record production of 3.1 million wmt of high-grade iron ore concentrate during the three-month period ended March 31, 2023, an increase of 65%, compared to 1.9 million wmt during the same period in 2022, positively impacted by the ongoing commissioning of the Phase II plant. Management expects to benefit from optimization work programs and recent equipment deliveries, which should result in improved combined production of Bloom Lake's plants in the near term.

2023 Financial Year vs 2022 Financial Year

The Company mined and hauled 52.0 million tonnes of material during the year ended March 31, 2023, compared to 42.8 million tonnes for the same period in 2022. The increase in volume of material moved at the mine was driven by additional mining equipment in operation. However, total volume moved during the year was negatively impacted by mining equipment delivery delays.

The stripping ratio was 0.60 for the year ended March 31, 2023, compared to 0.92 for the same period in 2022, and was lower than the LoM stripping plan as the Company strategically focused on mining ore due to the restricted availability of mining equipment caused by equipment delivery delays, as previously detailed. The iron ore head grade of 29.2% for the year ended March 31, 2023, was comparable to last year, and is consistent with the LoM head grade average. The lower average Fe recovery rate for the year ended March 31, 2023, was attributable to the commissioning of the Phase II concentrator during the year. The Company is confident to reach LoM recovery rate in the near term.

The two plants processed 31.7 million tonnes of ore during the year ended March 31, 2023, an increase of 51% over the same period in 2022, and produced a record of 11.2 million wmt of high-grade iron ore concentrate, compared to 7.9 million wmt for the same period in 2022, benefiting from the commissioning of the Phase II project during the first quarter of the 2023 financial year.

9. Financial Performance

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
Financial Data (in thousands of dollars)						
Revenues	**463,913**	331,376	40%	**1,395,088**	1,460,806	(4%)
Cost of sales	**244,444**	116,658	110%	**822,762**	458,678	79%
Other expenses	**23,748**	26,648	(11%)	**79,972**	84,871	(6%)
Net finance costs	**8,774**	2,269	287%	**25,587**	11,045	132%
Net income	**88,217**	115,653	(24%)	**200,707**	522,585	(62%)
EBITDA[1]	**195,709**	197,938	(1%)	**493,176**	925,817	(47%)
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**183.2**	207.1	(12%)	**174.7**	225.9	(23%)
Net average realized selling price[1]	**150.0**	175.3	(14%)	**131.7**	190.9	(31%)
C1 cash cost[1]	**79.0**	60.0	32%	**73.9**	58.9	25%
AISC[1]	**85.7**	70.5	22%	**86.5**	73.1	18%
Cash operating margin[1]	**64.3**	104.8	(39%)	**45.2**	117.8	(62%)

[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 measure when applicable.

9. Financial Performance (continued)

A. Revenues

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in U.S. dollars per dmt sold)						
Index P62	**125.5**	141.6	(11%)	**116.2**	153.3	(24%)
Index P65	**140.1**	169.7	(17%)	**131.4**	179.9	(27%)
US$ Gross average realized selling price[1]	**135.5**	164.1	(17%)	**132.0**	181.1	(27%)
Freight and other costs	**(28.0)**	(37.2)	(25%)	**(30.6)**	(35.3)	(13%)
Provisional pricing adjustments	**3.4**	12.2	(72%)	**(2.0)**	7.5	(127%)
US$ Net average realized FOB selling price[1]	**110.9**	139.1	(20%)	**99.4**	153.3	(35%)
Foreign exchange rate conversion	**39.1**	36.2	8%	**32.3**	37.6	(14%)
C$ Net average realized FOB selling price[1]	**150.0**	175.3	(14%)	**131.7**	190.9	(31%)

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year

Revenues totalled $463.9 million for the three-month period ended March 31, 2023, compared to $331.4 million for the same period in 2022, as significantly higher sales volume over the same prior-year period was offset by the lower P65 index price. Lower index price was mitigated by lower freight and other costs and a weaker Canadian dollar compared to the same period last year.

During the three-month period ended March 31, 2023, the P65 for high-grade iron ore fluctuated from a low of US$130.0/dmt to a high of US$148.6/dmt. The P65 index average price for the period was US$140.1/dmt, a decrease of 17% from the same quarter last year, and a premium of 11.6% over the P62 index average price of US$125.5/dmt. The gross average realized selling price[1] of US$135.5/dmt was lower than the P65 index average price of US$140.1/dmt for the period due to certain sales contracts using backward-looking iron ore index prices, when prices were significantly lower than the P65 index average for the three-month period ended March 31, 2023. This was partially offset by the 2.0 million tonnes in transit as at March 31, 2023, which were provisionally priced using an average forward price of US$141.1/dmt, which was slightly higher than the P65 index average price for the period.

During the three-month period ended March 31, 2023, 3.1 million tonnes of high-grade iron ore concentrate were sold at a gross average realized price[1] of US$135.5/dmt, before freight and other costs and provisional pricing adjustments, compared to 1.9 million tonnes sold at a gross average realized price[1] of US$164.1/dmt for the same period in 2022. Volume of sales was up 64% over the prior-year period due to incremental production driven by Phase II achieving commercial production in December 2022. Lower gross average realized selling price[1] reflects the lower index prices during the three-month period ended March 31, 2023, compared to the same prior-year period.

The average C3 index for the three-month period ended March 31, 2023, was US$18.1/t compared to US$22.9/t for the same period in 2022, representing a decrease of 21%, which contributed to lower freight costs in the three-month period ended March 31, 2023. When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled since Champion ships its high-grade iron ore concentrate uniformly throughout the year.

Provisional pricing adjustments on previous quarterly sales, which were impacted by the increase in the P65 index in the quarter, positively impacted the net average realized selling price[1]. During the three-month period ended March 31, 2023, a final price of US$135.6/dmt was established for the 1.7 million tonnes of iron ore that were in transit as at December 31, 2022, and which were previously evaluated using an average expected price of US$129.5/dmt. Accordingly, during the three-month period ended March 31, 2023, net positive provisional pricing adjustments of $14.3 million (US$10.5 million) were recorded, representing a positive impact of US$3.4/dmt over the total volume of 3.1 million dmt sold during the period.

[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 measure when applicable.

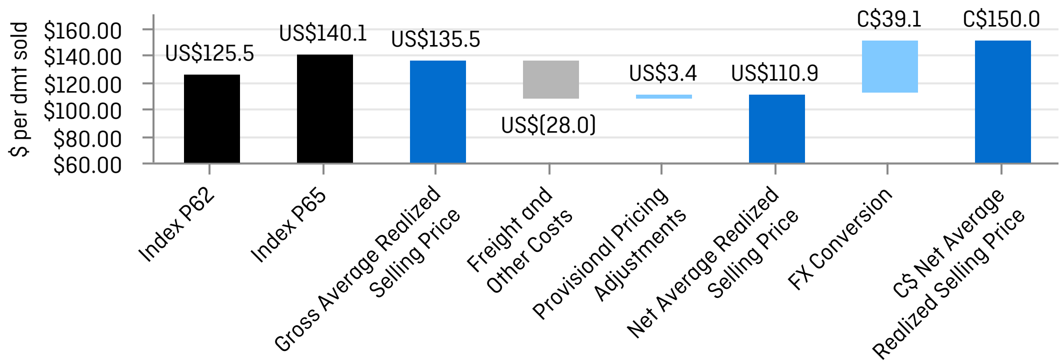
9. Financial Performance (continued)

A. Revenues (continued)

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year (continued)

After taking into account sea freight and other costs of US$28.0/dmt and the positive provisional pricing adjustment of US$3.4/dmt, the Company obtained a net average realized selling price[1] of US$110.9/dmt (C$150.0/dmt) for its high-grade iron ore delivered or in transit at the end of the period.

Q4 FY2023 Net Realized Selling Price

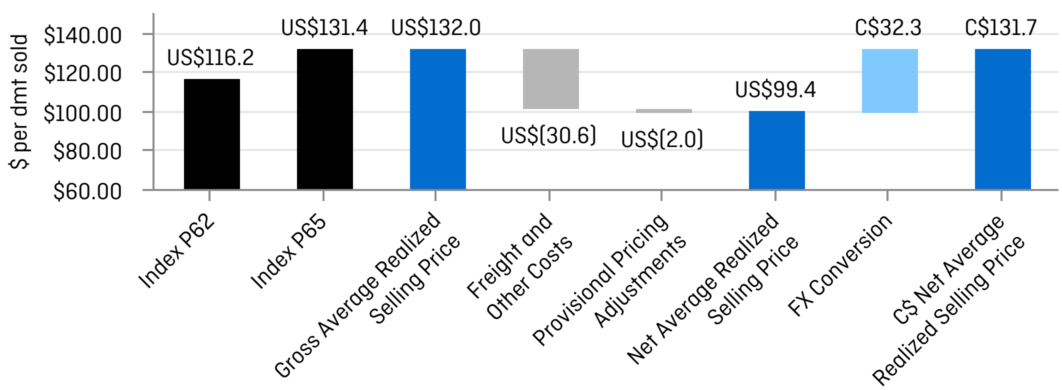


2023 Financial Year vs 2022 Financial Year

For the year ended March 31, 2023, the Company sold 10.6 million tonnes of iron ore concentrate, mainly to customers in China, Japan, South Korea and Europe, compared to 7.7 million tonnes for the same prior-year period. This represents an increase of 38% year-over-year attributable to Phase II achieving commercial production in December 2022. Revenues totalled $1,395.1 million for the year ended March 31, 2023, compared to $1,460.8 million for the same period in 2022, as higher sales volumes were offset by lower net average realized selling price[1].

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 year ended March 31, 2023, it averaged US$131.4/dmt, representing a decrease of 27% from last year. The Company sold its product at a gross average realized selling price[1] of US$132.0/dmt. Benefiting from a premium product at 66.2% Fe, 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$30.6/dmt and the negative provisional pricing adjustments of US$2.0/dmt, the Company obtained a net average realized selling price[1] of US$99.4/dmt (C$131.7/dmt) for its high-grade iron ore concentrate.

FY2023 Net Realized Selling Price



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9. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost[1]

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 it includes Bloom Lake Phase II start-up costs incurred after commissioning and before commercial production. These start-up costs mainly included abnormal operational costs attributable to the facility not having reached commercial production.

Fourth Quarter of the 2023 Financial Year vs Fourth Quarter of the 2022 Financial Year

For the three-month period ended March 31, 2023, the cost of sales totalled $244.4 million, compared to $116.7 million for the same period in 2022 for a C1 cash cost[1] per tonne of $79.0/dmt during the period, compared to $60.0/dmt for the same period in 2022.

	Three Months Ended March 31,				
	2023		2022		Variance
(in thousands of dollars except per dmt sold)	**Cost of sales**	**C1 cash cost[1] per dmt**	Cost of sales	C1 cash cost[1] per dmt	C1 cash cost[1] per dmt
Iron ore concentrate sold (dmt)		**3,092,900**		1,889,900	
Mining and processing costs	**178,983**	**57.8**	76,414	40.5	43 %
Land transportation and port handling	**65,461**	**21.2**	36,934	19.5	9 %
	244,444	**79.0**	113,348	60.0	32 %
Incremental costs related to COVID-19	**—**		3,310		
Cost of sales	**244,444**		116,658		

The C1 cash cost[1] per dmt sold for the three-month period ended March 31, 2023, was negatively impacted by the fixed costs incurred to support the infrastructure required to achieve the higher anticipated production prior to achieving nameplate capacity. The Company expects those costs to decrease and to normalize as production gradually ramps up towards Bloom Lake's expanded nameplate capacity of 15 Mtpa. Cash cost[1] during the quarter was also affected by higher than expected utilization of contractors at the mine due to the previously disclosed delivery delays in required mining equipment. The C1 cash cost[1] in the three-month period ended March 31, 2023, compared to the same period last year, was also impacted by the higher cost of fuel and explosives used in the Company's mining activities, higher workforce transportation costs and global inflationary pressures that also affected contractors, rail and port operations, and food services. In addition, the longer than expected planned maintenance shutdown of one crusher and longer haul cycle times associated with the current mine plan also contributed to a higher cash cost[1] for the three-month period ended March 31, 2023. Despite factors contributing to higher cash cost[1] per dmt sold in the period, the economic benefits of the Phase II expansion project will continue to accrue as throughput gradually increases and reaches the expected expanded nameplate capacity of 15 Mtpa.

The life of mine stripping ratio used for cost capitalization was revised upward in December 2021 from 0.5 to 0.99, concurrently with the commencement of Phase II operations. During the three-month period ended March 31, 2023, the actual stripping ratio of 0.55 was lower than the life of mine stripping ratio used for cost capitalization; therefore, no mining costs were capitalized during the period. During the prior-year period, the Company capitalized mining costs, contributing to lower cash cost[1] for the three-month period ended March 31, 2022.

2023 Financial Year vs 2022 Financial Year

For the year ended March 31, 2023, the Company produced high-grade iron ore at a C1 cash cost[1] of $73.9/dmt, compared to $58.9/dmt for the year ended March 31, 2022. The increase in annual C1 cash cost[1] is due to additional fixed costs incurred to support infrastructure required to achieve the higher anticipated production prior to reaching nameplate capacity with the Phase II project, increased contractors' costs attributable to mining equipment delivery delays, inflationary pressure on the cost of fuel, explosive and workforce transportation costs. Cost of sales was also impacted by longer than expected and unplanned maintenance activities.

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9. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost[1] (continued)

2023 Financial Year vs 2022 Financial Year (continued)

	Year Ended March 31,				
	2023		2022		Variance
(in thousands of dollars except per dmt sold)	**Cost of sales**	**C1 cash cost[1] per dmt**	Cost of sales	C1 cash cost[1] per dmt	C1 cash cost[1] per dmt
Iron ore concentrate sold (dmt)		**10,594,400**		7,650,600	
Mining and processing costs	**532,117**	**50.2**	291,534	38.1	32 %
Land transportation and port handling	**250,341**	**23.7**	159,301	20.8	14 %
	782,458	**73.9**	450,835	58.9	25 %
Incremental costs related to COVID-19	**1,145**		7,843		
Bloom Lake Phase II start-up costs	**39,159**		—		
Cost of sales	**822,762**		458,678		

C. Gross Profit

The gross profit for the three-month period ended March 31, 2023, totalled $177.0 million, compared to $200.4 million for the same prior-year period. Higher sales of iron ore concentrate, due to increased production volumes associated with Phase II's commissioning, were more than offset by higher cash costs[1] and a lower net average realized selling price[1] as described in the previous sections. The gross profit was also impacted by higher depreciation driven by the low stripping ratio for the three-month period ended March 31, 2023, and Phase II achieving commercial production in December 2022.

The gross profit for the year ended March 31, 2023, totalled $451.3 million, compared to $958.2 million for the same period in 2022. The decrease is largely driven by the lower net average realized selling price[1] of $131.7/dmt for the year ended March 31, 2023, compared to $190.9/dmt for the same period in 2022, higher cost of sales as detailed in the previous section and a higher depreciation expense.

D. Other Expenses

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in thousands of dollars)						
Share-based payments	**3,591**	6,689	(46)%	**8,662**	12,818	(32)%
G&A expenses	**11,466**	8,094	42 %	**41,514**	31,769	31 %
Sustainability and other community expenses	**6,062**	4,353	39 %	**17,933**	16,983	6 %
Innovation and growth initiative expenses	**2,629**	1,547	70 %	**11,863**	5,549	114 %
Bloom Lake Phase II start-up costs	**—**	5,965	(100)%	**—**	17,752	(100)%
	23,748	26,648	(11)%	**79,972**	84,871	(6)%

The share-based payments for the three-month period and year ended March 31, 2023, were mainly impacted by the change in fair value of the cash-settled share-based payment liability, which varies based on the share price of the Company's shares at each reporting date.

G&A expenses were higher for the three-month period and year ended March 31, 2023, compared to the same periods in 2022, due to costs associated with a higher headcount required to support the Company's growth. Higher G&A expenses for the year ended March 31, 2023, are also attributable to a non-recurring severance expense. Sustainability and other community expenses were higher for the three-month period and year ended March 31, 2023, due to the Phase II impact and benefits agreement and higher property taxes relating to the commissioning of Phase II.

[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 measure when applicable.

9. Financial Performance (continued)

D. Other Expenses (continued)

The increase in innovation and growth initiative expenses in the three-month period and year ended March 31, 2023, compared to the same periods in 2022, was due to the advancement of the Company's strategic initiatives detailed in section 6 — Green Steel Initiatives. Innovation and growth initiative expenses were mainly comprised of consultant fees and salaries and benefits.

During the 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 costs.

E. Net Finance Costs

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in thousands of dollars)						
Standby commitment fees on long-term debt	**490**	1,145	(57)%	**2,177**	5,031	(57)%
Interest on long-term debt	**7,877**	—	— %	**10,482**	623	1583 %
Realized and unrealized foreign exchange loss (gain)	**(891)**	(847)	5 %	**7,220**	359	1911 %
Interest expense on lease liabilities	**990**	823	20 %	**3,606**	912	295 %
Other	**308**	1,148	(73)%	**2,102**	4,120	(49)%
	8,774	2,269	287 %	**25,587**	11,045	132 %

Net finance costs increased to $8.8 million for the three-month period ended March 31, 2023, compared to $2.3 million for the same period in 2022, mainly due to higher interest on long-term debt during the quarter as the Company ceased capitalizing borrowing costs upon achieving Phase II commercial production in December 2022. Additional interest on leasing arrangements and equipment financed through debt also contributed to higher net finance costs for the three-month period and year ended March 31, 2023, as the Company acquired more mining equipment and railcars to support projected Phase II volume, compared to the same prior-year periods.

Net finance costs increased to $25.6 million for the year ended March 31, 2023, compared to $11.0 million for the same period in 2022, mainly due to higher interest on long-term debt, as the Company ceased capitalizing borrowing costs upon achieving Phase II commercial production in December 2022, interest expense relating to higher lease liabilities and mine equipment financing and a higher foreign exchange loss compared to the prior-year period, partially offset by lower standby commitment fees. During the year ended March 31, 2023, the foreign exchange loss on the net payable financial position denominated in U.S. dollars amounted to $7.2 million, compared to $0.4 million for the same period in 2022, and primarily involved the Company's revolving facility, mining equipment financing, lease liabilities, accounts receivable and part of the Company's cash and cash equivalents denominated in U.S. dollars. This foreign exchange loss was due to the impact of the appreciation of the U.S. dollar against the Canadian dollar as at March 31, 2023, compared to March 31, 2022.

F. 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. 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.

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, 2023 (2022: 26.50%).

9. Financial Performance (continued)

F. Income Taxes (continued)

During the three-month period and year ended March 31, 2023, current income and mining tax expenses totalled $25.8 million and $55.1 million, respectively, compared to $47.9 million and $306.5 million, respectively, for the same periods in 2022. The variation is mainly due to lower taxable income driven by lower margins, and for the year, a 5% withholding tax in connection with the payment of two dividends on ordinary shares, compared to one payment in the comparative period.

During the three-month period and year ended March 31, 2023, deferred income and mining tax expenses totalled $30.5 million and $90.7 million, respectively, compared to $17.8 million and $41.8 million, respectively, for the same periods in 2022. 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%. The Company's effective tax rates ("ETRs") were 39% and 42%, respectively, for the three-month period and year ended March 31, 2023, compared to 36% and 40%, respectively, for the same periods in 2022. The ETR for the three-month period ended March 31, 2023, is comparable with the statutory rate. The ETR being higher than the statutory rate for the year ended March 31, 2023, is mainly due to the impact of the 5% withholding tax incurred by Champion on the dividends received from QIO and the impact of an unrealized foreign exchange loss that was not recognized.

Since current income and mining taxes of $55.1 million for the year ended March 31, 2023, were below net tax installments of $115.8 million paid during the year, which were based on the 2022 financial year's higher taxable income, the Company had an income and mining taxes receivable of $37.9 million as at March 31, 2023 (March 31, 2022: income and mining taxes payable of $22.7 million).

G. Net Income & EBITDA[1]

For the three-month period ended March 31, 2023, the Company generated an EBITDA[1] of $195.7 million, representing an EBITDA margin[1] of 42%, compared to $197.9 million, representing an EBITDA margin[1] of 60%, for the same period in 2022. Comparable EBITDA[1] is mainly due to higher sales volume driven by the commissioning of Phase II during the year, offset by a higher cost of sales and lower net average realized selling prices[1].

For the three-month period ended March 31, 2023, the Company generated net income of $88.2 million (EPS of $0.17), compared to $115.7 million (EPS of $0.23) for the same period last year. The year-over-year decrease in net income was mainly affected by lower gross profit as described above.

For the year ended March 31, 2023, the Company generated an EBITDA[1] of $493.2 million, representing an EBITDA margin[1] of 35%, compared to $925.8 million, representing an EBITDA margin[1] of 63%, for the same prior-year period. This year-over-year decrease in EBITDA[1] is mainly attributable to the decrease in the net average realized selling price[1] and higher production costs, partially offset by a higher sales volume following the commissioning of Phase II.

For the year ended March 31, 2023, the Company generated net income of $200.7 million (EPS of $0.39), compared to $522.6 million (EPS of $1.03) for the same prior-year period. The year-over-year decrease in net income is mainly due to lower EBITDA[1] and higher depreciation, partially offset by lower income and mining taxes.

[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 measure when applicable.

(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

H. All In Sustaining Cost ("AISC")[1] and Cash Operating Margin[1]

	Three Months Ended March 31,			Year Ended March 31,		
	2023	2022	Variance	**2023**	2022	Variance
(in dollars per dmt sold)						
Iron ore concentrate sold (dmt)	**3,092,900**	1,889,900	64 %	**10,594,400**	7,650,600	38 %
Net average realized selling price[1]	**150.0**	175.3	(14)%	**131.7**	190.9	(31)%
C1 cash cost[1]	**79.0**	60.0	32 %	**73.9**	58.9	25 %
Sustaining capital expenditures	**3.0**	6.2	(52)%	**8.7**	10.1	(14)%
G&A expenses	**3.7**	4.3	(14)%	**3.9**	4.1	(5)%
AISC[1]	**85.7**	70.5	22 %	**86.5**	73.1	18 %
Cash operating margin[1]	**64.3**	104.8	(39)%	**45.2**	117.8	(62)%

During the three-month period ended March 31, 2023, the Company realized an AISC[1] of $85.7/dmt, compared to $70.5/dmt for the same period in 2022. The increase relates to higher C1 cash costs[1], partially offset by lower sustaining capital expenditures and lower G&A expenses per dmt. Refer to section 12 — Cash flows for details on sustaining capital expenditures.

The Company generated a cash operating margin[1] of $64.3/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended March 31, 2023, compared to $104.8/dmt for the same prior-year period. The variation is mainly due to a combination of higher AISC[1] and a lower net average realized selling price[1] for the period.

During the year ended March 31, 2023, the Company recorded an AISC[1] of $86.5/dmt, compared to $73.1/dmt for the same period in 2022. The variation is mainly due to higher C1 cash costs[1], partially offset by lower sustaining capital expenditures per dmt as well as lower G&A expenses per dmt.

The cash operating margin[1] totalled $45.2/dmt for the year ended March 31, 2023, compared to $117.8/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price[1] and higher AISC[1].

10. 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.

Governance Arrangements and Internal Controls

Mineral reserves and resources are subject to a systematic internal peer review. As a control, external technical audits are conducted when required. The 2021 technical audit did not identify any major risks 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 an 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 this section have been reviewed by the Company's internal resource and reserve working team.

[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 measure when applicable.

(Expressed in Canadian dollars, except where otherwise indicated)

10. Reserves and Resources (continued)

Reserves and Resources — Bloom Lake as at March 31, 2023

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 Joint Ore Reserves Committee ("JORC") Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019, and filed on August 2, 2019 (the "Phase II Feasibility Study"). Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the 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 profile at www.sedar.com and on the ASX at www.asx.com.au.

During the 2023 financial year, stripping activities continued as detailed in the Phase II Feasibility Study. The Bloom Lake reserves and resources were adjusted for depletion due to iron ore mined as of March 31, 2023.

- Total Bloom Lake measured and indicated resources totalled 814 Mt as at March 31, 2023, compared to 846 Mt as at March 31, 2022;
- Bloom Lake inferred resources totalled 128 Mt as at March 31, 2023, compared to 129 Mt as at March 31, 2022; and
- Total Bloom Lake proven and probable reserves totalled 713 Mt at 28.7% Fe as at March 31, 2023, compared to 745 Mt at 28.8% Fe as at March 31, 2022.

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) and a premium of US$12.70/dmt for the 66.2% Fe concentrate. Bloom Lake proven reserves and measured resources as at March 31, 2023 include 1.1 Mt of pre-concentration stockpiles (March 31, 2022: 1.2 Mt of pre-concentration stockpiles).

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

	As at March 31, 2023					As at March 31, 2022
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Measured	197	30.4	1.2	1.2	0.3	219
Indicated	618	28.6	2.1	1.9	0.5	626
Total measured and indicated resources	814	29.0	1.9	1.7	0.4	846
Inferred	128	27.2	1.3	1.2	0.5	129

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

	As at March 31, 2023					As at March 31, 2022
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Proven*	191	30.0	1.3	1.2	0.3	214
Probable	522	28.2	2.3	2.1	0.5	531
Total proven and probable	713	28.7	2.0	1.8	0.4	745

* Proven tonnage of 191 Mt includes 1.1 Mt of stockpiles.

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. There were no material changes in the year ended March 31, 2023, other than depletion by the Bloom Lake Mine. Additional information on each claim can be found in the Company's 2023 Annual Report and Annual Information Form available under the Company's profile at www.sedar.com, on the ASX at www.asx.com.au and on the Company's website at www.championiron.com.

Qualified Person and Data Verification

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 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*.

11. Exploration Activities and Regional Growth

Kami Project

On April 1, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. 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. Additionally, the Company is currently evaluating the amenability of the project to produce a DR grade product. The updated feasibility study is expected to be completed in the second half of calendar year 2023 as part of the Company's strategy to evaluate its growth alternatives within its portfolio.

Exploration and Evaluation Activities

During the year ended March 31, 2023, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three-month period and year ended March 31, 2023, $2.5 million and $9.3 million in exploration and evaluation expenditures were incurred, respectively, compared to $0.4 million and $3.7 million, respectively, for the same prior-year periods. During the three-month period and year ended March 31, 2023, 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 three-month period and year ended March 31, 2023, 2,016 metres and 4,759 metres of diamond drilling, respectively, 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 under the section Operations & Projects.

12. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Year Ended March 31,	
	2023	2022	**2023**	2022
(in thousands of dollars)				
Operating cash flows before working capital	**165,198**	144,336	**433,773**	614,677
Changes in non-cash operating working capital	**2,524**	(140,056)	**(197,789)**	(144,242)
Net cash flow from operating activities	**167,722**	4,280	**235,984**	470,435
Net cash flow used in investing activities	**(28,988)**	(134,297)	**(249,859)**	(635,465)
Net cash flow from (used in) financing activities	**24,510**	(14,793)	**6,904**	(118,141)
Net increase (decrease) in cash and cash equivalents	**163,244**	(144,810)	**(6,971)**	(283,171)
Effects of exchange rate changes on cash and cash equivalents	**(2,424)**	(1,380)	**11,885**	(4,253)
Cash and cash equivalents, beginning of period	**165,986**	468,082	**321,892**	609,316
Cash and cash equivalents, end of period	**326,806**	321,892	**326,806**	321,892
Operating cash flow per share[1]	**0.32**	0.01	**0.46**	0.93

Operating

During the three-month period ended March 31, 2023, the Company generated operating cash flows of $165.2 million before working capital items, up $20.9 million, compared to $144.3 million for the same period last year. The increase was driven by lower current income and mining taxes while EBITDA[1] was at a comparable level. The operating cash flow per share[1] for the three-month period ended March 31, 2023, was $0.32, compared to $0.01 for the same prior-year period, whereby the prior-year operating cash flows were negatively impacted by an increase in working capital.

[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 measure when applicable.

12. Cash Flows (continued)

Operating (continued)

During the year ended March 31, 2023, the Company's operating cash flows before working capital items totalled $433.8 million, compared to $614.7 million for the same prior-year period. The variation is driven by a lower EBITDA[1], partially offset by lower current income and mining taxes. After working capital items, the operating cash flow per share[1] for the period totalled $0.46, compared to $0.93 for the same prior-year period.

Investing

i. Purchase of Property, Plant and Equipment

	Three Months Ended March 31,		Year Ended March 31,	
	2023	2022	**2023**	2022
(in thousands of dollars)				
Tailings lifts	**1,791**	—	**49,763**	27,512
Stripping and mining activities	**2,862**	7,581	**20,862**	35,747
Mining equipment rebuild and replacement	**4,650**	4,162	**21,299**	13,697
Sustaining capital expenditures	**9,303**	11,743	**91,924**	76,956
Other capital development expenditures at Bloom Lake	**16,074**	106,036	**190,968**	442,366
Purchase of property, plant and equipment as per cash flows	**25,377**	117,779	**282,892**	519,322

Sustaining Capital Expenditures

The increase in tailings-related investments for the year ended March 31, 2023, is due to the reclassification of preparation work performed on Phase II dikes from other capital development expenditures in the comparative periods to tailings lifts in the 2023 financial year. 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 implementing its long-term tailings investment plan.

The decrease in stripping and mining activities during the three-month period and year ended March 31, 2023, compared to the same periods of the previous financial year, is attributable to the low level of waste moved at the mine, due to mining equipment delivery delays impacting the Company's stripping ratio.

The increase in the Company's mining equipment rebuild program for the year ended March 31, 2023, 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 year ended March 31, 2023.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended March 31, 2023, other capital development expenditures at Bloom Lake totalled $16.1 million, compared to $106.0 million in the same period in 2022, largely relating to the Phase II project in the comparative period, including capitalized interest and mining equipment deposits. During the three-month period ended March 31, 2023, the expenditures mainly consisted of $6.9 million in deposits for mining equipment, $4.6 million in improvement and conformity of various infrastructure, and $2.5 million in Phase II capital expenditures.

During the year ended March 31, 2023, other capital development expenditures at Bloom Lake totalled $191.0 million, compared to $442.4 million in the same prior-year period. During the year ended March 31, 2023, the expenditures mainly consisted of $97.2 million in Phase II capital expenditures, $41.9 million in deposits and final acquisition cost for mining equipment, $24.3 million in improvement and conformity of various infrastructure and $14.4 million in capitalized borrowing costs related to the Phase II project. During the year ended March 31, 2023, other capital development expenditures were offset by the receipt of a government grant totalling $5.2 million, related to the Company's GHG 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-month period and year ended March 31, 2022, the expenditures mainly comprised of increases in mill capacity and other infrastructure improvements, prepayments for production equipment, lodging infrastructure investments at the mine site to accommodate the increasing workforce, and Phase II capital expenditures.

12. Cash Flows (continued)

ii. Other Main Investing Activities

During the year ended March 31, 2023, the Company made advance payments totalling $30.0 million (nil in the three-month period ended March 31, 2023), compared to $97.1 million for the same prior-year period ($15.3 million for the three-month period ended March 31, 2022), mainly for infrastructure upgrades required to accommodate the anticipated increase in Phase II production volumes and rail access. The decrease, compared to the same prior-year period, was attributable to the project nearing completion.

During the year ended March 31, 2023, the restricted account of $43.7 million (US$35.0 million) for potential Phase II project cost overruns was released, concurrently with the refinancing of the US$400.0 million Phase II credit facility with a US$400.0 million general purpose revolving facility in May 2022, as well as $31.1 million in short-term investments. During the year ended March 31, 2022, the Company completed the acquisition of the Kami Project and certain related contracts. The consideration included a cash payment of $15.0 million, in addition to $0.4 million in transaction costs. During the year ended March 31, 2022, the Company also partially disposed some of its marketable securities investments for proceeds of $9.5 million, which was partially offset by the acquisition of the common shares of a private entity in connection with its innovation and growth initiative activities related to cold pelletizing for $4.4 million.

Financing

During the three-month period ended March 31, 2023, the Company drew down $31.1 million from Caterpillar Financial Services Limited equipment facility ("CAT Financing"), compared to $27.5 million of drawdowns for the same prior-year period from the Investissement Québec loan ("IQ Loan") and CAT Financing, used to cover Phase II and port infrastructure investments.

During the year ended March 31, 2023, the Company made a net drawdown of $119.0 million from the CAT Financing, IQ Loan and Fonds de Solidarité des Travailleurs du Québec loan ("FTQ Loan"), in connection with the funding of Phase II investments and mining equipment, compared to $118.8 million in the same prior-year period. During the year ended March 31, 2023, warrants and stock options were exercised for proceeds totalling $1.8 million, compared to $12.1 million for the same period in 2022. In addition, during the year ended March 31, 2023, the Company made two dividend payments to its shareholders totalling $103.3 million, compared to one inaugural dividend payment of $50.6 million in the same period last year.

During the three-month period ended March 31, 2022, warrants and stock options were exercised for proceeds totalling $11.6 million. The Company's subsidiary, QIO, redeemed 185.0 million of its preferred shares during the year ended March 31, 2022, at par value, for a consideration of $185.0 million, and paid accumulated dividends on QIO's preferred shares of $6.5 million.

13. Financial Position

The following table details the changes to the statements of financial position as at March 31, 2023, compared to March 31, 2022:

	As at March 31, 2023	As at March 31, 2022	Variance
(in thousands of dollars)			
Cash and cash equivalents	**326,806**	321,892	2%
Short-term investments	**312**	30,777	(99%)
Receivables	**162,268**	124,137	31%
Inventories	**167,670**	98,861	70%
Other current assets	**80,963**	20,272	299%
Total current assets	**738,019**	595,939	24%
Restricted cash	**—**	43,736	(100%)
Property, plant and equipment	**1,261,968**	1,070,030	18%
Exploration and evaluation assets	**117,127**	107,810	9%
Other non-current assets	**198,155**	171,715	15%
Total assets	**2,315,269**	1,989,230	16%
Total current liabilities	**205,658**	286,890	(28%)
Long-term debt	**448,201**	251,365	78%
Lease liabilities	**73,430**	51,689	42%
Rehabilitation obligation	**85,508**	86,021	(1%)
Deferred tax liabilities	**215,727**	124,992	73%
Other non-current liabilities	**24,041**	26,575	(10%)
Total liabilities	**1,052,565**	827,532	27%
Equity attributable to Champion shareholders	**1,262,704**	1,161,698	9%
Total equity	**1,262,704**	1,161,698	9%
Total liabilities and equity	**2,315,269**	1,989,230	16%

Assets

The change in the Company’s cash and cash equivalents balance on March 31, 2023, compared to the amount held on March 31, 2022, is detailed in section 12 — Cash Flows.

The short-term investments and the restricted cash account were released concurrently with the refinancing of the Phase II credit facility in May 2022, as described in section 12 — Cash Flows. Refer to note 14 to the Financial Statements for additional details.

The increase in receivables for the year ended March 31, 2023, was mainly attributable to higher trade receivables reflecting higher sales volume of iron ore concentrate during the period, driven by the Phase II project's production and the impact of P65 index increases during the quarter, affecting provisional amounts receivable as at March 31, 2023.

Higher inventories were mainly attributable to the increase in concentrate inventories due to the timing of sales, compared to production volumes associated with the locomotive delivery delays and a four-day unplanned power outage at the port of Sept-Îles. Higher inventories were also partially attributable to higher production costs, compared to the previous year. Higher levels of supplies and spare parts to maintain a growing mobile fleet, machinery and larger stockpiled ore inventories required to support Phase II's ramp-up production also contributed to the increases in inventories.

Higher other current assets mainly consist of income and mining taxes receivable of $37.9 million, reflecting a surplus of tax installments paid early in the financial year versus the actual tax expenses, compared to the income and mining taxes payable of $22.7 million as at March 31, 2022. The increase in other current assets was also due to higher prepaid expenses mainly attributable to the timing of payments for rail transportation services.

13. Financial Position (continued)

Assets (continued)

The increase in property, plant and equipment is detailed in section 12 — Cash Flows. In addition, the increase in property, plant and equipment is also attributable to additions to right-of-use assets, relating to additional railcars required to rail the Phase II production volume, a third-party explosives emulsion facility at the mine site, additional equipment as well as the Company's new corporate office.

Other non-current assets increased, mainly reflecting the advance payments made to third-party service providers in connection with capital expenditures for infrastructure upgrades required to accommodate the anticipated increase in Phase II production volumes and rail access as described in section 12 — Cash Flows, as well as third-party major replacement parts and assets improvement expenditures.

Liabilities and Equity

Lower total current liabilities are mainly due to the refinancing of the Phase II credit facility in May 2022, whereby four quarterly principal repayments were reclassified as non-current liabilities as at March 31, 2023. Lower total current liabilities are also attributable to income and mining taxes installments paid in excess of the current taxable income incurred and owed.

The increase in long-term debt during the year ended March 31, 2023, is detailed in section 12 — Cash Flows. The debt refinancing in May 2022 described above and a non-cash foreign exchange loss, due to the significant appreciation of the U.S. dollar compared to March 31, 2022, also accounted for the increase in long-term debt for the year ended March 31, 2023.

The increase in lease liabilities for the year ended March 31, 2023, was due to the additional equipment and railcars required in connection with the Phase II production volume, an explosives emulsion facility and a new corporate office.

The increase in deferred tax liabilities is mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The change in total equity is mainly attributable to net income during the year ended March 31, 2023, and the dividend payments on the ordinary shares in connection with the semi-annual financial results ending March 31, 2022, and September 30, 2022.

Liquidity

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 undrawn available financings. As at March 31, 2023, the Company held $327.1 million in cash, cash equivalents and short-term investments, and has $346.6 million of undrawn loans for a total available liquidity[1] of $673.7 million.

	As at March 31,
	2023
(in thousands of dollars)	
Revolving Facility	**297,726**
Caterpillar Financial Services Limited	**48,870**
Total available and undrawn loans	**346,596**

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

- Sustaining and other capital expenditures;
- Expenditures in relation with the DRPF Project;
- Operating and related costs supporting the ramp-up of the Phase II expansion project towards nameplate capacity;
- Additional investments in third-party infrastructure required to support the higher expected production volumes from the Bloom Lake mine;
- Semi-annual dividend payments to shareholders, if declared;
- Capital repayments related to lease liabilities, CAT Financing and IQ Loan; and
- Payment of mining and income taxes, when income and mining taxes exceed the amount of income and mining taxes currently receivable.

14. Financial Instruments

The nature and extent of risks arising from the Company's financial instruments are summarized in note 26 to the Financial Statements for the year ended March 31, 2023.

15. Contingencies

The Company is and may be from time to time subject to legal actions, including arbitration 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.

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

Contractual Obligations and Commitments

The following are the contractual maturities of the Company's liabilities segmented by period, with estimated future interest payments and the future minimum payments of the commitments, as at March 31, 2023:

(in thousands of dollars)	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	**156,029**	**—**	**—**	**156,029**
Long-term debt, including capital and future interest payment	**60,061**	**426,258**	**117,561**	**603,880**
Lease liabilities, including future interest	**17,263**	**29,083**	**82,998**	**129,344**
Cash-settled share-based payment liability	**9,138**	**8,234**	**—**	**17,372**
Commitments as per note 29 to the Financial Statements	**97,931**	**99,908**	**233,939**	**431,778**
	340,422	**563,483**	**434,498**	**1,338,403**

The Company has obligations for 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 commitment amount may change.

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 local communities; and
- Special tax payment to the Government of Newfoundland and Labrador's Department of Finance.

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 revolving facility totalled $297.7 million (US$220.0 million) as at March 31, 2023, and is subject to standby commitment fees.

As at March 31, 2023, the undrawn portion of the finance agreement with Caterpillar Financial Services amounted to $48.9 million (US$36.1 million) and is also subject to standby commitment fees.

17. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 to the Financial Statements for the year ended March 31, 2023.

18. 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, 2023.

19. New Accounting Amendments Issued to Be Adopted at a Later Date

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, 2023.

20. 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 to the Financial Statements for the year ended March 31, 2023.

21. 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, 2023, 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, 2022.

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Financial Data ($ millions)								
Revenues	463.9	351.2	300.6	279.3	331.4	253.0	331.0	545.4
Operating income	153.2	87.7	55.9	74.5	173.7	109.2	190.4	400.0
EBITDA[1]	195.7	118.2	84.3	94.9	197.9	122.1	200.0	405.7
Net income	88.2	51.4	19.5	41.6	115.7	68.0	114.6	224.3
Adjusted net income[1]	88.2	54.1	29.3	54.1	121.3	73.0	118.3	225.1
EPS - basic	0.17	0.10	0.04	0.08	0.23	0.13	0.23	0.44
EPS - diluted	0.17	0.10	0.04	0.08	0.22	0.13	0.22	0.43
Adjusted EPS - basic[1]	0.17	0.10	0.06	0.10	0.24	0.14	0.23	0.44
Net cash flow (used in) from operating activities	167.7	13.4	87.1	(32.2)	4.3	104.6	374.1	(12.6)
Operating Data								
Waste mined and hauled (thousands of wmt)	5,024	4,372	4,573	5,606	5,072	5,442	5,300	4,700
Ore mined and hauled (thousands of wmt)	9,194	8,840	8,215	6,193	5,388	5,517	5,714	5,644
Stripping ratio	0.55	0.49	0.56	0.91	0.94	0.99	0.93	0.83
Ore milled (thousands of wmt)	9,055	8,503	8,103	6,022	4,904	5,161	5,680	5,227
Head grade Fe (%)	28.4	28.5	29.5	31.0	30.3	30.6	29.1	29.6
Fe recovery (%)	78.6	80.1	78.6	80.2	82.7	83.9	83.3	82.9
Product Fe (%)	66.1	66.0	66.1	66.1	66.2	66.2	66.3	66.3
Iron ore concentrate produced (thousands of wmt)	3,084	2,963	2,857	2,283	1,869	2,013	2,089	1,936
Iron ore concentrate sold (thousands of dmt)	3,093	2,694	2,793	2,014	1,890	1,832	1,954	1,975
Statistics (in dollars per dmt sold)								
Gross average realized selling price[1]	183.2	171.6	157.0	190.4	207.1	195.0	218.8	279.7
Net average realized selling price[1]	150.0	130.4	107.6	138.7	175.3	138.1	169.4	276.2
C1 cash cost[1]	79.0	76.0	65.9	74.0	60.0	59.5	56.2	60.1
AISC[1]	85.7	86.7	81.9	93.5	70.5	76.0	73.6	72.6
Cash operating margin[1]	64.3	43.7	25.7	45.2	104.8	62.1	95.8	203.6
Statistics (in U.S. dollars per dmt sold)[2]								
Gross average realized selling price[1]	135.5	126.5	120.6	149.6	164.1	154.8	174.6	228.3
Net average realized selling price[1]	110.9	96.1	83.2	108.8	139.1	109.5	134.7	225.5
C1 cash cost[1]	58.4	56.0	50.5	58.0	47.4	47.2	44.6	48.9
AISC[1]	63.4	63.9	62.7	73.2	55.7	60.3	58.4	59.1
Cash operating margin[1]	47.5	32.2	20.5	35.6	83.4	49.2	76.3	166.4

[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 measure when applicable.

[2] See the Currency section of this MD&A included in section 7 — Key Drivers.

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 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.

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 Bloom Lake Phase II start-up costs, less gain on disposal of non-current investments, and the related tax effect of these items
Available liquidity	Cash and cash equivalents plus short-term investments plus undrawn amounts under credit facilities
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
C1 cash cost per dmt sold	Cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs divided by iron ore concentrate sold in dmt
AISC per dmt sold	C1 cash cost 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 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, Bloom Lake Phase II start-up costs, COVID-19-related expenditures and other income or expenses.

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, and service debt obligations.

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,**
	2022	2022	2022	**2023**	**2023**
(in thousands of dollars)					
Income before income and mining taxes	70,948	45,511	85,629	**144,457**	**346,545**
Net finance costs	4,190	10,765	1,858	**8,774**	**25,587**
Depreciation	19,792	28,055	30,719	**42,478**	**121,044**
EBITDA	94,930	84,331	118,206	**195,709**	**493,176**
Revenues	279,321	300,621	351,233	**463,913**	**1,395,088**
EBITDA margin	34%	28%	34%	**42%**	**35%**

				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%

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 an 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 of Québec's directives, the Company implemented several measures in its efforts to mitigate risks related to the COVID-19 pandemic. Incremental costs related to COVID-19 were 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 did 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 were mainly related to staff mobilization and training costs, and since the commissioning of Phase II, it also included abnormal operational costs attributable to the facility not having reached the normalized level of output. Phase II start-up costs were presented in other expenses in the consolidated statements of income before the commissioning and thereafter in the cost of sales. Management believes these items have a disproportionate impact on the results for the periods.

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.

				Three Months Ended	**Year Ended**
	June 30, 2022	September 30, 2022	December 31, 2022	**March 31, 2023**	**March 31, 2023**
(in thousands of dollars except per share)					
Net income	41,554	19,530	51,406	**88,217**	**200,707**
Cash items					
Incremental costs related to COVID-19	840	305	—	**—**	**1,145**
Bloom Lake Phase II start-up costs	19,476	15,391	4,292	**—**	**39,159**
	20,316	15,696	4,292	**—**	**40,304**
Tax effect of adjustments listed above[1]	(7,720)	(5,964)	(1,631)	**—**	**(15,315)**
Adjusted net income	54,150	29,262	54,067	**88,217**	**225,696**
Weighted average number of ordinary shares outstanding - Basic	516,691,000	517,104,000	517,193,000	**517,193,000**	**517,046,000**
Adjusted EPS	0.10	0.06	0.10	**0.17**	**0.44**

				Three Months Ended	Year Ended
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	March 31, 2022
(in thousands of dollars except per share)					
Net income	224,339	114,596	67,997	115,653	522,585
Cash items					
Loss (gain) on disposal of non-current investments	(408)	232	—	—	(176)
Incremental costs related to COVID-19	2,068	1,099	1,366	3,310	7,843
Bloom Lake Phase II start-up costs	—	4,613	7,174	5,965	17,752
	1,660	5,944	8,540	9,275	25,419
Tax effect of adjustments listed above[1]	(889)	(2,228)	(3,501)	(3,617)	(10,236)
Adjusted net income	225,110	118,312	73,036	121,311	537,768
Weighted average number of ordinary shares outstanding - Basic	506,271,000	506,429,000	506,492,000	511,237,000	507,591,000
Adjusted EPS	0.44	0.23	0.14	0.24	1.06

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

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

Available Liquidity

Available liquidity is a new non-IFRS measure used by Management to prudently monitor its cash. Available liquidity is comprised of cash and cash equivalents, short-term deposits that mature within twelve months and undrawn amounts under available credit facilities. The Company uses available liquidity to measure the liquidity required to satisfy its lenders, fund capital expenditures and support operations. 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,	As at December 31,
	2023	2022
Cash and cash equivalents	**326,806**	165,986
Short-term investments	**312**	312
Undrawn amounts under credit facilities	**346,596**	309,736
Available liquidity	**673,714**	476,034

C1 Cash Cost

C1 cash cost is a common financial performance measure in the iron ore mining industry. Champion reports C1 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 operating costs, and is adjusted to exclude incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs presented in cost of sales from the Phase II commissioning in April 2022 to the commencement of commercial production. Depreciation expense is not a component of C1 cash cost.

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2022	2022	2022	**2023**	**2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Cost of sales	169,407	199,841	209,070	**244,444**	**822,762**
Less: Incremental costs related to COVID-19	(840)	(305)	—	**—**	**(1,145)**
Less: Bloom Lake Phase II start-up costs	(19,476)	(15,391)	(4,292)	**—**	**(39,159)**
	149,091	184,145	204,778	**244,444**	**782,458**
C1 cash cost (per dmt sold)	74.0	65.9	76.0	**79.0**	**73.9**

				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)
	118,778	109,785	108,924	113,348	450,835
C1 cash cost (per dmt sold)	60.1	56.2	59.5	60.0	58.9

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 innovation and growth initiative 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, net finance costs, or other income or expenses. 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 C1 cash costs, sustaining capital, including deferred stripping costs, 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 and the Bloom Lake Phase II start-up costs that are included in the cost of sales. 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,**
	2022	2022	2022	**2023**	**2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Cost of sales	169,407	199,841	209,070	**244,444**	**822,762**
Less: Incremental costs related to COVID-19	(840)	(305)	—	**—**	**(1,145)**
Less: Bloom Lake Phase II start-up costs	(19,476)	(15,391)	(4,292)	**—**	**(39,159)**
Sustaining capital expenditures[1]	26,945	36,181	19,495	**9,303**	**91,924**
G&A expenses	12,272	8,564	9,212	**11,466**	**41,514**
	188,308	228,890	233,485	**265,213**	**915,896**
AISC (per dmt sold)	93.5	81.9	86.7	**85.7**	**86.5**

				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

[1] Purchase of property, plant and equipment as per the consolidated statements of cash flows are classified into sustaining 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 12 — 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,**
	2022	2022	2022	**2023**	**2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Revenues	279,321	300,621	351,233	**463,913**	**1,395,088**
Net average realized selling price (per dmt sold)	138.7	107.6	130.4	**150.0**	**131.7**
AISC (per dmt sold)	93.5	81.9	86.7	**85.7**	**86.5**
Cash operating margin (per dmt sold)	45.2	25.7	43.7	**64.3**	**45.2**
Cash profit margin	33%	24%	34%	**43%**	**34%**

				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%

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, which enable 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 presents 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,**
	2022	2022	2022	**2023**	**2023**
Per tonne sold					
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	**3,092,900**	**10,594,400**
(in thousands of dollars except per tonne)					
Revenues	279,321	300,621	351,233	**463,913**	**1,395,088**
Provisional pricing adjustments	15,668	20,931	5,205	**(14,325)**	**27,479**
Freight and other costs	88,361	117,131	105,987	**117,137**	**428,616**
Gross revenues	383,350	438,683	462,425	**566,725**	**1,851,183**
Gross average realized selling price (per dmt sold)	190.4	157.0	171.6	**183.2**	**174.7**

				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

23. Share Capital Information

The Company’s share capital consists of ordinary shares without par value. As of May 30, 2023, there were 517,193,126 ordinary shares issued and outstanding. In addition, there were 5,261,302 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units, and 15,000,000 ordinary shares issuable pursuant to warrants.

24. 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.

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 increased volatility experienced in recent years, 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 global and regional demand, pandemics or epidemics (such as COVID-19), extreme seasonal weather conditions, geopolitical events such as the current conflict between Russia and Ukraine or the increased tensions between China and other countries, global 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). 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, inflationary pressures impacting costs to extract minerals, 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 from time to time been exacerbated by factors beyond the Company's control, including port congestions globally and, in the last few years, the COVID-19 pandemic, in addition to high fuel prices and ongoing inflationary pressure, continue to persist worldwide. Such dynamics in tandem with limited capacity and equipment, has resulted in the past and may continue to result 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 affect the Company's business, results of operations and profitability.

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.

24. Risk Factors (continued)

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

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, the Company's mining operations and facilities are intensive users of energy, electricity, diesel and other consumables that are essential to its business and there is no certainty that the Company will be able to continue to access sources of power on economically feasible terms, or that such sources of power will be available in sufficient quantities, for all of its projects and requirements. Inability for the Company to secure sufficient power for all of its projects and requirements or to do so on economically favourable terms could have a material adverse effect on the Company's results of operations and financial condition.

Liquidity / Financing Risk

In addition to the capital expenditures required to maintain its operations, the execution of the Company's growth strategy will require the Company to incur significant capital expenditures in the future, including in connection with the projected modifications to the Phase II Plant and infrastructure required to upgrade the Company's current production to DRPF grade iron ore (which is expected, pending final investment decision, to require $470.7 million in capital expenditures over 30 months), the contemplated re-commissioning of the Pellet Plant, the development of the Kami Project and the Company's other strategic initiatives to participate in the efforts to decarbonize the iron and steel industry. To do so, the Company may need to raise additional capital. 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 which could in turn materially affect the Company's business, results of operations and profitability.

As of March 31, 2023, the Company had cash and cash equivalents of approximately $326.8 million and face value of long-term debt of approximately $487.7 million. Although the Company 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, the Company 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. The Company's level of indebtedness could have important consequences for its operations, and the Company's ability to finance its operations, capital expenditures and working capital needs could also be impacted by a rise in interest rates as any such increase in interest rates would lead to higher costs of borrowing for the Company. In particular, the Company 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. The Company'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, 2023, the Company had (i) an undrawn amount of US$220.0 million on the Revolving Facility, with the debt outstanding being in the amount of US$180.0 million, (ii) an undrawn amount of US$36.1 million on the Equipment Financing Facility, with the debt outstanding being in the amount of US$77.6 million, (iii) a fully drawn IQ Loan, with the debt outstanding being in the amount of $64.0 million, and (iv) a fully drawn FTQ Loan, with the debt outstanding being in the amount of $75.0 million. Accordingly, as of March 31, 2023, the Company had a total $346.6 million of undrawn available financing.

The Company's ability to reduce its indebtedness and meet its payment obligations will depend on its future financial performance and ability to raise additional capital if and when needed, which will in each case be impacted by factors beyond the Company's control, including the overall state of capital markets and investor appetite for investments in the Company's securities as well as global financial, business, economic and other factors. There is no certainty that the Company'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 the Company is not able to comply with financial covenants under the Revolving Facility or its other financial instruments, the Company may be required to refinance all or part of its existing debt, sell assets, borrow more money or issue additional equity. The ability of the Company 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.

24. Risk Factors (continued)

Liquidity / Financing Risk (continued)

The Company is also exposed to liquidity and various counterparty risks including, but not limited to: (i) the Company's lenders and other banking and financial counterparties; (ii) the Company's insurance providers; (iii) financial institutions that hold the Company's cash; (iv) companies that have payables to the Company, including concentrate customers; and (v) companies that have received deposits from the Company for the future delivery of equipment. In the event that such counterparties were affected by a business disruption, insolvency or similar event, the Company'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 are expected to 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, in recent years, the COVID-19 pandemic and the conflict between Russia and Ukraine have resulted in slowdowns and increased volatility in world economies. Recently, the banking crisis in the United States that began with solvency concerns at Silicon Valley Bank has had a destabilizing effect on financial markets with unknown future consequences. Global financial markets could suddenly and rapidly destabilize in response to future events. Global capital markets have continued to display increased volatility in response to global events. In addition, increasing geopolitical tensions could have multiple unforeseen implications for the global financial markets. Future crises may be precipitated by any number of causes, including natural disasters, pandemics (including the COVID-19 pandemic), geopolitical instability, changes to energy prices or sovereign defaults.

These factors may impact the ability of the Company to obtain equity or debt financing in the future on favourable terms or in a timely manner. 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.

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 impact recovery rates, as well as labour costs, the cost of mining supplies and services, maintenance and repair costs of mining equipment and installations, foreign currency exchange rates and stripping costs incurred during the production phase of the mine, and some of these costs have in the past and may continue in the future to be exacerbated by inflationary pressure and other factors. In the normal course of operations, the Company manages each of these risks to mitigate, where possible, the effect they have on operating results. However, any significant change in any of the foregoing could have a negative impact on the Company's operating costs, which could in turn materially affect the Company's business, results of operations and profitability.

24. Risk Factors (continued)

Foreign Exchange

Iron ore is sold in U.S. dollars and thus revenue generated by the Company from production on its properties are received in U.S. dollars, while operating and capital costs are incurred primarily in Canadian dollars (a notable exception includes sea freight costs, which are usually incurred in U.S. dollars). The Company is therefore subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. 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, the Company's functional and reporting currency is Canadian dollars, while the majority of its long-term debt and lease liabilities 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, 2023, US$257.6 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 increased their benchmark rates and may 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.

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. For example, in the financial year ended March 31, 2023, China's zero-COVID policy resulted in a decrease in industrial activity in China which had a negative impact on the price of 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.

Structural Shift in the Steel Industry's Production Methods

With an increased focus on decarbonizing the steel industry and reducing 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 DRI. However, DR grade quality iron ore represents a niche product in the iron ore industry, and while it is expected that an increasing number of customers will seek to participate in the iron and steel industry's decarbonization, it is not possible to predict how the demand and pricing (which currently tends to be directly negotiated between producers and sellers without an available global pricing index) for DR grade quality iron will evolve in the future, or whether producing DR grade quality iron ore will be more profitable than other production methods, including other production methods that are expected to favor the green steel supply chain. In addition, developments in alternative or analogous technologies or improvements in current production methods may harm the Company's competitive position and growth prospects or materially and adversely affect the Company's business, results of operations or financial condition, including in ways which it currently does not anticipate. Even if the steel industry and the Company's customers adopt DR grade quality iron, the Company may be unable to maintain or improve its competitive position, which could adversely affect its business, results of operations or financial condition. While the Company has completed the DRPF Feasibility Study and Bloom Lake is one of the few iron-ore deposits in the world capable of upgrading its product to DRPF quality iron ore, final investment decisions in respect of the DRPF Project have not been made and there are significant risks associated with the DRPF Project. See also "*Development and Expansion Projects Risks*" below.

24. Risk Factors (continued)

Carbon Emissions, 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, implementing systems to prevent the import of goods with embedded emissions or reporting requirements on the matter 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 also "*Climate Change and ESG Matters*" below.

Additionally, the Company has committed to certain GHG emission reduction targets. Achieving these targets is subject to several risks and uncertainties, and there can be no certainty that the Company will achieve these targets within the stated timeframe, or that achieving any of these targets will meet all of the expectations of its stakeholders or applicable legal requirements. Also, the implementation of these objectives may expose the Company to certain additional heightened financial and operational risks, and is expected to require additional costs, which may be higher than anticipated. If the Company is unable to achieve its GHG emission reduction targets or satisfy the expectations of its stakeholders, its reputation could be adversely affected, which could materially adversely affect the Company's business and financial results.

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 or the economically viable exploitation thereof.

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 pandemics and epidemics), 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 the Company 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 "*Insurance and Uninsured Risks*" below.

24. Risk Factors (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 "*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 DRPF Project, which could have a material adverse impact on the Company.

Furthermore, 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 LoM. Mineral Resources and Mineral Reserves should not be interpreted as assurances of potential LoM 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.

24. Risk Factors (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 economic 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 DRPF Feasibility Study as well as the Kami Project Feasibility Study and the feasibility study to evaluate the re-commissioning of the Pellet Plant are based on the best information available to the Company, it cannot be certain that actual costs under each feasibility study 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, unplanned or prolonged maintenance shutdowns, 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 relevant feasibility studies, including the Phase II Feasibility Study and the DRPF 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 or epidemics, 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. Therefore, the Company cannot give any assurance that results of the feasibility studies, including the Phase II Feasibility Study and the DRPF Feasibility Study, 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, 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 suboptimal capacity, including, among other things, equipment failure, unplanned or prolonged maintenance shutdowns, outages, 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.

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. 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; labour disruptions; 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 or epidemics, including regulatory measures intended to address the pandemic or operating restrictions imposed to protect workers, supply chain impacts and other factors.

24. Risk Factors (continued)

Development and Expansion Projects Risks (continued)

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.

In addition, while the Company has conducted the DRPF Feasibility Study in order to evaluate flowsheet modifications to the Phase II Plant and infrastructure required to upgrade the Company's current production to DRPF, and that the Board has approved a cumulative initial budget of $62 million to secure the DRPF Project timeline, a final investment decision in respect of the Project has not been made. There is no assurance that the Company will proceed with the DRPF Project. Further, if the Company were to proceed with the DRPF Project, there is no assurance that the Company will be able to complete the DRPF Project in a cost-effective or timely manner, or that it will realize, in full or in part, the anticipated benefits it expects to generate from the DRPF Project. Furthermore, the integration of the DRPF Project with Bloom Lake's existing infrastructure would be expected to require 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 as well as potentially requiring modifications to SFPPN facilities, all of which could increase the risk of shutdowns, outages or other events which would cause the Bloom Lake Mine to operate at less than optimal capacity and negatively impact production, which could in turn have a material adverse effect on the Company's business, results of operations or financial condition. See "*Structural Shift in the Steel Industry's Production Methods*" above.

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 LoM 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 Ministry of Natural Resources and Forests and the Ministry of the Environment, the Fight Against Climate Change, Wildlife and Parks (Québec), the Department of Environment, Climate Change and Municipalities and the Department of Industry, Energy and Technology (Newfoundland and Labrador), Fisheries and Oceans Canada, and Environment and Climate Change Canada.

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.

24. Risk Factors (continued)

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 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.

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, the Quinto Claims or any of the Company's other projects.

24. Risk Factors (continued)

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 (or to modify existing permits and licenses as may be required) 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

The Company recognizes that climate change is a global challenge that will affect its business in a range of possible ways. The Company'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 the Company's operations. In addition, the physical risks of climate change may also have an adverse effect on the Company'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 and regulators 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 the Company's reputation, financial condition or results of operations.

In addition, there is increased investor attention on environmental, social and governance 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.

24. Risk Factors (continued)

Natural Disasters, Unusually Adverse Weather, Epidemic or Pandemic Outbreaks, Boycotts and Geopolitical Events

The occurrence of one or more natural disasters, adverse weather events, pandemic or epidemic outbreaks, such as the COVID-19 pandemic, boycotts and geopolitical events, such as the current conflict between Russia and Ukraine or the increased tensions between China and other countries, global economic conditions, including trade protection measures such as tariffs and import and export restrictions, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. Some of these events could result in physical damage to property, an increase in energy prices, shutdowns or outages at the Company's facilities, temporary lack of an adequate workforce, temporary or long-term disruption in the supply of raw materials, equipment and product parts required to conduct business, temporary disruption in ocean freight overseas, or disruption to the Company's information systems. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

For instance, over the past years, the Company's operations were affected by the COVID-19 pandemic, which resulted in the Company being required at times to suspend or reduce mining activities as a result of governmental restrictions and other factors. The COVID-19 pandemic also impacted commodity prices, workforce productivity and availability, contractor availability, supply availability, the availability to the Company of insurance and the cost thereof and ultimately the Company's ability to sell or deliver iron ore. There continues to be uncertainty surrounding the COVID-19 pandemic, and the full extent to which COVID-19 (including as a result of the effect of new variants of the virus in the future) may impact the Company's business, results of operations or financial condition or the global economy and the markets in which the Company operates and sells its products, including China, will depend on unknown future developments which the Company cannot predict.

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 volatility in markets, commodity prices and foreign exchange, 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), continuation or further escalation of the 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.

Reliance on Small Number of Significant Customers

While the Company continuously increases its portfolio of active customers in tandem with its increasing iron ore production volumes, it relies on a relatively small number of significant customers in connection with the sale of its iron ore. Additionally, the Company's larger customers are located in concentrated geographical areas, including China, Japan, the Middle East, Europe and South Korea. 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. Since 2021, supply chains have been 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, the Russia-Ukraine conflict 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.

24. Risk Factors (continued)

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, a portion of the Company's workforce now regularly works 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.

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 providers 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.

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.

24. Risk Factors (continued)

Volatility of Stock Price (continued)

Certain 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 investors, which could materially adversely affect the trading price of the Ordinary Shares.

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 the Company's reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity (for example with respect to the Company's handling of environmental and social matters or its relations with stakeholders), whether true or not. The Company 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 the Company'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.

24. Risk Factors (continued)

Potential Conflicts of Interest

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

Dependence on Management and Key Personnel

The Company is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, could have a material adverse impact on the Company. In addition, the Company's 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

The Company'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 the Company'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 the Company's projects, 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. A deterioration in relationships with employees or in the labor environment could result in a strike or work interruptions or other disruptions to the Company's operations, damage to the Company's property and/or interruption to its services, or cause management to divert time and resources from other aspects of the Company's business, any of 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.

24. Risk Factors (continued)

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. The Company may also enter into other strategic alliances, partnerships or investments (such as, for example, the MOU with an international steelmaking company that outlines a framework for a joint venture to produce DR grade iron ore pellets at the Pellet Plant).

There are risks associated with the foregoing, including: the sharing of confidential information; the diversion of management's time and focus from operating its business; the use of resources that may be needed in other areas of the business; unforeseen costs or liabilities; litigation or other claims arising in connection with the partnership or joint venture; and the possibility of adverse tax consequences. 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.

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, 2023, the carrying value of the Company's non-current assets was approximately $1,577.3 million, or approximately 70% of the Company'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, the Company 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.

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

Disclosure Controls and Procedures

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

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

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

The CEO and CFO of the Company have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of the Company's DC&P as defined in Regulation 52-109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings as at March 31, 2023, 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, 2023, 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 the Company's ICFR that occurred during the period beginning on January 1, 2023, and ended on March 31, 2023, 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.

26. 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 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 31, 2023.

27. 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.

28. Additional Information

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