

CHAMPION IRON 

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
SEPTEMBER 30, 2025



DIRECTORS' REPORT

Operating and Financial Review

This following Champion Iron Limited ("Champion" or the "Company") Directors' Report has been prepared as of October 30, 2025. This Directors' Report is intended to supplement the condensed interim consolidated financial statements for the three and six-month periods ended September 30, 2025, and related notes thereto ("Financial Statements"), which have been prepared in accordance with the Australian Accounting Standards Board ("AASB") 134 / International Accounting Standards ("IAS") 34, Interim Financial Reporting, and should be read in conjunction with the Company's audited annual financial statements and Annual Report for the year ended March 31, 2025. The Financial Statements and other information pertaining to Champion are available under the Company's profile on SEDAR+ at www.sedarplus.ca, 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 this Directors' Report, 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 expressed in thousands of Canadian dollars; and (ii) per share or per tonne (including dmt and wmt) amounts, which are expressed in Canadian dollars or in United States dollars, as indicated. The following abbreviations and definitions are used throughout this Directors' Report: US\$ or U.S. dollar (United States dollar), C\$ (Canadian dollar), Board (Board of Directors of Champion), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), M (million), FOB (free on board), Fe (iron ore), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), FID (final investment decision), IID (interim investment decision), DFS (definitive feasibility study), DR (direct reduction), DRI (direct reduced iron), DRPF (direct reduction pellet feed), EAF (electric arc furnaces), BF (blast furnaces), BOF (basic oxygen furnaces), Kami Project (Kamistatusset project), P62 index (Platts IODEX 62% Fe CFR China index), P65 index (Platts IODEX 65% Fe CFR China index), C3 index (C3 Baltic Capesize index), EBITDA (earnings before income and mining taxes, net finance costs and depreciation), AISC (all-in sustaining cost) 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 wholly-owned subsidiary and the operator of Bloom Lake. The term "IFRS" refers to International Financial Reporting Standards as issued by the International Accounting Standards Board.

This Directors' Report contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" sections of the Company's 2025 Annual Report for the financial year ended March 31, 2025, and to the "Cautionary Note Regarding Forward-Looking Statements" section of this Directors' Report.

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 substitutes for measures of performance prepared in accordance with IFRS. The non-IFRS and other financial measures that may be included in this Directors' Report are: EBITDA and EBITDA margin, adjusted net income, adjusted EPS, available liquidity, C1 cash cost per dmt sold, mining and processing costs per dmt produced, land transportation and port handling costs per dmt sold, 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report.

Cautionary Note Regarding Forward-Looking Statements

Forward-Looking Statements

This Directors' Report contains certain information and statements that may constitute "forward-looking information" under applicable securities legislation ("Forward-Looking Statements"). Forward-Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "will", "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.

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Cautionary Note Regarding Forward-Looking Statements (continued)

Specific Forward-Looking Statements

All statements, other than statements of historical facts, included in this Directors' Report that address future events, developments or performance that Champion expects to occur are Forward-Looking Statements. Forward-Looking Statements include, among other things, Management's expectations regarding:

- (i) Bloom Lake's LoM, recovery rates, production, economic and other benefits, nameplate capacity and related opportunities and benefits;
- (ii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade and to convert approximately half of Bloom Lake's increased nameplate capacity of 15M wmt per year to commercially produce a direct reduction quality pellet feed iron ore (the DRPF project), expected DRPF project timeline, economics, capital expenditures, budget and financing, production metrics, technical parameters, pricing premiums, efficiencies, permitting and approvals, economic and other benefits, related engagement with, and expectations with respect to prospective customers, the expected commissioning, first shipments of iron ore and ramping-up of the DRPF project and the impact thereof on production, sales and financial results and the timing thereof;
- (iii) the Kami Project Study (including LoM), the DFS for the Kami Project and its timing, the Kami Project's potential to produce a DR grade product, expected timeline and construction period for the Kami Project, economics, capital expenditures, production and financial metrics, technical parameters, permitting and approvals, environmental and related studies and work programs, stakeholder and government engagement, efficiencies and economic and other benefits and evaluation of opportunities to improve project economics;
- (iv) the partnership with Nippon Steel Corporation and Sojitz Corporation with respect to the Kami Project, the completion of a DFS and the timing thereof, the potential to receive future payments based on the financial performance of the Kami Project, the Partners' (as defined below) contributions to support the DFS, potential IID and FID, the partnership and project structure and financing, the second closing of the transactions contemplated by the Framework Agreement (as defined below) and its timing, the ability of Champion to realize on the benefits of the Transaction (as defined below), and the ability and timing for the parties to the Framework Agreement to fund cash calls to advance the development of the Kami Project and pursue its development, future cash calls, funding thereof and the impact thereof on the Company's liquidity;
- (v) the future declaration and payment of dividends (including dividend equivalent payments for outstanding performance share units and restricted share units) and the timing thereof and the Company's shareholder return strategy generally;
- (vi) the shift in steel industry production methods, expected rising demand for higher-grade iron ore products and DRI globally 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 (including producing high-quality DRPF products) and the expansion of its geography and customer base, related investments and expected benefits thereof;
- (vii) maintaining elevated stripping activities;
- (viii) stockpiled ore levels, the pace of destocking, shipping and sales of accumulated iron ore concentrate inventories and their impact on the operating costs and the cost of sales;
- (ix) increased shipments of iron ore concentrate;
- (x) the Company's safe tailings strategy, tailings investment plan, storage expansion and related work programs, investments and benefits;
- (xi) the impact of exchange rates on commodity prices and the Company's financial results;
- (xii) the relationship between iron ore prices and ocean freight costs and their impact on the Company;
- (xiii) the impact of iron ore price 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-purity iron ore products;
- (xiv) the Company's cash requirements for the next 12 months, the Company's positioning to fund such cash requirements and estimated future interest payments;
- (xv) legal actions, including arbitration and class actions, their potential outcome and effect on the Company's consolidated financial position;
- (xvi) production and recovery rates and levels, ore characteristics and the Company's performance and related strategies and work programs to optimize operations, including ore blending optimization;
- (xvii) pricing of the Company's products (including provisional pricing);
- (xviii) the Company's tax position;
- (xix) the Company's expected iron ore concentrate production and sales, mining and hauling activities and related costs;
- (xx) the Company's iron ore concentrate pricing trends compared to the P65 index;
- (xxi) available liquidity and the Company's financial flexibility; and
- (xxii) the Company's growth and opportunities generally.

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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 actual results to differ materially from those expressed in Forward-Looking Statements include, without limitation:

- future prices of iron ore;
- future transportation costs;
- general economic, competitive, political and social uncertainties;
- continued availability of capital and financing and general economic, market or business conditions;
- timing and uncertainty of industry shift to electric arc furnaces, impacting demand for high-grade feed;
- failure of plant, equipment or processes to operate as anticipated;
- delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities;
- the results of feasibility studies;
- changes in the assumptions used to prepare feasibility studies;
- project delays;
- geopolitical events; and
- the effects of catastrophes and public health crises 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 MD&A for the financial year ended March 31, 2025, available under the Company's profile on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

There can be no assurance that any such Forward-Looking Statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such Forward-Looking Statements. Accordingly, readers should not place undue reliance on Forward-Looking Statements.

Additional Updates

All of the Forward-Looking Statements contained in this Directors' Report are given as of the date hereof or such other date or dates specified in the Forward-Looking Statements and are 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 Statements, 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 dual 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 QIO, owns and operates the Bloom Lake Mining Complex located on the south end of the Labrador Trough, approximately 13 kilometres north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentration plants that primarily source energy from renewable hydroelectric power, having a combined nameplate capacity of 15M wmt per year that produce lower contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. Benefiting from one of the highest purity resources globally, Champion is investing to upgrade half of the Bloom Lake's mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe. Bloom Lake's high-grade and lower contaminant iron ore products have attracted a premium to the P62 index. Champion ships its iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has delivered its iron ore concentrate globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion holds a 51% interest in Kami Iron Mine Partnership (the "Kami Partnership"), an entity also owned by Nippon Steel Corporation ("Nippon Steel") and Sojitz Corporation ("Sojitz", and collectively with Nippon Steel, the "Partners"), which owns the Kami Project. The Kami Project is located near available infrastructure and only 21 kilometres southeast of Bloom Lake. Champion also owns a portfolio of exploration and development projects in the Labrador Trough, including the Cluster II portfolio of properties, located within 60 kilometres south of Bloom Lake.

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(Expressed in Canadian dollars, except where otherwise indicated)

2. Financial and Operating Highlights

	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Iron ore concentrate produced (wmt)	3,551,600	3,170,100	12 %	7,072,200	7,046,600	— %
Iron ore concentrate sold (dmt)	3,850,900	3,265,700	18 %	7,682,700	6,708,500	15 %
Financial Data (in thousands of dollars, except per share data)						
Revenues	492,890	350,980	40 %	882,917	818,064	8 %
Net income	56,794	19,807	187 %	80,578	101,164	(20)%
EBITDA ¹	174,823	74,536	135 %	232,576	255,696	(9)%
EBITDA margin ¹	35 %	21 %	67 %	26 %	31 %	(16)%
Basic EPS	0.11	0.04	175 %	0.15	0.20	(25)%
Net cash flows from operating activities	121,024	134,689	(10)%	202,156	166,083	22 %
Dividend per ordinary share paid	0.10	0.10	— %	0.10	0.10	— %
Cash and cash equivalents	325,504	183,776	77 %	325,504	183,776	77 %
Total assets	3,438,350	2,801,593	23 %	3,438,350	2,801,593	23 %
Statistics (in dollars per dmt sold)						
Gross average realized selling price ¹	157.5	161.8	(3)%	151.7	166.8	(9)%
Net average realized selling price ¹	128.0	107.5	19 %	114.9	121.9	(6)%
C1 cash cost ¹	76.2	77.5	(2)%	79.1	77.2	2 %
AISC ¹	96.9	101.4	(4)%	96.6	96.3	— %
Cash operating margin ¹	31.1	6.1	410 %	18.3	25.6	(29)%
Statistics (in U.S. dollars per dmt sold) ²						
Gross average realized selling price ¹	114.2	118.9	(4)%	109.9	122.2	(10)%
Net average realized selling price ¹	92.9	79.0	18 %	83.2	89.4	(7)%
C1 cash cost ¹	55.3	56.8	(3)%	57.3	56.5	1 %
AISC ¹	70.4	74.3	(5)%	70.0	70.5	(1)%
Cash operating margin ¹	22.5	4.7	379 %	13.2	18.9	(30)%

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 — Key Drivers of this Directors' Report.

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3. Quarterly Highlights

Operations and Sustainability

- No serious workplace-related injuries or major environmental incidents were reported during the three-month period ended September 30, 2025;
- Quarterly production of 3.6 million wmt of high-grade 66.5% Fe concentrate for the three-month period ended September 30, 2025, up 12% over the same period last year. Quarterly production compares favourably to that of the fourth quarter of the 2025 financial year, during which the Company also completed scheduled semi-annual maintenance of both concentration plants;
- Record quarterly sales of 3.9 million dmt were achieved for the three-month period ended September 30, 2025, up 18% from the same prior-year period, reducing iron ore concentrate stockpiled at Bloom Lake by 477,000 wmt quarter-over-quarter, and bringing the total to 1.7 million wmt as at September 30, 2025; and
- Strong mining performance with a record 22.9 million wmt of material mined and hauled at Bloom Lake for the three-month period ended September 30, 2025, an increase of 23% compared to the same period last year, driven by the optimization and recent deployment of additional mining equipment.

Financial Results

- Revenues of \$492.9 million for the three-month period ended September 30, 2025, compared to \$351.0 million for the same period in 2024, primarily attributable to higher sales volumes and higher net realized selling prices;
- C1 cash cost for the iron ore concentrate loaded onto vessels at the Port of Sept-Îles totalled \$76.2/dmt¹ (US\$55.3/dmt)² for the three-month period ended September 30, 2025, down from \$77.5/dmt¹ (US\$56.8/dmt)² for the same period in 2024;
- EBITDA of \$174.8 million¹ for the three-month period ended September 30, 2025, up from \$74.5 million¹ for the same period in 2024;
- Net income totalled \$56.8 million for the three-month period ended September 30, 2025, representing EPS of \$0.11, compared to \$19.8 million and EPS of \$0.04 for the same period in 2024;
- Net cash flows from operating activities of \$121.0 million for the three-month period ended September 30, 2025, compared to \$134.7 million for the same period in 2024;
- Cash balance, excluding the initial cash contributions from Nippon Steel and Sojitz held in a restricted cash account by the Kami Partnership, totalled \$325.5 million as at September 30, 2025, an increase of \$149.5 million since June 30, 2025, benefiting from the proceeds of the US\$500 million Senior Unsecured Notes issuance on July 2, 2025, and robust cash flows from operating activities, partially offset by the senior credit facilities repayment, significant capital expenditure and the dividend payment;
- Strong available liquidity to support growth initiatives and general corporate purposes totalled \$840.4 million¹ as at September 30, 2025, compared to \$536.6 million¹ as at June 30, 2025, mainly attributable to the net proceeds of long-term debt; and
- Semi-annual dividend of \$0.10 per ordinary share declared on October 29, 2025 (Montréal) / October 30, 2025 (Sydney), in connection with the semi-annual results for the period ended September 30, 2025.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 — Key Drivers of this Directors' Report.

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4. Dividend on Ordinary Shares

The Board declared a ninth consecutive semi-annual dividend of \$0.10 per ordinary share on October 29, 2025 (Montréal) / October 30, 2025 (Sydney), in connection with the semi-annual financial results for the period ended September 30, 2025. The Company's shareholders of record as at the close of business on November 12, 2025 (Montréal and Sydney), will be entitled to receive payment of the dividend on November 27, 2025 (Montréal and Sydney).

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 applicable exchange rates 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 [Investors — Dividend Information](#) section.

5. DRPF Project Update

In January 2024, the Board approved an FID to complete the DRPF project to upgrade Bloom Lake's second plant to produce approximately 7.5M wmt per year of DRPF quality iron ore grading up to 69% Fe with a combined silica and alumina content below 1.2%.

The DRPF project aims 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 different supply chains by engaging with additional customers focused on the DRI and EAF steelmaking process, which generally involves lower carbon emissions in the steelmaking process by approximately 50%, compared to the traditional steelmaking route using BF and BOF methods. By producing the DRPF product required for the DRI-EAF steelmaking process, the Company would contribute to a reduction in the use of coal in the conventional BF-BOF steelmaking process. The DRPF project is also expected to position the Company with the ability to engage with fast-growing economies in the Middle East and North Africa, where competitive natural gas prices support cost-effective steelmaking via the DRI-EAF process. Benefiting from a rare high-purity resource, the Company has an opportunity to produce one of the highest quality DRPF products available on the seaborne market, which could attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate.

During the three-month period ended September 30, 2025, \$20.6 million was invested in the DRPF project, with cumulative investments totalling \$407.6 million at the end of the quarter. The Company expects to advance the project into the commissioning phase with an approximate cumulative investment of \$500 million, in line with the inflation-adjusted estimated total capital expenditure of \$470.7 million detailed in the project study highlights released in January 2023. During the three-month period ended September 30, 2025, the Company incurred expenditures mainly related to construction activities, including mechanical, piping and electrical work, which are progressing in accordance with the project timeline. The DRPF project continues to advance as scheduled, with initial commissioning expected to begin in December 2025 and commercial shipments of DR quality iron anticipated by the end of the first half of the 2026 calendar year, ramping up gradually thereafter. Accordingly, the Company expects to begin realizing the benefits from sales of DR quality iron ore in the second half of the 2026 calendar year.

During the commissioning phase of the DRPF project and related tie-in work, the Company anticipates temporary disruptions over several days at its second concentration plant, which are expected to negatively impact production during that time. However, with stockpiled iron ore concentrate at Bloom Lake and continued operations at its first plant, the Company does not expect a material impact from the disruption on overall sales volumes. The ramp-up and product stabilization phase is expected to span over several months following the initial shipments of DR quality iron ore. Until Champion successfully delivers the DRPF product that meets customers' quality specifications, sales may be directed to the spot market. Accordingly, during the ramp-up period, Champion does not expect to fully benefit from DRPF premiums or freight savings.

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), available under its profile on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and the Company's website at www.championiron.com. Except for the inflation-adjusted estimated total capital expenditure as outlined above, the Company is not aware of any new information or data that materially affects the information included in the DRPF project study and confirms that all material assumptions and technical parameters underpinning the estimates in the DRPF project study continue to apply and have not materially changed.

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6. Kami Joint Arrangement

On April 1, 2021, the Company acquired the Kami mining properties located in the Labrador Trough geological belt in southwestern Labrador, near Québec's eastern border. The Kami Project is a DR grade quality iron ore project near available infrastructure, situated 21 kilometres southeast of the Company's operating Bloom Lake Mine.

On March 14, 2024, the Company voluntarily filed the "Pre-feasibility Study for the Kamistiatusset (Kami) Iron Ore Property, Newfoundland and Labrador, Canada", prepared pursuant to National Instrument 43-101 — Standards of Disclosure for Mineral Projects and Chapter 5 of the ASX Listing Rules and dated March 14, 2024 (the "Kami Project Study"), which evaluated a 25-year LoM and an average annual DR quality iron ore concentrate production of approximately 9.0M wmt per year grading above 67.5% Fe. Based on the Kami Project Study, the Kami Project capital expenditures were estimated at \$3,864 million, resulting in a net present value ("NPV") of \$541 million and an internal rate of return ("IRR") of 9.8% after-tax, based on conservative pricing dynamics, compared to then prevailing iron ore prices, or an NPV of \$2,195 million and IRR of 14.8% after-tax, based on the three previous calendar years' average of the P65 index which preceded the Kami Project Study. The Kami Project benefits from the permitting work completed by its previous owner and has an estimated 48-month construction period, following an FID.

On July 21, 2025, the Company entered into a framework agreement with the Partners to form the Kami Partnership for the joint ownership and potential development of the Kami Project (the "Framework Agreement"), pursuant to which the Partners agreed to initially contribute \$245 million to acquire an aggregate 49% interest in the Kami Partnership (the "Transaction").

On September 29, 2025, Champion completed the initial closing of the Transaction with the Partners. As a result, the Partners made their initial cash contributions in an aggregate amount of \$68.6 million to secure their aggregate 49% interest in the Kami Partnership (the "Initial Closing") and paid their pro-rata share of the DFS costs already incurred by the Company. Until a final investment decision is made, the Partners have different options to exit the Kami Partnership by requiring Champion to acquire their interests. Refer to note 3 to the Financial Statements. The second closing of the Transaction remains subject to the completion of a DFS, expected to be completed by the end of the 2026 calendar year, and Champion and the Partners proceeding with positive IID elections to pursue work towards an FID, as well as other customary closing conditions (the "Second Closing"). Pursuant to the Second Closing, Nippon Steel and Sojitz will make a subsequent contribution to the Kami Partnership in the aggregate amount of \$176.4 million.

Through the Transaction, the Kami Project can benefit from up to \$490 million in contributions before Champion is required to provide additional capital beyond available funds. Additionally, Champion will retain operatorship of the Kami Partnership and may also receive future payments based on the Kami Partnership's financial performance, if and when the Kami Project becomes operational.

During the three-month period ended September 30, 2025, the Company submitted the Environmental Impact Statement, as required by the Government of Newfoundland and Labrador. In addition, the Company and the Partners continued to advance exploration work and the DFS ahead of a potential IID and, ultimately, an FID.

Engagement with local stakeholders, including First Nations communities, remains a priority, reinforcing a collaborative approach to ensure the Kami Project delivers long-term regional benefits. Additionally, the Company is in discussions with various levels of government to explore potential support and is evaluating opportunities to enhance the Kami Project's economics.

Additional details on the Kami Project, including the Kami Project Study, are available on the Kami Project's website at www.kami.ca under the [About Kami](#) section. The information on such website is not incorporated by reference into this Directors' Report.

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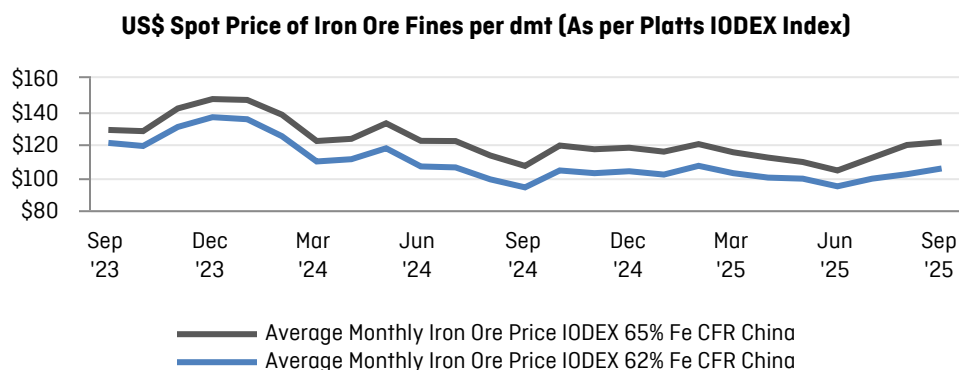
7. Key Drivers

Iron Ore Concentrate Price

The price of iron ore concentrate is a critical factor influencing the Company's financial performance. The iron ore concentrate price fluctuates daily and is affected by several industries 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 P62 index, widely used as the reference price in the industry. As such, the Company sells its products based on the high-grade P65 index. 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 CO₂ emissions in the steelmaking process.

During the three-month period ended September 30, 2025, the P65 index averaged US\$117.4/dmt, representing an increase of 8% quarter-over-quarter and 3% year-over-year. Iron ore prices rose on China's anti-involution reform communications, healthier steel mills' margins and seasonal restocking. During the period, supply from major producers, particularly from Brazil, remained elevated. The P65 index premium over the P62 index expanded significantly, increasing from a low of US\$10.0/t in July to a high of US\$18.6/t in September 2025. This rising premium occurred in tandem with industry iron ore majors reducing the quality of their main product blend in the period and index providers, following with a transition of the primary iron ore index from a 62% Fe to a 61% Fe product. Additionally, higher margins encouraged steel mills to prioritize productivity and yield, driving greater use of higher-grade ore.

According to the World Steel Association¹, global crude steel production decreased by 1.0% year-over-year for the three-month period ended September 30, 2025, and by 6.4% from the previous quarter, totalling 436.9 million tonnes. From January to September 2025, global crude steel output fell 1.5% year-over-year to 1.37 billion tonnes, mainly driven by declines in China, the European Union and Japan. As steel output fell 2.6% year-over-year, a weak domestic market pushed China's steelmakers to raise exports to record levels, pivoting to markets with fewer trade barriers and lower duty products, defying predictions of declining shipments.



Champion recognizes revenues when the iron ore concentrate is loaded onto the vessel. The quarterly gross realized selling price diverged from the quarterly P65 average index price primarily due to two pricing dynamics:

- Certain sales are based on P65 index prices set in months prior to the beginning of the reporting quarter; and
- Sales remaining in the quarter are based on P65 index prices subsequent to the date of the sale, according to a mutually agreed final quotation period, which generally depends on the discharge date. Considering that vessels are subject to freight routes that usually take up to 55 days before reaching the port of discharge, these sales are influenced by the volatility of the P65 index prices after the date of the sale.
 - For tonnage sold early in the reporting quarter, the final quotation period may be within the reporting quarter. Those volumes are typically mostly exposed to the back-ended months of the reporting quarter due to the aforementioned typical freight routes.
 - For tonnage sold in the reporting quarter and for which the final quotation period is after the reporting quarter, the Company provisionally prices the sales based on the P65 index forward iron ore prices at quarter-end to estimate the selling price upon or after the vessel's arrival at the port of discharge. These tonnes are exposed to variations in iron ore index prices after the end of the quarter, in particular to the initial months of the following quarter due to the aforementioned typical freight routes. The impact of iron ore price fluctuations, compared to the estimated price at the end of the preceding quarter, is accounted for as a provisional pricing adjustment to revenues in the following quarter. Historically, sales volumes that remain exposed to provisional pricing adjustments at the end of a quarter represent approximately 30% to 80% of total quarterly sales volumes.

¹ World Steel Association

Champion Iron Limited

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(Expressed in Canadian dollars, except where otherwise indicated)

7. Key Drivers (continued)

Iron Ore Concentrate Price (continued)

During the three-month period ended September 30, 2025, an average final price of US\$112.4/dmt was established for the 2.5 million tonnes of iron ore that were subject to provisional pricing adjustments as at June 30, 2025, which were previously evaluated using an average expected price of US\$100.2/dmt. Accordingly, during the three-month period ended September 30, 2025, positive pricing adjustments of \$40.9 million (US\$30.0 million) were recorded for tonnes subject to provisional pricing adjustments as at June 30, 2025. For the total volume of 3.9 million dmt sold during the quarter ended September 30, 2025, the positive pricing adjustments represent US\$7.8/dmt. As at September 30, 2025, 2.5 million tonnes of iron ore sold remained subject to provisional pricing adjustments, with a final price to be determined in subsequent reporting periods. A gross average forward provisional price of US\$113.8/dmt was used as at September 30, 2025, to estimate the sales subject to final pricing.

The following table details the Company's gross revenue exposure, as at September 30, 2025, subject to movements in iron ore prices for the provisionally priced sales volume:

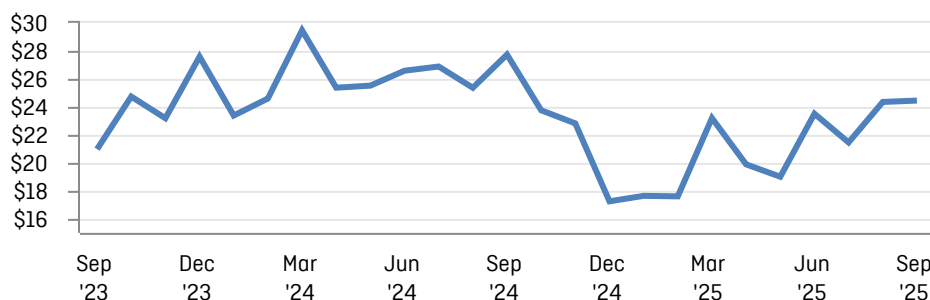
	As at September 30,
(in thousands of U.S. dollars)	2025
Dry metric tonnes subject to provisional pricing adjustments	2,465,100
10% increase in iron ore prices	28,040
10% decrease in iron ore prices	(28,040)

These 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 September 30, 2025, while holding all other variables constant, including foreign exchange rates. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact net realized selling price in Canadian dollars. The above sensitivities should, therefore, be used with caution.

Sea Freight

Sea freight is an important component of the Company's cost structure as it ships nearly 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 index, 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. Additionally, the Company can be exposed to ice premiums in relation to the C3 index for a portion of its first and third quarters, but most particularly in its fourth quarter which is entirely subject to the effective period of ice premiums.

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



During the three-month period ended September 30, 2025, the C3 index averaged US\$23.4/t, up from US\$20.8/t in the previous quarter and down from US\$26.7/t during the same period in 2024. The recent increase was fueled by persistently strong iron ore shipments from Brazil, which contributed to congestion and added upward pressure on freight index prices. Additionally, surging bauxite shipments from West Africa have tightened capesize tonnage supply.

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7. Key Drivers (continued)

Sea Freight (continued)

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.

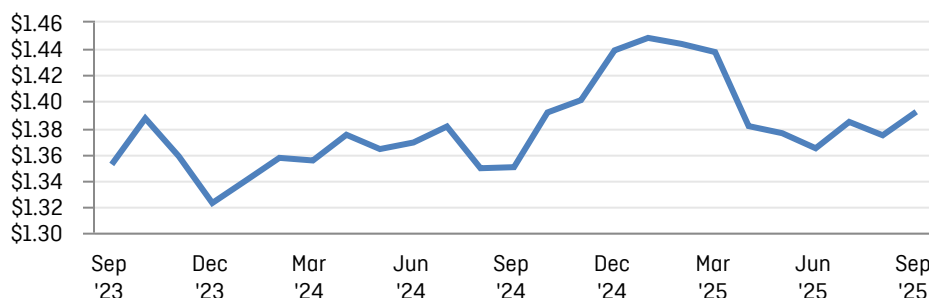
When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled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

Currency

The Canadian dollar is the Company's functional and reporting currency. The Company is exposed to foreign currency fluctuations 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 also 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 would impact gross revenues by approximately 1%. Assuming a stable long-term debt balance, a variation of C\$0.01 against the U.S. dollar would impact debt revaluation by approximately 1%.

Monthly Closing Exchange Rate – C\$/US\$



Exchange rates were as follows:

C\$ / US\$						
	FY2026	Average		FY2026	Closing	
		FY2025	Variance		FY2025	Variance
Q1	1.3841	1.3683	1 %	1.3643	1.3687	— %
Q2	1.3773	1.3641	1 %	1.3921	1.3499	3 %
Q3		1.3982	— %		1.4389	— %
Q4		1.4352	— %		1.4376	— %
Year-end as at March 31		1.3913	— %		1.4376	— %

Apart from these key drivers and the risk factors that are described in the "Risk Factors" section of the Company's Annual Report for the financial year ended March 31, 2025, 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.

Champion Iron Limited

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(Expressed in Canadian dollars, except where otherwise indicated)

8. Bloom Lake Mine Operating Activities

	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Operating Data						
Waste mined and hauled (wmt)	12,888,300	9,323,600	38 %	23,851,900	16,057,300	49 %
Ore mined and hauled (wmt)	10,016,000	9,287,100	8 %	20,086,700	20,066,400	— %
Material mined and hauled (wmt)	22,904,300	18,610,700	23 %	43,938,600	36,123,700	22 %
Stripping ratio	1.29	1.00	29 %	1.19	0.80	49 %
Ore milled (wmt)	9,967,600	9,125,000	9 %	20,468,300	20,209,300	1 %
Head grade Fe (%)	29.6	29.1	2 %	28.9	29.1	(1)%
Fe recovery (%)	79.6	78.7	1 %	78.9	79.0	— %
Product Fe (%)	66.5	66.3	— %	66.4	66.3	— %
Iron ore concentrate produced (wmt)	3,551,600	3,170,100	12 %	7,072,200	7,046,600	— %
Iron ore concentrate sold (dmt)	3,850,900	3,265,700	18 %	7,682,700	6,708,500	15 %

Second Quarter of the 2026 Financial Year vs Second Quarter of the 2025 Financial Year

Bloom Lake produced 3.6 million wmt of high-grade iron ore concentrate during the three-month period ended September 30, 2025, an increase of 12% compared to 3.2 million wmt produced during the same period in 2024, during which production was interrupted for approximately one week due to nearby forest fires in July 2024.

The Company recently encountered higher ore hardness, partly attributable to a specific extension of a pit being mined to enable shorter haul access to waste dumps. Despite the impact of this ore hardness, quarterly production was positively impacted by increased recoveries resulting from the improved performance of the gravimetric systems following work programs and optimization of operations. As a result, during the three-month period ended September 30, 2025, the Fe recovery was 79.6%, compared to 78.7% for the same period in 2024. While recovery rates are expected to fluctuate in accordance with the mine plan and its variations in ore grade, the Company will remain focused on improving and stabilizing recovery rates over time. The ore hardness challenge is expected to moderate in upcoming periods as the Company continues to deliver strong mining performance, which should allow it to optimize the blending of material from different pits.

During the three-month period ended September 30, 2025, despite a shutdown of third-party rail operations for infrastructure maintenance lasting several days, sales volumes exceeded production for the third consecutive quarter, thereby reducing the level of iron ore concentrate stockpiled at Bloom Lake by 477,000 wmt to reach 1.7 million wmt as at September 30, 2025. The Company expects that stockpiled volumes of iron ore concentrate will continue to decrease in future periods. However, the pace of future destocking is expected to vary due to scheduled semi-annual maintenance work at the mine and on the rail network, as well as seasonal transportation constraints. Champion continues to work closely with the rail operator to receive consistent contracted haulage services, ensuring that both ongoing production and existing stockpiles at Bloom Lake are hauled over future periods.

During the three-month period ended September 30, 2025, the Company set a new record by mining and hauling 22.9 million tonnes of waste and ore, surpassing the 18.6 million tonnes of waste and ore recorded in the same prior-year period. This improvement in mining performance was driven by Champion's investments in additional haul trucks and loading equipment during the second half of the previous financial year, as well as enhanced utilization and availability of mining equipment. The strong mining performance enabled the Company to mine and haul a higher volume of waste material, resulting in a stripping ratio of 1.29 for the three-month period ended September 30, 2025, higher than the 1.00 ratio recorded in the same prior-year period. Champion anticipates maintaining elevated stripping activity in upcoming periods, consistent with its LoM plan.

First Six Months of the 2026 Financial Year vs First Six Months of the 2025 Financial Year

The Company produced 7.1 million wmt of high-grade iron ore concentrate during the six-month period ended September 30, 2025, comparable to 7.0 million wmt during the previous year. While plant equipment utilization improved, the hardness of ore processed this year negatively impacted grinding efficiency and Fe recovery, mainly in the first financial quarter, during which Champion had to adjust its operating and maintenance strategies to manage varying ore feed characteristics. During the six-month period ended September 30, 2025, a scheduled annual power interruption by the service provider briefly impacted operations. Despite the ore hardness challenges, the Fe recovery rate for the six-month period ended September 30, 2025, was 78.9%, comparable to the same period in 2024.

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(Expressed in Canadian dollars, except where otherwise indicated)

8. Bloom Lake Mine Operating Activities (continued)

First Six Months of the 2026 Financial Year vs First Six Months of the 2025 Financial Year (continued)

The Company mined and hauled 43.9 million tonnes of material during the six-month period ended September 30, 2025, compared to 36.1 million tonnes in the prior-year period, representing an increase of 22%, mostly attributable to the introduction of additional mining equipment. The solid performance at the mine resulted in a stripping ratio of 1.19 for the six-month period ended September 30, 2025, up from a stripping ratio of 0.80 recorded for the same period in the previous year.

Despite the challenges posed by the hardness of the ore mined, Bloom Lake processed 20.5 million tonnes of ore during the six-month period ended September 30, 2025, which was higher than the 20.2 million tonnes for the same period in the previous year.

The iron ore head grade was 28.9% for the six-month period ended September 30, 2025, consistent with the LoM head grade average and down from the 29.1% head grade average for the same period in the previous year.

9. Financial Performance

	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Financial Data (in thousands of dollars)						
Revenues	492,890	350,980	40 %	882,917	818,064	8 %
Cost of sales	293,398	252,960	16 %	607,326	517,871	17 %
Other expenses	21,648	23,153	[7]%	40,360	44,312	[9]%
Net finance costs	25,643	7,486	243 %	12,387	15,745	[21]%
Net income	56,794	19,807	187 %	80,578	101,164	[20]%
EBITDA ¹	174,823	74,536	135 %	232,576	255,696	[9]%
Statistics (in dollars per dmt sold)						
Gross average realized selling price ¹	157.5	161.8	[3]%	151.7	166.8	[9]%
Net average realized selling price ¹	128.0	107.5	19 %	114.9	121.9	[6]%
C1 cash cost ¹	76.2	77.5	[2]%	79.1	77.2	2 %
AISC ¹	96.9	101.4	[4]%	96.6	96.3	— %
Cash operating margin ¹	31.1	6.1	410 %	18.3	25.6	[29]%

A. Revenues

	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Indexes (in U.S. dollars per tonne)						
P62	102.0	99.7	2 %	100.0	105.6	[5]%
P65	117.4	114.2	3 %	113.0	120.0	[6]%
C3	23.4	26.7	[12]%	22.2	26.3	[16]%
Statistics (in dollars per dmt sold)²						
Gross average realized selling price ¹	114.2	118.9	[4]%	109.9	122.2	[10]%
Freight and other costs	(29.1)	(34.7)	[16]%	(28.0)	(33.4)	[16]%
Provisional pricing adjustments	7.8	(5.2)	[250]%	1.3	0.6	117 %
US\$ Net average realized FOB selling price¹	92.9	79.0	18 %	83.2	89.4	[7]%
C\$ Net average realized FOB selling price¹	128.0	107.5	19 %	114.9	121.9	[6]%

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 — Key Drivers of this Directors' Report.

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

A. Revenues (continued)

Second Quarter of the 2026 Financial Year vs Second Quarter of the 2025 Financial Year

Revenues totalled \$492.9 million for the three-month period ended September 30, 2025, up \$141.9 million from revenues of \$351.0 million in the same period in 2024. Higher revenues were mainly attributable to an 18% increase in sales volume year-over-year, despite the scheduled semi-annual maintenance of third-party rail operations in September 2025, and positive provisional pricing adjustments on sales recorded during the quarter ended June 30, 2025. Freight and other costs declined by 16% year-over-year and also positively impacted revenues during the period.

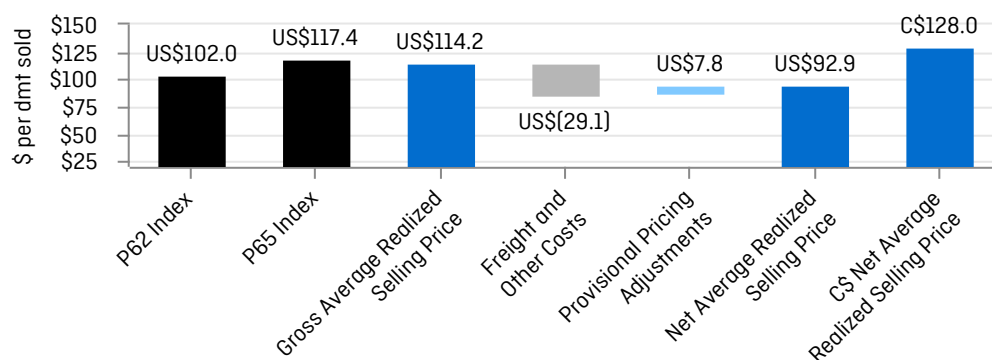
Positive provisional pricing adjustments on prior-quarter sales of \$40.9 million (US\$30.0 million) were recorded during the three-month period ended September 30, 2025, representing a positive impact of US\$7.8/dmt for the 3.9 million dmt sold during the quarter. A final average price of US\$112.4/dmt was established for the 2.5 million dmt of iron ore subject to pricing adjustments as at June 30, 2025, which were provisionally priced at US\$100.2/dmt.

For the three-month period ended September 30, 2025, the gross average realized selling price of US\$114.2/dmt¹ was lower than the P65 index average price of US\$117.4/dmt. The 2.5 million dmt of iron ore subject to pricing adjustments as at September 30, 2025, were evaluated using an average forward price of US\$113.8/dmt. Sales contracts using backward-looking iron ore index pricing also contributed to lower selling prices as index prices on these contracts were lower than the P65 index average price during the period. The gross average realized selling price was also negatively impacted by the Company's strategic transition to a higher grade DRPF product. As part of this shift, Champion intentionally reduced volumes of iron ore concentrate sold under long-term sales contracts to retain a greater proportion of its iron ore concentrate for the short-term and spot markets, which have recently experienced greater pricing volatility and pricing discounts.

Freight and other costs of US\$29.1/dmt, during the three-month period ended September 30, 2025, decreased by 16%, compared to US\$34.7/dmt in the same prior-year period due to a 12% decrease in the average C3 index. Sales contracts using backward-looking pricing also contributed to the reduction of freight costs as the C3 index used was lower than the average index for the period.

After taking into account sea freight and other costs of US\$29.1/dmt and the positive provisional pricing adjustments of US\$7.8/dmt, the Company obtained a net average realized selling price of US\$92.9/dmt (C\$128.0/dmt¹) for its high-grade iron ore concentrate shipped during the quarter.

Q2 FY2026 Net Average Realized Selling Price



¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

A. Revenues (continued)

First Six Months of the 2026 Financial Year vs First Six Months of the 2025 Financial Year

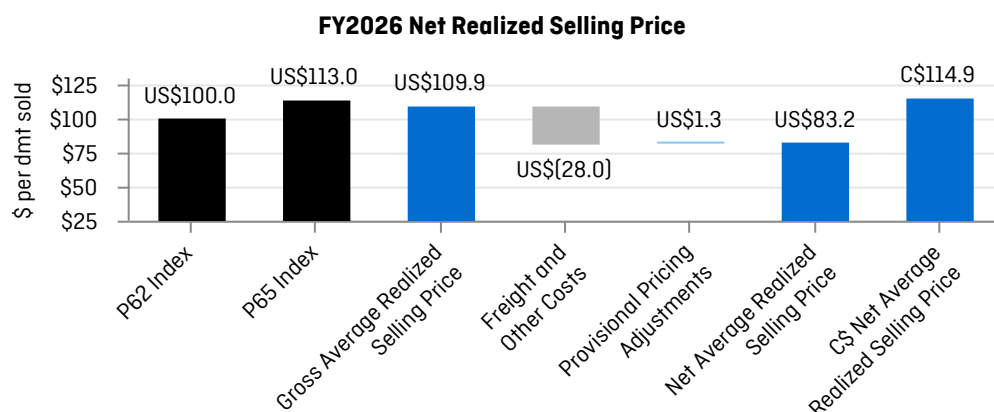
Revenues totalled \$882.9 million for the six-month period ended September 30, 2025, an increase of \$64.9 million compared to \$818.1 million for the previous year, mainly due to higher sales volumes, partially offset by a lower net average realized selling price.

Despite two planned shutdowns of third-party rail operations, the Company sold 7.7 million dmt of iron ore concentrate for the six-month period ended September 30, 2025, up 1.0 million dmt compared to the previous year. This year-over-year increase of 15% was mainly driven by the addition of railcars and rolling stock by the Company and the rail operator, respectively.

The Company sold its product at a gross average realized selling price of US\$109.9/dmt¹ for the six-month period ended September 30, 2025, below the P65 index average price of US\$113.0/dmt for the period. In preparation for the planned transition to include higher grade DRPF material in its product offering in the 2026 calendar year, Champion strategically reduced the volume of iron ore concentrate sold under long-term sales contracts, retaining a greater proportion of its iron ore concentrate production for short-term and spot markets, which are more exposed to pricing discounts.

Freight and other costs for the six-month period ended September 30, 2025, totalled US\$28.0/dmt, a decrease of 16% compared to the previous year, in line with the decrease of the C3 index for the period.

After accounting for sea freight and other costs of US\$28.0/dmt and positive provisional pricing adjustments of US\$1.3/dmt, the Company achieved a net average realized selling price of US\$83.2/dmt [C\$114.9/dmt]¹ for its high-grade iron ore concentrate sold during the period.



B. Cost of Sales and C1 Cash Cost

	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Iron ore concentrate produced (dmt)	3,442,300	3,074,600	12 %	6,854,600	6,835,700	— %
Iron ore concentrate sold (dmt)	3,850,900	3,265,700	18 %	7,682,700	6,708,500	15 %
(in thousands of dollars, except per dmt data)						
Mining and processing costs	182,103	177,334	3 %	365,320	357,346	2 %
Change in iron ore concentrate inventories	17,410	(11,648)	(249)%	54,949	(13,822)	(498)%
Land transportation and port handling	93,885	87,274	8 %	187,057	174,347	7 %
Cost of sales	293,398	252,960	16 %	607,326	517,871	17 %
C1 cash cost per dmt sold¹	76.2	77.5	(2)%	79.1	77.2	2 %
Mining and processing costs per dmt produced ¹	52.9	57.7	(8)%	53.3	52.3	2 %

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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9. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost (continued)

Second Quarter of the 2026 Financial Year vs Second Quarter of the 2025 Financial Year

For the three-month period ended September 30, 2025, the cost of sales totalled \$293.4 million with a C1 cash cost of \$76.2/dmt¹, compared to \$253.0 million with a C1 cash cost of \$77.5/dmt¹ for the same period in 2024.

Mining and processing costs totalled \$52.9/dmt¹ for the 3.4 million dmt produced in the three-month period ended September 30, 2025, representing an 8% decrease compared to \$57.7/dmt produced¹ in the same period last year. This decrease was mainly driven by higher production volumes over which to amortize fixed costs. The plants' utilization was negatively affected in the comparative period by nearby forest fires in July 2024, whereas it was not in the current period. Despite a portion of the ore feed from a harder ore mining sequence, which is expected to decline in the near future, the increase in production volumes was also associated with higher head grade, and improved recovery rates which positively impacted mining and processing costs during the period, as the Company produced higher quantities of iron ore concentrate without increasing mining costs proportionally. This gain reflects the Company's ongoing processing optimization and adjustments to its ore blending strategies.

Land transportation and port handling costs for the three-month period ended September 30, 2025, were \$24.4/dmt sold¹, a decrease from the \$26.7/dmt sold¹ for the same prior-year period. This decrease was mainly attributable to higher sales volumes during the period, which contributed to the amortization of fixed costs for the Sept-Îles port yard facilities.

The C1 cash cost can also be impacted by changes in iron ore concentrate inventory valuation, which incorporate mining and processing costs from the previous quarter, along with variations in production and sales volumes. Considering the scheduled semi-annual maintenance completed during the quarter, cash cost per tonne for the period was not significantly impacted by the destocking of iron ore inventories, as the tonnes destocked carried approximately the same value as the cost of those produced in the period. The Company expects to continue incurring costs to manage and reclaim stockpiles as it destocks iron ore inventories in future periods.

First Six Months of the 2026 Financial Year vs First Six Months of the 2025 Financial Year

For the six-month period ended September 30, 2025, the cost of sales totalled \$607.3 million with a C1 cash cost of \$79.1/dmt¹, compared to \$517.9 million with a C1 cash cost of \$77.2/dmt¹ for the same period in 2024.

Mining and processing costs for the 6.9 million dmt produced in the six-month period ended September 30, 2025, totalled \$53.3/dmt produced¹, compared to \$52.3/dmt produced¹ in the previous year. The increase was mainly driven by higher stripping activities, with 7.8 million more tonnes of waste mined and hauled during the period, compared to last year, in line with the long-term mine plan.

Land transportation and port handling costs for the six-month period ended September 30, 2025, were \$24.3/dmt sold¹, compared to \$26.0/dmt sold¹ for the previous year. This year-over-year decrease was due to higher sales volumes favourably impacting fixed port handling costs.

The C1 cash cost was also impacted by changes in iron ore concentrate inventory valuation, which incorporate mining and processing costs from the previous quarter, along with variations in production and sales volumes. The reduction of stockpiled iron ore concentrate inventory over the period negatively impacted cash cost since the valuation of these tonnes included higher production costs.

C. Other Expenses

	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
(in thousands of dollars)						
Share-based payments	4,618	4,801	(4)%	4,301	7,193	(40)%
General and administrative expenses	9,894	12,114	(18)%	22,475	24,464	(8)%
Sustainability and other community expenses	4,893	4,669	5 %	9,470	9,210	3 %
Innovation and growth initiatives	2,243	1,569	43 %	4,114	3,445	19 %
	21,648	23,153	(7)%	40,360	44,312	(9)%

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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9. Financial Performance (continued)

C. Other Expenses (continued)

For the three and six-month periods ended September 30, 2025, share-based payments were impacted by the change in value of the related liability, which varies based on the price of the Company's shares at each reporting date and the quarterly vesting. The decrease in general and administrative expenses for the three and six-month periods ended September 30, 2025, was mainly attributable to lower legal fees and the timing of consulting expenses. Sustainability and community-related expenses, as well as innovation and growth initiative expenses, for the three and six-month periods ended September 30, 2025, were higher than in the same prior-year periods due to property taxes indexation and higher salaries and benefits, respectively.

D. Net Finance Costs

(in thousands of dollars)	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Interest expense on long-term debt	10,756	6,659	62 %	16,933	14,595	16 %
Standby commitment fees on long-term debt	782	774	1 %	1,405	1,452	(3)%
Interest expense on lease liabilities	1,540	988	56 %	2,988	2,008	49 %
Interest income	(2,923)	(2,431)	20 %	(3,941)	(7,226)	(45)%
Other finance costs	3,322	3,963	(16)%	5,326	6,859	(22)%
	13,477	9,953	35 %	22,711	17,688	28 %
Realized and unrealized foreign exchange loss (gain)	12,166	(2,467)	(593)%	(10,324)	(1,943)	431 %
	25,643	7,486	243 %	12,387	15,745	(21)%

Second Quarter of the 2026 Financial Year vs Second Quarter of the 2025 Financial Year

The Company recorded net finance costs before a realized and unrealized foreign exchange loss (gain) of \$13.5 million for the three-month period ended September 30, 2025, compared to \$10.0 million for the same period in 2024. This increase was mainly attributable to higher interest expense on long-term debt associated with a higher debt balance, partially offset by higher borrowing costs capitalized on the DRPF project, which totalled \$8.5 million during the quarter, compared to \$3.7 million for the same period last year, due to construction progress and the build-up of qualifying assets.

The foreign exchange loss of \$12.2 million for the three-month period ended September 30, 2025, resulted from the revaluation of net monetary liabilities denominated in U.S. dollars. The depreciation of the Canadian dollar at the end of the quarter, compared to June 30, 2025, on the Company's net payable position, consisting of borrowings, lease liabilities, trade receivables, and cash and cash equivalents denominated in U.S. dollars, contributed to the increase in net finance costs.

First Six Months of the 2026 Financial Year vs First Six Months of the 2025 Financial Year

Net finance costs before a realized and unrealized foreign exchange gain increased to \$22.7 million for the six-month period ended September 30, 2025, up from \$17.7 million for the previous year. This increase was primarily driven by a higher debt balance during the year and lower interest income. The increase was partially offset by higher capitalization of borrowing costs related to the construction of the DRPF infrastructure. During the six-month period ended September 30, 2025, borrowing costs of \$15.1 million were capitalized for the DRPF project, compared to \$6.1 million for the previous year.

The foreign exchange gain of \$10.3 million for the six-month period ended September 30, 2025, resulted from the revaluation of net monetary liabilities denominated in U.S. dollars, with the strengthening of the Canadian dollar against the U.S. dollar as at September 30, 2025, compared to March 31, 2025.

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9. Financial Performance (continued)

E. 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 based on its mining profit margin 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 three and six-month periods ended September 30, 2025 (2024: 26.50%).

During the three and six-month periods ended September 30, 2025, current income and mining tax expenses totalled \$10.4 million and \$18.8 million, respectively, compared to a recovery of \$17.0 million and expenses of \$24.1 million, respectively, for the same periods in 2024. The variation was mainly due to changes in taxable income driven by gross profit. With net tax payments of \$37.5 million during the six-month period ended September 30, 2025, and a payable net balance of \$22.7 million as at March 31, 2025, the Company had net income and mining taxes payable of \$4.0 million as at September 30, 2025.

During the three and six-month periods ended September 30, 2025, deferred income and mining tax expense totalled \$36.9 million and \$28.9 million, respectively, compared to \$29.0 million and \$43.9 million, respectively, for the same periods in 2024. The variation in deferred tax expenses was mainly attributable 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 tax rate was 38%. The Company's effective tax rate was 45% and 37%, respectively, for the three and six-month periods ended September 30, 2025, compared to 38% and 40%, respectively, for the previous year. The higher effective tax rate for the three-month period reflects a non-deductible foreign exchange loss and the withholding tax associated with the dividend received from QIO. The lower effective tax rate for the six-month period was mainly due to a non-taxable unrealized foreign exchange gain, partially offset by the withholding tax resulting from the dividends received from QIO in July 2025.

F. Net Income & EBITDA

Second Quarter of the 2026 Financial Year vs Second Quarter of the 2025 Financial Year

For the three-month period ended September 30, 2025, the Company generated EBITDA of \$174.8 million¹, representing an EBITDA margin of 35%¹, compared to \$74.5 million¹, representing an EBITDA margin of 21%¹, for the same period in 2024. Higher EBITDA and EBITDA margins were mainly driven by higher sales volumes, a higher net average realized selling price and a lower cash cost.

For the three-month period ended September 30, 2025, the Company generated net income of \$56.8 million (EPS of \$0.11), compared to \$19.8 million (EPS of \$0.04) for the same prior-year period. This increase in net income was attributable to a higher gross profit, partially offset by an unrealized foreign exchange loss resulting from the revaluation of net monetary liabilities denominated in U.S. dollars and higher income and mining taxes.

First Six Months of the 2026 Financial Year vs First Six Months of the 2025 Financial Year

For the six-month period ended September 30, 2025, the Company generated EBITDA of \$232.6 million¹, representing an EBITDA margin of 26%¹, compared to \$255.7 million¹, representing an EBITDA margin of 31%¹, for the previous year. This year-over-year decrease in EBITDA and EBITDA margin was mainly attributable to a lower net average realized selling price and higher cost of sales, partially offset by higher sales volumes.

For the six-month period ended September 30, 2025, the Company generated net income of \$80.6 million (EPS of \$0.15), compared to \$101.2 million (EPS of \$0.20) for the previous year. This year-over-year decrease in net income is mainly due to lower gross profit, partially offset by lower income and mining taxes.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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9. Financial Performance (continued)

G. All-in Sustaining Cost & Cash Operating Margin

	Three Months Ended September 30,			Six Months Ended September 30,		
	2025	2024	Variance	2025	2024	Variance
Iron ore concentrate sold (dmt)	3,850,900	3,265,700	18 %	7,682,700	6,708,500	15 %
(in dollars per dmt sold)						
Net average realized selling price ¹	128.0	107.5	19 %	114.9	121.9	(6)%
C1 cash cost ¹	76.2	77.5	(2)%	79.1	77.2	2 %
Sustaining capital expenditures	18.2	20.2	(10)%	14.6	15.5	(6)%
General and administrative expenses	2.5	3.7	(32)%	2.9	3.6	(19)%
AISC¹	96.9	101.4	(4)%	96.6	96.3	— %
Cash operating margin¹	31.1	6.1	410 %	18.3	25.6	(29)%

Second Quarter of the 2026 Financial Year vs Second Quarter of the 2025 Financial Year

During the three-month period ended September 30, 2025, the Company realized an AISC of \$96.9/dmt¹, compared to \$101.4/dmt¹ for the same period in 2024. With sustaining capital expenditures and general and administrative expenses mostly in line with the comparative period, higher iron ore concentrate sales led to lower unit costs, favourably impacting AISC for the period.

The Company generated a cash operating margin of \$31.1/dmt¹ for each tonne of high-grade iron ore concentrate sold during the three-month period ended September 30, 2025, compared to \$6.1/dmt¹ for the same prior-year period. The variation was due to a higher net average realized selling price and a lower AISC for the period.

First Six Months of the 2026 Financial Year vs First Six Months of the 2025 Financial Year

During the six-month period ended September 30, 2025, the Company recorded an AISC of \$96.6/dmt¹, similar to the \$96.3/dmt¹ realized in the same period in 2024. The positive impact of increased iron sales volumes was offset by higher sustaining capital expenditures for the period.

The cash operating margin totalled \$18.3/dmt¹ for the six-month period ended September 30, 2025, compared to \$25.6/dmt¹ for the same period in 2024, a decrease attributable to a lower net average realized selling price.

10. Exploration Activities and Regional Growth

During the three and six-month periods ended September 30, 2025, the Company maintained all its properties in good standing and did not enter into any farm-in arrangements. As outlined in section 6 — Kami Joint Arrangement of this Directors' Report, the Company transferred its Kami properties to the Kami Partnership and an aggregate 49% interest in the Kami Partnership was acquired by Nippon Steel and Sojitz in exchange for cash contributions. The Kami Partnership was created to jointly conduct and fund certain components of the DFS on a pro-rata basis, in accordance with the Partners' respective ownership interests.

During the three and six-month periods ended September 30, 2025, \$6.4 million and \$15.2 million in exploration and evaluation expenditures were incurred, respectively, compared to \$4.8 million and \$7.4 million, respectively, for the same prior-year periods. Exploration and evaluation expenditures were related to activities carried out in Québec and Newfoundland and Labrador. Details on exploration projects, along with maps, are available on the Company's website at www.championiron.com under the [Operations & Projects](#) section.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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11. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended September 30,		Six Months Ended September 30,	
(in thousands of dollars, except per share data)	2025	2024	2025	2024
Operating cash flows before working capital	163,016	89,807	204,817	226,515
Changes in non-cash operating working capital	(41,992)	44,882	(2,661)	(60,432)
Net cash flows from operating activities	121,024	134,689	202,156	166,083
Net cash flows used in investing activities	(119,599)	(184,448)	(239,586)	(308,860)
Net cash flows from (used in) financing activities	144,119	(24,399)	243,743	(74,164)
Net increase (decrease) in cash and cash equivalents	145,544	(74,158)	206,313	(216,941)
Effects of exchange rate changes on cash and cash equivalents	3,906	(1,925)	1,740	656
Cash and cash equivalents, beginning of the period	176,054	259,859	117,451	400,061
Cash and cash equivalents, end of the period	325,504	183,776	325,504	183,776
Operating cash flow per share¹	0.23	0.26	0.38	0.32

Operating

During the three-month period ended September 30, 2025, the Company generated operating cash flows of \$163.0 million before changes in working capital items, an increase of \$73.2 million compared to \$89.8 million for the same period last year, driven by higher EBITDA of \$100.3 million¹, partially offset by a \$27.4 million increase in current income and mining taxes. The changes in non-cash operating working capital decreased cash flows from operating activities by \$42.0 million during the period, mainly due to higher trade receivables, partially offset by higher accounts payable and the decrease in inventories due to the reduced volume of iron ore concentrate stockpiled at Bloom Lake. The operating cash flow per share for the three-month period ended September 30, 2025, was \$0.23¹, compared to \$0.26¹ for the same prior-year period.

During the six-month period ended September 30, 2025, the Company's operating cash flows before working capital items totalled \$204.8 million, down \$21.7 million compared to \$226.5 million for the previous year, mostly driven by a lower EBITDA of \$23.1 million¹. The changes in non-cash operating working capital negatively impacted operating cash flows by \$2.7 million due to higher trade receivables, lower accounts payable and lower income and mining taxes payable, partially offset by lower inventories. These variations are detailed in section 12 — Financial Position of this Directors' Report. The operating cash flow per share for the six-month period ended September 30, 2025, totalled \$0.38¹, compared to \$0.32¹ for the previous year.

Investing

i. Purchase of Property, Plant and Equipment

	Three Months Ended September 30,		Six Months Ended September 30,	
(in thousands of dollars)	2025	2024	2025	2024
Tailings lifts	23,481	27,997	38,247	44,101
Stripping and mining activities	18,739	17,582	31,714	27,907
Other sustaining capital expenditures	27,690	20,340	42,190	31,919
Sustaining Capital Expenditures	69,910	65,919	112,151	103,927
DRPF project	20,614	64,677	68,074	123,142
Other capital development expenditures at Bloom Lake	22,675	48,586	38,349	67,574
Purchase of Property, Plant and Equipment as per Cash Flows	113,199	179,182	218,574	294,643

Sustaining Capital Expenditures

The tailings-related investments for the three and six-month periods ended September 30, 2025, were in line with the Company's long-term plan to support the LoM operations. As part of its ongoing tailings infrastructure monitoring and inspections, Champion remains committed to its safe tailings strategy and continues to implement its long-term investment plan for tailings infrastructure.

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11. Cash Flows (continued)

Investing (continued)

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

Sustaining Capital Expenditures (continued)

During the third quarter of the 2025 financial year, the Company initiated the expansion of its tailings and waste storage capacity to accommodate increased operational throughput. Tailings-related construction activities are typically conducted between May and November, when weather conditions on-site are more favourable.

Stripping and mining activities for the three and six-month periods ended September 30, 2025, were comprised of \$7.3 million and \$15.1 million, respectively, of mine development costs, including topographic and pre-cut drilling work, the details of which are contained in the Company's mine plan (\$11.7 million and \$22.0 million, respectively, for the same periods in 2024). During the three and six-month periods ended September 30, 2025, stripping and mining activities also included \$11.4 million and \$16.6 million, respectively, in capitalized stripping costs (\$5.9 million for each of the same periods in 2024).

Other sustaining capital expenditures for the three and six-month periods ended September 30, 2025, included expenditures related to mining equipment rebuild programs. These are aligned with the Company's long-term investment strategy to support growth initiatives across the LoM.

DRPF Project

During the three and six-month periods ended September 30, 2025, the Company spent \$20.6 million and \$68.1 million, respectively, in capital expenditures related to the DRPF project (\$64.7 million and \$123.1 million, respectively, for the same prior-year periods). Investments during the year mainly consisted of construction activities, including mechanical, piping and electrical work, all of which are progressing as planned. Cumulative investments totalled \$407.6 million as at September 30, 2025. A detailed description of the project is presented in section 5 — DRPF Project Update of this Directors' Report.

Other Capital Development Expenditures at Bloom Lake

During the three and six-month periods ended September 30, 2025, other capital development expenditures at Bloom Lake totalled \$22.7 million and \$38.3 million, respectively (\$48.6 million and \$67.6 million, respectively, for the same periods in 2024), and are detailed as follows:

(in thousands of dollars)	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Infrastructure improvements and conformity (i)	12,172	14,907	15,191	25,065
Mine maintenance garage expansion	—	3,680	457	7,463
Deposits or final payment for mining equipment	9,404	16,668	15,623	19,420
Railcars	—	9,723	—	9,723
Other (ii)	1,099	3,608	7,078	5,903
Other Capital Development Expenditures at Bloom Lake	22,675	48,586	38,349	67,574

(i) Infrastructure improvements and conformity expenditures included various capital projects aimed at improving the performance or capacity of assets and complying with various regulations governing mining practices.

(ii) Other expenditures include cash capitalized borrowing costs on the DRPF project.

ii. Other Main Investing Activities

During the three and six-month periods ended September 30, 2025, the Company invested \$6.4 million and \$15.2 million, respectively, in exploration and evaluation assets (\$4.8 million and \$7.4 million, respectively, for the same prior-year periods).

Financing

During the three and six-month periods ended September 30, 2025, Champion issued US\$500 million of 7-year Senior Unsecured Notes for net proceeds, after transaction costs, of \$666.8 million. Concurrently, the Company used the proceeds from the offering to repay its senior credit facilities totalling \$456.3 million. In addition, during the three and six-month periods ended September 30, 2025, the Company made repayments of \$8.8 million on mining equipment financings and a net drawdown of \$57.4 million, respectively (repayments of \$6.4 million and \$19.0 million, respectively, for the same prior-year periods).

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11. Cash Flows (continued)

Financing (continued)

During the three and six-month periods ended September 30, 2025, the Company made a dividend payment to shareholders totalling \$53.3 million (\$51.8 million for the same prior-year periods). During the three and six-month periods ended September 30, 2025, the Company also made payments on lease liabilities of \$4.2 million and \$7.5 million, respectively (\$1.8 million and \$3.6 million, respectively, for the same prior-year periods). In addition, during the six-month period ended September 30, 2025, La Caisse exercised warrants to acquire 15 million ordinary shares of Champion, resulting in total proceeds to the Company of \$36.7 million.

12. Financial Position

The following table details the changes to the interim consolidated statements of financial position:

	As at September 30,	As at March 31,	
(in thousands of dollars)	2025	2025	Variance
Cash and cash equivalents	325,504	117,451	177 %
Receivables	217,756	202,470	8 %
Inventories	288,416	357,489	(19)%
Other current assets	51,482	54,895	(6)%
Total Current Assets	883,158	732,305	21 %
Advance payments	75,594	76,307	(1)%
Property, plant and equipment	2,219,141	2,046,406	8 %
Exploration and evaluation assets	95,955	148,029	(35)%
Other non-current assets	102,445	27,154	277 %
Investment in a joint venture	62,057	—	100 %
Total Assets	3,438,350	3,030,201	13 %
Total Current Liabilities	343,873	358,682	(4)%
Long-term debt	936,911	666,576	41 %
Lease liabilities	82,023	78,619	4 %
Provisions	132,277	141,628	(7)%
Net deferred tax liabilities	354,037	325,105	9 %
Other non-current liabilities	89,803	24,193	271 %
Total Liabilities	1,938,924	1,594,803	22 %
Total Equity	1,499,426	1,435,398	4 %
Total Liabilities and Equity	3,438,350	3,030,201	13 %

Assets

The Company's cash and cash equivalents balance on September 30, 2025, compared to the amount held on March 31, 2025, is detailed in section 11 — Cash Flows of this Directors' Report.

The increase in receivables was mostly attributable to higher trade receivables due to positive provisional pricing adjustments, and the timing in the receipt of sales tax receivables. This increase was partially offset by the settlement of the Kami DFS costs concurrently with the Initial Closing of the Transaction as outlined in section 6 — Kami Joint Arrangement of this Directors' Report.

The decrease in inventories was mainly attributable to the reduced volume of iron ore concentrate stockpiled at Bloom Lake as at September 30, 2025, compared to March 31, 2025.

The new investment in a joint venture and the decrease in exploration and evaluation assets are discussed in section 6 — Kami Joint Arrangement of this Directors' Report.

The additions to property, plant and equipment are detailed in section 11 — Cash Flows of this Directors' Report. The increase during the period was also attributable to additional right-of-use assets related to certain equipment.

Other non-current assets included \$68.6 million receivable from the Kami Partnership, corresponding to the initial cash contributions from Nippon Steel and Sojitz.

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12. Financial Position (continued)

Liabilities and Equity

The decrease in current liabilities was mainly attributable to lower accruals associated with wages and benefits and lower income and mining taxes payable, as bonuses and taxes related to the 2025 financial year were both paid during the period, partially offset by new mobile equipment lease liabilities and a higher current portion of the Company's provisions.

The increase in long-term debt was mainly attributable to the proceeds of the US\$500 million Senior Unsecured Notes offering completed on July 2, 2025, partially offset by the repayment of the Company's senior term loan and revolving facility, as well as an unrealized foreign exchange gain on the long-term debt denominated in U.S. dollars.

Other non-current liabilities included a \$68.6 million liability representing the maximum amount repayable to the Partners if they exercise their options to exit the Kami Partnership.

Total equity increased by \$64.0 million since the beginning of the current financial year as the dividend payment on the Company's ordinary shares was more than offset by the proceeds from the exercise of warrants by La Caisse and the net income generated during the six-month period.

Liquidity

The Company believes it is well positioned to fund all of its cash requirements for the next 12 months from its existing cash balance, forecasted cash flows from operating activities and undrawn available credit facilities.

As at September 30, 2025, the Company held \$325.5 million in cash and cash equivalents and had \$514.9 million in undrawn loans under the revolving facility for total available liquidity of \$840.4 million¹.

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

- Sustaining and other capital expenditures;
- Growth projects expenditures, including DRPF project expenditures;
- Semi-annual dividend payments to shareholders, if declared;
- Capital repayments related to lease liabilities and long-term debt; and
- Payment of mining and income taxes.

Future cash calls by the Kami Partnership are not expected to affect the Company's liquidity in the short term. It is expected that the proceeds of the initial cash contributions to the Kami Partnership by the Partners will be used to cover the Company's pro-rata share of the costs, thus reducing the amount of the contribution note from the Kami Partnership issued in connection with the Kami assets transfer from the Company to the Kami Partnership.

13. Financial Instruments

The nature and extent of risks arising from the Company's financial instruments are summarized in note 26 to the annual consolidated financial statements for the financial year ended March 31, 2025.

14. 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.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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14. Contingencies (continued)

In relation to the Kami Project, the Second Closing of the Transaction remains subject to: i) the completion of a DFS, expected to be completed by the end of the 2026 calendar year, and ii) Champion and the Partners proceeding with positive IID elections to pursue work towards an FID, as well as other customary closing conditions. Until an FID is made, the Partners have different options to exit the Kami Partnership by requiring Champion to acquire their interests. Details on contingencies related to the Kami Project and other contingencies are disclosed in notes 21 and 23 to the Financial Statements.

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

Contractual Obligations and Commitments

The following table details the contractual maturities of the Company's liabilities segmented by period, including estimated future interest payments and future minimum payments of the commitments, as at September 30, 2025:

(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)	255,294	—	—	255,294
Long-term debt	113,853	450,230	871,015	1,435,098
Lease liabilities	27,245	47,212	72,427	146,884
Commitments as per note 23 to the Financial Statements	116,587	75,836	214,023	406,446
	512,979	573,278	1,157,465	2,243,722

The Company has obligations for services related to fixed charges for the use of infrastructure over a defined contractual period of time. Such service commitments are excluded from the above table as the services are expected to be used by the Company. To the extent that this changes, the commitment amount may change. The Company is also subject to limited production payments on its Consolidated Fire Lake North, Lac Lam    , Moir   Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

Other Off-Balance Sheet Arrangements

As at September 30, 2025, the undrawn portion of the revolving facility is subject to standby commitment fees.

16. Material Judgments, Estimates and Assumptions

In relation to the Kami Partnership, the Company made new judgments, estimates and assumptions.

Joint arrangement

Judgment is required to determine when the Company has joint control, which requires an assessment of the key strategic activities of the arrangement to determine which activities most significantly affect the returns of the arrangement over its life. When unanimous consent is required over the decisions about the key strategic activities, the parties whose consent is required have joint control over the arrangement. The judgments around which activities are considered to be strategic are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, the Company has determined that the key strategic activities for the Kami Partnership relate to the managing of the asset while it is being designed, developed and constructed, during its operating life and during the closure period. Those activities include the determination of the LoM plan, entering into decisive long-term operating contracts for rail and port services, approval of budgets for significant operating costs and capital expenditures, obtaining funding, management of financial assets, and appointment, remuneration and termination of key management personnel. The control and key strategic activities of the arrangement are reassessed whenever there is a change in circumstances or contractual terms.

Judgment is also required to classify a joint arrangement as either a joint operation or a joint venture. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. In making this determination, the structure and the legal form of the arrangement, the contractual terms and other facts and circumstances are analyzed. This assessment requires judgment and has led the Company to conclude that the Kami Partnership is a joint venture for the purposes of the consolidated financial statements, as the Company only has rights to the net assets of the arrangement proportionate to its ownership interest.

The Company's other material accounting judgments, estimates and assumptions are summarized in note 2 to the annual consolidated financial statements for the financial year ended March 31, 2025.

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17. New Accounting Amendments Issued and Adopted by the Company

The new accounting amendments issued and adopted by the Company are disclosed in note 2 to the Financial Statements.

18. New Accounting Standards or Amendments Issued to Be Adopted at a Later Date

The new accounting standards or amendments issued but not yet in effect are disclosed in note 2 to the Financial Statements.

19. Related Parties

Related party transactions consist of transactions with key management personnel and joint ventures.

The Company considers members of the Board and some of its senior officers to be key management personnel. Transactions with key management personnel are disclosed in note 28 to the annual consolidated financial statements for the financial year ended March 31, 2025. No significant changes occurred during the three and six-month periods ended September 30, 2025.

As outlined in section 6 — Kami Joint Arrangement of this Directors' Report, the Company holds a 51% interest in the Kami Partnership, formed for the joint ownership and potential development of the Kami Project.

Transactions and balances with the joint venture, accounted as per the equity method, are summarized below:

	Three Months Ended September 30,
(in thousands of dollars)	2025
Contributed net assets	
Current assets	313
Non-current assets	78,868
Current liabilities	(3,175)
Non-current liabilities	(28)
	75,978
Cash received (Feasibility Study repayment)	(15,630)
Investment received	60,348
	As at September 30,
(in thousands of dollars)	2025
Joint venture's contribution note	68,600
Investment in a joint venture	62,057

The joint venture does not have any future minimum payments of commitments as at September 30, 2025.

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20. Summary of Quarterly Results

The following information is derived from, and should be read in conjunction with, the Financial Statements and the unaudited condensed interim consolidated financial statements for the previous quarters, as well as with the audited annual consolidated financial statements for the financial year ended March 31, 2025.

	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Financial Data (in millions of dollars, except per share data)								
Revenues	492.9	390.0	425.3	363.2	351.0	467.1	332.7	506.9
Operating income	132.7	10.6	84.6	50.8	39.6	145.5	55.2	211.3
Net income	56.8	23.8	39.1	1.7	19.8	81.4	25.8	126.5
Adjusted net income ¹	56.8	23.8	39.1	1.7	19.8	81.4	25.8	126.5
EBITDA ¹	174.8	57.8	127.4	88.2	74.5	181.2	85.1	246.6
Basic EPS	0.11	0.05	0.08	0.00	0.04	0.16	0.05	0.24
Adjusted EPS ¹	0.11	0.05	0.08	0.00	0.04	0.16	0.05	0.24
Diluted EPS	0.11	0.05	0.07	0.00	0.04	0.15	0.05	0.24
Net cash flows from (used in) operating activities	121.0	81.1	144.4	(6.4)	134.7	31.4	100.5	162.6
Operating Data								
Waste mined and hauled (thousands of wmt)	12,888	10,964	10,886	9,694	9,324	6,734	6,499	6,993
Ore mined and hauled (thousands of wmt)	10,016	10,071	9,470	10,348	9,287	10,779	9,471	11,216
Stripping ratio	1.29	1.09	1.15	0.94	1.00	0.62	0.69	0.62
Ore milled (thousands of wmt)	9,968	10,501	9,160	10,305	9,125	11,084	9,349	11,137
Head grade Fe (%)	29.6	28.2	29.2	29.3	29.1	29.1	28.7	29.4
Fe recovery (%)	79.6	78.2	78.3	79.1	78.7	79.3	80.2	81.4
Product Fe (%)	66.5	66.3	66.5	66.3	66.3	66.3	66.1	66.3
Iron ore concentrate produced (thousands of wmt)	3,552	3,521	3,167	3,621	3,170	3,877	3,275	4,043
Iron ore concentrate sold (thousands of dmt)	3,851	3,832	3,495	3,287	3,266	3,443	2,969	3,228
Statistics (in dollars per dmt sold)								
Gross average realized selling price ¹	157.5	146.0	160.4	158.8	161.8	171.6	166.3	195.8
Net average realized selling price ¹	128.0	101.8	121.7	110.5	107.5	135.7	112.1	157.1
C1 cash cost ¹	76.2	81.9	80.0	78.7	77.5	76.9	76.6	73.0
AISC ¹	96.9	96.2	93.1	93.9	101.4	91.6	88.0	83.9
Cash operating margin ¹	31.1	5.6	28.6	16.6	6.1	44.1	24.1	73.2
Statistics (in U.S. dollars per dmt sold) ²								
Gross average realized selling price ¹	114.2	105.5	111.8	113.4	118.9	125.3	123.4	144.0
Net average realized selling price ¹	92.9	73.4	84.9	78.8	79.0	99.2	82.9	115.6
C1 cash cost ¹	55.3	59.2	55.7	56.3	56.8	56.2	56.8	53.6
AISC ¹	70.4	69.5	64.9	67.2	74.3	66.9	65.3	61.6
Cash operating margin ¹	22.5	3.9	20.0	11.6	4.7	32.3	17.6	54.0

¹ This is a non-IFRS financial measure, ratio or other financial measure. This 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 21 — Non-IFRS and Other Financial Measures of this Directors' Report for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 — Key Drivers of this Directors' Report.

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

21. Non-IFRS and Other Financial Measures

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

The Company presents certain of its non-IFRS measures and other financial measures in United States dollars in addition to Canadian dollars to facilitate comparability with measures presented by other companies.

Non-IFRS Financial Measures	
EBITDA	Earnings before income and mining taxes, net finance costs and depreciation
Adjusted net income	Net income plus Bloom Lake start-up costs, if any, less gain on disposal of non-current investments, plus write-off of non-current investment 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 Bloom Lake start-up costs, if any, divided by iron ore concentrate sold in dmt
AISC per dmt sold	C1 cash cost, plus sustaining capital expenditures and general and administrative expenses, divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price, less AISC
Gross average realized selling price per dmt sold	Revenues before provisional pricing adjustments and freight and other costs, divided by iron ore concentrate sold in dmt
Cash profit margin	Cash operating margin as a percentage of net average realized selling price
Other Financial Measures	
Net average realized selling price or net average realized FOB selling price per dmt sold	Revenues, divided by iron ore concentrate sold in dmt
Mining and processing costs per dmt produced	Mining and processing costs, divided by iron ore concentrate produced in dmt
Land transportation and port handling costs per dmt sold	Land transportation and port handling costs, divided by iron ore concentrate sold in dmt
Operating cash flow per share	Net cash flows from (used in) operating activities per basic weighted average number of ordinary shares outstanding

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

21. 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 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 meanings prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
(in thousands of dollars)	2024	2025	2025	2025	2025
Income before income and mining taxes	21,347	74,646	24,213	104,072	128,285
Net finance costs (income)	30,508	11,286	(13,256)	25,643	12,387
Depreciation	36,361	41,446	46,796	45,108	91,904
EBITDA	88,216	127,378	57,753	174,823	232,576
Revenues	363,170	425,345	390,027	492,890	882,917
EBITDA margin	24%	30%	15%	35%	26%

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
(in thousands of dollars)	2023	2024	2024	2024	2024
Income before income and mining taxes	204,981	46,693	137,377	31,777	169,154
Net finance costs	8,747	8,831	8,259	7,486	15,745
Depreciation	32,881	29,575	35,524	35,273	70,797
EBITDA	246,609	85,099	181,160	74,536	255,696
Revenues	506,891	332,673	467,084	350,980	818,064
EBITDA margin	49%	26%	39%	21%	31%

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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

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 investors 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 meanings prescribed by IFRS and, therefore, may not be comparable to similar measures and ratios presented by other companies.

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

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2024	2025	2025	2025	2025
(in thousands of dollars, except shares and per share data)					
Net income	1,741	39,140	23,784	56,794	80,578
Adjusted net income	1,741	39,140	23,784	56,794	80,578
(in thousands)					
Weighted average number of ordinary shares outstanding — Basic	518,251	518,251	522,702	533,251	528,005
Adjusted EPS (in dollars)	0.00	0.08	0.05	0.11	0.15

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
(in thousands of dollars, except shares and per share data)					
Net income	126,462	25,791	81,357	19,807	101,164
Adjusted net income	126,462	25,791	81,357	19,807	101,164
(in thousands)					
Weighted average number of ordinary shares outstanding — Basic	517,761	518,104	518,080	518,111	518,095
Adjusted EPS (in dollars)	0.24	0.05	0.16	0.04	0.20

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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

Available Liquidity

Available liquidity is a non-IFRS measure used by Management to prudently monitor the cash accessible by the Company. 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 September 30,	As at June 30,
(in thousands of dollars)	2025	2025
Cash and cash equivalents	325,504	176,054
Undrawn amounts under credit facilities	514,940	360,569
Available liquidity	840,444	536,623

C1 Cash Cost per dmt sold

C1 cash cost per dmt is a common financial performance measure in the iron ore mining industry. Champion reports its 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 with 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 general and administrative expenses, as well as rail and port operating costs. Depreciation expense is not a component of C1 cash cost.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2024	2025	2025	2025	2025
Iron ore concentrate sold (dmt)	3,287,400	3,495,300	3,831,800	3,850,900	7,682,700
(in thousands of dollars, except per dmt data)					
Cost of sales	258,728	279,644	313,928	293,398	607,326
C1 cash cost (per dmt sold)	78.7	80.0	81.9	76.2	79.1

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	3,265,700	6,708,500
(in thousands of dollars, except per dmt data)					
Cost of sales	235,457	227,496	264,911	252,960	517,871
C1 cash cost (per dmt sold)	73.0	76.6	76.9	77.5	77.2

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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

All-in Sustaining Cost per dmt sold

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-purity 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. Also, it 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 general and administrative expenses divided by the iron ore concentrate sold, to arrive at a per dmt figure. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. The sustaining capital included in the AISC calculation excludes development capital expenditures such as capacity increase projects and studies for future expansion projects.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2024	2025	2025	2025	2025
Iron ore concentrate sold (dmt)	3,287,400	3,495,300	3,831,800	3,850,900	7,682,700
(in thousands of dollars, except per dmt data)					
Cost of sales	258,728	279,644	313,928	293,398	607,326
Sustaining capital expenditures ¹	38,193	33,230	42,241	69,910	112,151
General and administrative expenses	11,813	12,457	12,581	9,894	22,475
	308,734	325,331	368,750	373,202	741,952
AISC (per dmt sold)	93.9	93.1	96.2	96.9	96.6

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	3,265,700	6,708,500
(in thousands of dollars, except per dmt data)					
Cost of sales	235,457	227,496	264,911	252,960	517,871
Sustaining capital expenditures ¹	24,031	19,759	38,008	65,919	103,927
General and administrative expenses	11,206	13,973	12,350	12,114	24,464
	270,694	261,228	315,269	330,993	646,262
AISC (per dmt sold)	83.9	88.0	91.6	101.4	96.3

¹ Purchase of property, plant and equipment as per the consolidated statements of cash flows are classified into sustaining capital expenditures, DRPF project 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 11 — Cash Flows of this Directors' Report.

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

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

Cash Operating Margin per dmt sold 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 meanings prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2024	2025	2025	2025	2025
Iron ore concentrate sold (dmt)	3,287,400	3,495,300	3,831,800	3,850,900	7,682,700
(in thousands of dollars, except per dmt data)					
Revenues	363,170	425,345	390,027	492,890	882,917
Net average realized selling price (per dmt sold)	110.5	121.7	101.8	128.0	114.9
AISC (per dmt sold)	93.9	93.1	96.2	96.9	96.6
Cash operating margin (per dmt sold)	16.6	28.6	5.6	31.1	18.3
Cash profit margin	15%	24%	6%	24%	16%

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	3,265,700	6,708,500
(in thousands of dollars, except per dmt data)					
Revenues	506,891	332,673	467,084	350,980	818,064
Net average realized selling price (per dmt sold)	157.1	112.1	135.7	107.5	121.9
AISC (per dmt sold)	83.9	88.0	91.6	101.4	96.3
Cash operating margin (per dmt sold)	73.2	24.1	44.1	6.1	25.6
Cash profit margin	47%	21%	32%	6%	21%

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

21. 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 enables 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 price realized on iron ore concentrate 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.

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2024	2025	2025	2025	2025
Iron ore concentrate sold (dmt)	3,287,400	3,495,300	3,831,800	3,850,900	7,682,700
(in thousands of dollars, except per dmt data)					
Revenues	363,170	425,345	390,027	492,890	882,917
Provisional pricing adjustments	17,407	[5,389]	26,552	(40,935)	(14,383)
Freight and other costs	141,568	140,627	142,687	154,436	297,123
Gross revenues	522,145	560,583	559,266	606,391	1,165,657
Gross average realized selling price (per dmt sold)	158.8	160.4	146.0	157.5	151.7

	December 31,	March 31,	June 30,	Three Months Ended September 30,	Six Months Ended September 30,
	2023	2024	2024	2024	2024
Iron ore concentrate sold (dmt)	3,227,500	2,968,900	3,442,800	3,265,700	6,708,500
(in thousands of dollars, except per dmt data)					
Revenues	506,891	332,673	467,084	350,980	818,064
Provisional pricing adjustments	[15,997]	31,005	[27,947]	22,947	[5,000]
Freight and other costs	140,971	130,074	151,547	154,425	305,972
Gross revenues	631,865	493,752	590,684	528,352	1,119,036
Gross average realized selling price (per dmt sold)	195.8	166.3	171.6	161.8	166.8

22. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of October 29, 2025, there were 533,251,001 ordinary shares issued and outstanding, and 7,186,083 restricted share units, deferred share units and performance share units issued under the Company's Omnibus Incentive Plan.

Champion Iron Limited

Directors' Report — Operating and Financial Review

(Expressed in Canadian dollars, except where otherwise indicated)

23. Risk Factors

Champion is subject to several risks and uncertainties which could have a material adverse impact on its operations, its financial condition and the trading price of its shares.

The Board oversees Management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, to monitor risks and adherence to market conditions, and the Company's activities.

Refer to the section entitled "Risk Factors" in the Company's Annual Report for the financial year ended March 31, 2025, available on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and the Company's website at www.championiron.com to see the principal risk factors that apply to the Company and that may have a material adverse effect on its business, operating results and financial condition and for information about the Company's exposure to each of the described risks.

24. 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 people who cannot afford the possibility of losing their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

25. Additional Information

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

DIRECTORS' REPORT

Specific and General Information

The Board of Directors of Champion Iron Limited present herewith the consolidated financial report of the entity for the half-year ended September 30, 2025. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Principal Activities

Champion's principal activities include the production of high-purity iron ore concentrate and the development and exploration of its iron ore properties in the provinces of Québec and Newfoundland and Labrador in the Labrador Trough region, Canada.

Operating and Financial Review

The review of operations and financials is set out from page 2 to page 34 and forms part of this Directors' Report.

Events Occurring After the Reporting Period

The Board declared a ninth consecutive semi-annual dividend of \$0.10 per ordinary share on October 29, 2025 (Montréal) / October 30, 2025 (Sydney), in connection with the semi-annual financial results for the period ended September 30, 2025. The Company's shareholders on record as at the close of business on November 12, 2025 (Montréal and Sydney), will be entitled to receive payment of the dividend on November 27, 2025 (Montréal and Sydney).

Other than this element, there are no significant matters, circumstances or events that have arisen since the end of the financial half-year that have significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs, in the financial years subsequent to the financial half-year ended September 30, 2025.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

Director	Position	Note
Michael O'Keeffe	Executive Chairman	Non-independent
David Cataford	Executive Director and Chief Executive Officer	Non-independent
Gary Lawler	Non-executive Director	Lead Director
Michelle Cormier	Non-executive Director	Independent Director
Louise Grondin	Non-executive Director	Independent Director
Jessica McDonald	Non-executive Director	Independent Director
Jyothish George	Non-executive Director	Independent Director
Ronnie Beevor	Non-executive Director	Independent Director

DIRECTORS' REPORT

Specific and General Information (continued)

Auditor's Independence Declaration

Ernst & Young (Australia) are the auditors of the Company. A copy of their auditor's independence declaration for the half-year ended September 30, 2025, as required under section 307C of the Corporations Act 2001 is set out on page 38 and forms part of this Directors' Report.

Rounding

The Company is of a kind referred to in ASIC Corporation (Rounding in Financial/Directors' report) Instruments 2016/191 issued by the Australian Securities and Investments Commission. In accordance with the class order, amounts in this report and in the half-year financial report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the Corporations Act 2001.

/s/ Michael O'Keeffe

Michael O'Keeffe, Executive Chairman

/s/ Gary Lawler

Gary Lawler, Lead Director

Dated on October 30, 2025

DIRECTORS' DECLARATION

In the Directors' opinion:

- a. the accompanying financial statements and notes of Champion Iron Limited
 - give a true and fair view of the Company's consolidated financial position as at September 30, 2025, and of its performance for the half-year ended on that date; and
 - comply with Accounting Standard AASB 134 *"Interim Financial Reporting"* and the Corporations Act 2001.
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

/s/ Michael O'Keeffe

Michael O'Keeffe, Executive Chairman

/s/ Gary Lawler

Gary Lawler, Lead Director

Dated on October 30, 2025

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's independence declaration to the directors of Champion Iron Limited

As lead auditor for the review of the half-year financial report of Champion Iron Limited for the half-year ended September 30, 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Champion Iron Limited and the entities it controlled during the financial period.

A stylized, handwritten-style signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink that reads 'Siobhan Hughes'.

Siobhan Hughes
Partner
October 30, 2025

Champion Iron Limited

(ACN: 119 770 142)

Condensed Interim Consolidated Financial Statements For the Three and Six-Month Periods Ended September 30, 2025 and 2024

(Expressed in thousands of Canadian dollars - unaudited)



Shape the future
with confidence

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Independent auditor's review report to the members of Champion Iron Limited

Conclusion

We have reviewed the accompanying condensed half-year financial report of Champion Iron Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at September 30, 2025, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at September 30, 2025 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at September 30, 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature of 'Siobhan Hughes' in black ink.

Siobhan Hughes
Partner
Sydney
October 30, 2025

Champion Iron Limited

Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars - unaudited)

		As at September 30, 2025	As at March 31, 2025
	Notes		
Assets			
Current			
Cash and cash equivalents		325,504	117,451
Receivables	4	217,756	202,470
Income and mining taxes receivable		139	3,173
Prepaid expenses and advances	5	51,343	51,722
Inventories	6	288,416	357,489
		883,158	732,305
Non-current			
Non-current investments		12,233	15,393
Advance payments	7	75,594	76,307
Intangible assets		4,291	5,219
Property, plant and equipment	8	2,219,141	2,046,406
Exploration and evaluation assets	9	95,955	148,029
Other non-current assets	10	85,921	6,542
Investment in a joint venture	3, 21	62,057	—
Total assets		3,438,350	3,030,201
Liabilities			
Current			
Accounts payable and other	11	289,514	289,660
Income and mining taxes payable		4,108	25,895
Current portion of long-term debt	12	40,658	40,725
Current portion of provisions	13	9,593	2,402
		343,873	358,682
Non-current			
Long-term debt	12	936,911	666,576
Deferred grant	12	7,960	8,573
Lease liabilities		82,023	78,619
Provisions	13	132,277	141,628
Other long-term liabilities	3	81,843	15,620
Net deferred tax liabilities		354,037	325,105
Total liabilities		1,938,924	1,594,803
Shareholders' equity			
Share capital	14	470,085	411,047
Contributed surplus		16,647	16,647
Warrants	14	—	22,288
Foreign currency translation reserve		399	374
Retained earnings		1,012,295	985,042
Total equity		1,499,426	1,435,398
Total liabilities and equity		3,438,350	3,030,201
Commitments and contingencies	23		
Subsequent event	26		

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Approved on October 30, 2025 on behalf of the Board of Directors

/s/ Michael O'Keeffe
Executive Chairman

/s/ Gary Lawler
Lead Director

Champion Iron Limited

Interim Consolidated Statements of Income

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

		Three Months Ended September 30,		Six Months Ended September 30,	
	Notes	2025	2024	2025	2024
Revenues	15	492,890	350,980	882,917	818,064
Cost of sales	16	(293,398)	[252,960]	(607,326)	[517,871]
Depreciation	24	(45,108)	[35,273]	(91,904)	[70,797]
Gross profit		154,384	62,747	183,687	229,396
Other expenses					
Share-based payments	14	(4,618)	[4,801]	(4,301)	[7,193]
General and administrative expenses		(9,894)	[12,114]	(22,475)	[24,464]
Sustainability and other community expenses		(4,893)	[4,669]	(9,470)	[9,210]
Innovation and growth initiatives		(2,243)	[1,569]	(4,114)	[3,445]
Operating income		132,736	39,594	143,327	185,084
Net finance costs	17	(25,643)	[7,486]	(12,387)	[15,745]
Other expenses	18	(3,021)	[331]	(2,655)	[185]
Income before income and mining taxes		104,072	31,777	128,285	169,154
Current income and mining taxes		(10,372)	17,049	(18,775)	[24,131]
Deferred income and mining taxes		(36,906)	[29,019]	(28,932)	[43,859]
Net income		56,794	19,807	80,578	101,164
Earnings per share		(in dollars)	(in dollars)	(in dollars)	(in dollars)
Basic	19	0.11	0.04	0.15	0.20
Diluted	19	0.11	0.04	0.15	0.19
Weighted average number of ordinary shares outstanding		(in thousands)	(in thousands)	(in thousands)	(in thousands)
Basic	19	533,251	518,111	528,005	518,095
Diluted	19	534,544	527,463	531,328	527,837

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Champion Iron Limited

Interim Consolidated Statements of Comprehensive Income

(Expressed in thousands of Canadian dollars - unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Net income	56,794	19,807	80,578	101,164
Other comprehensive income (loss)				
Item that may be reclassified subsequently to the consolidated statements of income				
Net movement in foreign currency translation reserve	(20)	14	25	3
Total other comprehensive income (loss)	(20)	14	25	3
Total comprehensive income	56,774	19,821	80,603	101,167

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Champion Iron Limited

Interim Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

		Attributable to Champion Shareholders						
		Share Capital						
		Ordinary Shares						
Note	Shares ¹ (in thousands)	\$	Contributed Surplus	Warrants	Foreign Currency Translation	Retained Earnings	Total	
March 31, 2025	518,251	411,047	16,647	22,288	374	985,042	1,435,398	
Net income	—	—	—	—	—	80,578	80,578	
Other comprehensive income	—	—	—	—	25	—	25	
Total comprehensive income	—	—	—	—	25	80,578	80,603	
Exercise of warrants	14	15,000	59,038	—	(22,288)	—	36,750	
Dividends on ordinary shares	14	—	—	—	—	(53,325)	(53,325)	
September 30, 2025	533,251	470,085	16,647	—	399	1,012,295	1,499,426	
March 31, 2024	518,071	409,785	17,372	22,288	429	946,636	1,396,510	
Net income	—	—	—	—	—	101,164	101,164	
Other comprehensive income	—	—	—	—	3	—	3	
Total comprehensive income	—	—	—	—	3	101,164	101,167	
Exercise of stock options	14	150	1,073	(323)	—	—	750	
Release of performance share units	14	30	189	(403)	—	(4)	(218)	
Dividends on ordinary shares	14	—	—	—	—	(51,810)	(51,810)	
Share-based payments	14	—	—	1	—	—	1	
September 30, 2024	518,251	411,047	16,647	22,288	432	995,986	1,446,400	

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

¹ All issued ordinary shares are fully paid and have no par value.

Champion Iron Limited

Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars - unaudited)

		Three Months Ended September 30,		Six Months Ended September 30,	
	Notes	2025	2024	2025	2024
Cash provided by (used in)					
Operating activities					
Net income		56,794	19,807	80,578	101,164
Adjustments for non-cash items					
Depreciation	24	45,108	35,273	91,904	70,797
Share-based payments	14	4,618	4,801	4,301	7,193
Change in fair value of non-current investments	20	2,375	201	3,160	55
Unrealized foreign exchange loss (gain)		12,180	(2,508)	(10,342)	(2,202)
Accretion expense of provisions	13, 17	785	312	1,480	646
Amortization of transaction costs and accretion of long-term debt	17	3,012	1,159	4,110	2,352
Amortization of deferred grant	12, 17	(307)	(306)	(613)	(612)
Loss on disposal of property, plant and equipment	8	1,660	1,919	1,778	3,133
Deferred income and mining taxes		36,906	29,019	28,932	43,859
Other		325	130	325	130
Utilization of provisions	13	(440)	—	(796)	—
		163,016	89,807	204,817	226,515
Changes in non-cash operating working capital	24	(41,992)	44,882	(2,661)	(60,432)
Net cash flows from operating activities		121,024	134,689	202,156	166,083
Investing activities					
Increase in advance payments	7	(63)	(285)	(5,360)	(6,665)
Purchase of intangible assets		(62)	(161)	(567)	(161)
Purchase of property, plant and equipment	8, 24	(113,199)	(179,182)	(218,574)	(294,643)
Proceeds from disposal of property, plant and equipment	8	85	—	85	—
Investment in exploration and evaluation assets	9	(6,360)	(4,820)	(15,180)	(7,391)
Increase in other non-current financial assets	10	—	—	10	—
Net cash flows used in investing activities		(119,599)	(184,448)	(239,586)	(308,860)
Financing activities					
Decrease in restricted cash		—	34,837	—	—
Issuance of long-term debt	12	681,100	—	765,600	—
Repayment of long-term debt	12	(465,125)	(6,363)	(483,462)	(18,999)
Transaction costs on long-term debt	12	(14,329)	—	(14,329)	(314)
Payment of lease liabilities	24	(4,202)	(1,813)	(7,491)	(3,573)
Exercise of warrants	14	—	—	36,750	—
Exercise of stock options	14	—	750	—	750
Withholding taxes paid pursuant to the settlement of PSUs	14	—	—	—	(218)
Dividends paid on ordinary shares	14	(53,325)	(51,810)	(53,325)	(51,810)
Net cash flows from (used in) financing activities		144,119	(24,399)	243,743	(74,164)
Net increase (decrease) in cash and cash equivalents		145,544	(74,158)	206,313	(216,941)
Cash and cash equivalents, beginning of the period		176,054	259,859	117,451	400,061
Effects of exchange rate changes on cash and cash equivalents		3,906	(1,925)	1,740	656
Cash and cash equivalents, end of the period		325,504	183,776	325,504	183,776
Interest paid		5,394	12,657	23,432	24,686
Interest received		2,923	2,983	3,951	8,443
Income and mining taxes paid		18,892	27,559	37,528	82,029

Should be read in conjunction with the notes to the condensed interim consolidated financial statements

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

1. Description of Business

Champion Iron Limited ("Champion" or the "Company") was incorporated under the laws of Australia in 2006 and is dual-listed on the Toronto Stock Exchange (TSX: CIA) and the Australian Securities Exchange (ASX: CIA), and trades on the OTCQX Best Market (OTCQX: CIAFF). The Company is domiciled in Australia and its principal administrative office is located on 1155 René-Lévesque Blvd. West, Suite 3300, Montréal, QC, H3B 3X7, Canada.

Champion, through its wholly-owned subsidiary Quebec Iron Ore Inc. ("QIO"), owns and operates the Bloom Lake Mining Complex ("Bloom Lake" or "Bloom Lake Mine"), located on the south end of the Labrador Trough, approximately 13 kilometres north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentration plants that primarily source energy from renewable hydroelectric power, having a combined nameplate capacity of 15 million wet metric tonnes per year that produce lower contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. Benefiting from one of the highest purity resources globally, Champion is investing to upgrade half of the Bloom Lake's mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe (the "DRPF Project"). Bloom Lake's high-grade and lower contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. Champion ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and has delivered its iron ore concentrate globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, Champion holds a 51% interest in Kami Iron Mine Partnership (the "Kami Partnership"), an entity also owned by Nippon Steel Corporation ("Nippon Steel") and Sojitz Corporation ("Sojitz", and collectively with Nippon Steel, the "Partners"), which owns the Kamistatusset project (the "Kami Project"). The Kami Project is located near available infrastructure, only 21 kilometres southeast of Bloom Lake. Champion also owns a portfolio of exploration and development projects in the Labrador Trough, including the Cluster II portfolio of properties, located within 60 kilometres south of Bloom Lake.

2. Material Accounting Policy Information and Future Accounting Changes

a) Basis of Preparation and Statement of Compliance

The Company's condensed interim consolidated financial statements ("financial statements") are for the group consisting of Champion Iron Limited and its subsidiaries.

These financial statements have been prepared for a for-profit enterprise in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards Board ("AASB") 134 and International Accounting Standards ("IAS") 34, Interim Financial Reporting.

These financial statements do not include certain information and disclosures normally included in the audited annual consolidated financial statements prepared in accordance with AASB and International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 31, 2025.

These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and financial liabilities recorded at fair value.

The nature of the operations and principal activities of the Company are described in the Directors' Report for the year ended March 31, 2025.

These financial statements were approved and authorized for release by the Board of Directors (the "Board") on October 30, 2025.

b) Material Accounting Policies

The accounting policies used in these financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2025, except for accounting policies applied resulting from transactions occurred during the reporting period, and new accounting standards issued and adopted by the Company, which are described below.

Joint arrangement

On September 29, 2025, the Company entered into a definitive partnership agreement with Nippon Steel and Sojitz for the joint ownership and potential development of the Kami Project through the Kami Partnership, in which the Company holds a 51% interest. Under the terms of the agreement, the key strategic decisions that significantly affect the entity's returns require the unanimous consent of the parties. As a result, the arrangement was considered to be jointly controlled and was classified as a joint venture in which the parties have rights to the net assets of the Kami Partnership. Investment in the joint venture is accounted for using the equity method.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

2. Material Accounting Policy Information and Future Accounting Changes (continued)

b) Material Accounting Policies (continued)

Joint arrangement (continued)

The equity method involves recording the initial investment at cost, including transaction costs, and subsequently adjusting the carrying value of the investment for the Company's share of profit (loss), other comprehensive income (loss) and any other changes in the joint venture's net assets. The Company's share of profit (loss) of a joint venture is presented outside operating income in the consolidated statement of income and represents profit (loss) before taxes of the joint venture. Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the entity. The carrying amount of investment in a joint venture will be tested for impairment at each reporting date. The financial statements of the joint venture are prepared for the same reporting period as the Company and in accordance with IFRS under the same accounting policies.

c) Material Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with AASB and IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Joint arrangement

Judgment is required to determine when the Company has joint control, which requires an assessment of the key strategic activities of the arrangement to determine which activities most significantly affect the returns of the arrangement over its life. When unanimous consent is required over the decisions about the key strategic activities, the parties whose consent is required have joint control over the arrangement. The judgments around which activities are considered to be strategic are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, the Company has determined that the key strategic activities for the Kami Partnership relate to the managing of the asset while it is being designed, developed and constructed, during its operating life and during the closure period. Those activities include the determination of the life of mine plan, entering into decisive long-term operating contracts for rail and port services, approval of budgets for significant operating costs and capital expenditures, obtaining funding, management of financial assets, and appointment, remuneration and termination of key management personnel. The control and key strategic activities of the arrangement are reassessed whenever there is a change in circumstances or contractual terms.

Judgment is also required to classify a joint arrangement as either a joint operation or a joint venture. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. In making this determination, the structure and the legal form of the arrangement, the contractual terms and other facts and circumstances are analyzed. This assessment requires judgment and has led the Company to conclude that the Kami Partnership is a joint venture for the purposes of the consolidated financial statements, as the Company only has rights to the net assets of the arrangement proportionate to its ownership interest.

d) New Accounting Amendments Issued and Adopted by the Company

No amendments to existing standards have been adopted by the Company on April 1, 2025.

e) New Accounting Standards or Amendments Issued to be Adopted at a Later Date

The following amendments to existing standards and the new standard have been issued and are applicable to the Company for its annual period beginning on April 1, 2026, and thereafter, with an earlier application permitted:

Amendments to AASB 9 (IFRS 9), Financial Instruments ("IFRS 9") and AASB 7 (IFRS 7), Financial Instruments: Disclosures ("IFRS 7")

The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with Environmental, Social and Governance (ESG) linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

2. Material Accounting Policy Information and Future Accounting Changes (continued)

e) New Accounting Standards or Amendments Issued to be Adopted at a Later Date (continued)

AASB 18 (IFRS 18), Presentation and Disclosure in Financial Statements ("IFRS 18")

IFRS 18 will replace IAS 1 - Presentation of Financial Statements and will require: i) income and expenses in the income statement to be classified into three new defined categories "Operating", "Investing" and "Financing" and two new subtotals "Operating profit or loss" and "Profit or loss before financing and income tax"; ii) disclosures about management-defined performance measures, which are non-IFRS measures related to the income statement, used in public communications to communicate management's view of the entity's financial performance; and iii) an appropriate level of aggregation and disaggregation based on similar characteristics and specific disclosure requirements for entities that present operating expenses by function in the income statement.

The Company is currently evaluating the impact of adopting the amendments and the new standard on the Company's consolidated financial statements.

3. Kami Iron Mine Partnership

On September 29, 2025, the Company, Nippon Steel and Sojitz entered into a definitive partnership agreement for the joint ownership and potential development of the Kami Project. The assessment of the terms of the partnership agreement led the Company to conclude that the arrangement is jointly controlled, and has been classified as a joint venture to be accounted for using the equity method in the consolidated financial statements. Refer to note 21 — Joint Venture.

The Company contributed net assets totalling \$60,348 and received, at the transaction date, a 51% interest in the Kami Partnership, valued at \$62,057 including capitalized transaction costs of \$1,437 and a gain on loss of control of \$272, as well as a non-current note receivable of \$68,600 representing the Partners' initial cash contributions. Net assets mainly included title of all Kami mining rights, permits, properties and surface rights related to the Kami Project. At the transaction date, the Partners made total cash contributions of \$68,600 to the Kami Partnership, as part of the initial closing of the transaction, for an aggregate 49% interest.

Until a final investment decision is made, the Partners have different options to exit the Kami Partnership by requiring Champion to acquire their interests. In connection with these options, the Company recorded a liability of \$68,600 representing the maximum amount repayable to the Partners if they exercise their options. The liability was presented in Other non-current liabilities in the consolidated statements of financial position and will be extinguished upon expiry or exercise of the options.

Pursuant to the second closing, the Partners will make subsequent total cash contributions of \$176,400, subject to the completion of a definitive feasibility study, Champion and the Partners proceeding with positive interim investment elections to pursue work towards a final investment decision, as well as other customary closing conditions.

4. Receivables

	As at September 30, 2025	As at March 31, 2025
Trade receivables (i)	161,736	145,457
Sales tax	50,327	36,345
Grants receivable	2,948	2,543
Other receivables (ii)	2,745	18,125
	217,756	202,470

(i) As at September 30, 2025, the trade receivables, associated with revenues that remained subject to provisional pricing, represented a receivable balance of \$64,442 (March 31, 2025: \$70,410).

(ii) Other receivables as at March 31, 2025, included \$11,451 of refundable expenditures related to the Kami Project feasibility study costs representing the pro-rata share of costs to be repaid by the Partners. The related receivable balance was settled concurrently with the initial closing of the Kami Partnership transaction, in addition to expenditure incurred by then for an aggregate amount of \$15,630. Refer to notes 3 — Kami Iron Mine Partnership and 9 — Exploration and Evaluation Assets.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

5. Prepaid Expenses and Advances

		As at September 30, 2025	As at March 31, 2025
	Note		
Railway transportation and terminal logistic (i)		34,007	36,644
Port handling services	7	3,828	3,965
Insurance		3,959	1,028
Other		9,549	10,085
		51,343	51,722

(i) As at September 30, 2025, the railway transportation and terminal logistic prepaid included the current portion of railway services agreements of \$10,965 (March 31, 2025: \$16,706) and monthly prepayments pursuant to service agreements. Refer to note 7 — Advance Payments.

6. Inventories

	As at September 30, 2025	As at March 31, 2025
Stockpiled ore	39,898	47,048
Iron ore concentrate inventories	124,882	189,955
Supplies and spare parts	123,636	120,486
	288,416	357,489

For the three and six-month periods ended September 30, 2025, the amount of inventories recognized as an expense totalled \$338,506 and \$699,230, respectively (three and six-month periods ended September 30, 2024: \$288,233 and \$588,668, respectively).

7. Advance Payments

		As at September 30, 2025	As at March 31, 2025
	Note		
Advance payments related to railway transportation and terminal logistic (i)		25,377	34,780
Prepaid future port handling services (ii)		17,597	18,484
Other long-term advance (iii)		47,413	43,714
		90,387	96,978
Less current portion classified in "Prepaid expenses and advances"	5	(14,793)	(20,671)
		75,594	76,307

(i) In October 2017, the Company entered into a railway and stockyard facilities access agreement with Société Ferroviaire et Portuaire de Pointe-Noire ["SFP Pointe-Noire"] for the transportation, unloading, stockpiling and loading of iron ore concentrate from Sept-Îles to Pointe-Noire, Québec. In connection with the agreement, the Company makes annual payments of \$3,750 to SFP Pointe-Noire to cover the investments made at the time with respect to a portion of the infrastructure. Advance payments are amortized over the life of mine. As at September 30, 2025, the related advance payments amounted to \$14,412 (March 31, 2025: \$15,247).

In April 2021, the Company entered into an agreement to expand an existing long-term rail contract with a third-party railway services provider to accommodate the anticipated increased production volumes associated with its second plant. Advance payments are recovered by means of a monthly credit per tonne hauled exceeding a predetermined tonnage. In connection with this agreement, the remaining advance payments totalled \$10,965 as at September 30, 2025 (March 31, 2025: \$19,533) and are fully included under Prepaid expenses and advances in the consolidated statements of financial position (March 31, 2025: current portion of \$16,706).

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

7. Advance Payments (continued)

- (ii) Pursuant to the agreement between the Company and the Sept-Îles Port Authority ("Port"), the Company made an advance payment on its future shipping, wharfage and equipment fees. Advance payments totalled \$17,597 as at September 30, 2025 (March 31, 2025: \$18,484) and are recovered by means of a monthly credit per tonne sold. The current portion of the port advances totalled \$3,828 as at September 30, 2025 (March 31, 2025: \$3,965) and is included under Prepaid expenses and advances in the consolidated statements of financial position.
- (iii) The other long-term advance totalled \$47,413 as at September 30, 2025 (March 31, 2025: \$43,714) and relates to amounts paid to SFP Pointe-Noire annually which are recoverable under the guarantee access agreement if certain conditions are met. It also includes advance payments for major replacement parts, transshipment and rail assets improvement expenditures incurred by railway and port service providers, which are amortized in Cost of sales based on the expected useful life of the assets.

The additional investments related to capital maintenance expenditures are presented under Investing activities in the consolidated statements of cash flows, on the line advance payments, and totalled \$63 and \$5,360, respectively, for the three and six-month periods ended September 30, 2025 (three and six-month periods ended September 30, 2024: \$285 and \$6,665, respectively).

8. Property, Plant and Equipment

	Mining and Processing Equipment	Locomotives, Railcars and Rails (i)	Tailings Dikes	Assets under Construction (ii)	Mining Development and Stripping Asset	Asset Rehabilitation Obligation and Other	Subtotal	Right-of- use Assets	Total
Cost									
March 31, 2025	968,446	137,378	358,058	365,876	276,090	157,542	2,263,390	214,090	2,477,480
Additions	33,251	—	—	161,970	34,310	1,187	230,718	33,969	264,687
Disposals, lease modifications & termination	(24,802)	—	—	—	(223)	—	(25,025)	(4,302)	(29,327)
Transfers	10,007	134	14	(11,212)	—	1,057	—	—	—
Foreign exchange and other	—	(1,553)	—	—	(315)	(3,716)	(5,584)	—	(5,584)
September 30, 2025	986,902	135,959	358,072	516,634	309,862	156,070	2,463,499	243,757	2,707,256
Accumulated depreciation									
March 31, 2025	218,534	19,830	49,432	—	94,880	23,099	405,775	25,299	431,074
Depreciation	50,307	2,993	9,687	—	3,974	3,867	70,828	10,534	81,362
Disposals & lease termination	(22,939)	—	—	—	(223)	—	(23,162)	(650)	(23,812)
Transfers	—	—	—	—	—	—	—	—	—
Foreign exchange and other	—	(509)	—	—	—	—	(509)	—	(509)
September 30, 2025	245,902	22,314	59,119	—	98,631	26,966	452,932	35,183	488,115
Net book value - September 30, 2025	741,000	113,645	298,953	516,634	211,231	129,104	2,010,567	208,574	2,219,141

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

8. Property, Plant and Equipment (continued)

	Mining and Processing Equipment	Locomotives, Railcars and Rails (i)	Tailings Dikes	Assets under Construction (ii)	Mining Development and Stripping Asset	Asset Rehabilitation Obligation and Other	Subtotal	Right-of-use Assets	Total
Cost									
March 31, 2024	880,602	64,797	285,458	153,508	155,916	124,854	1,665,135	200,366	1,865,501
Additions	66,854	69,764	—	377,257	116,895	2,024	632,794	25,315	658,109
Disposals and lease terminations	(37,353)	—	(460)	—	(305)	(1,466)	(39,584)	(11,591)	(51,175)
Transfers	58,343	—	73,060	(164,889)	3,162	30,324	—	—	—
Foreign exchange and other	—	2,817	—	—	422	1,806	5,045	—	5,045
March 31, 2025	968,446	137,378	358,058	365,876	276,090	157,542	2,263,390	214,090	2,477,480
Accumulated depreciation									
March 31, 2024	159,586	15,013	33,943	—	74,754	15,999	299,295	20,245	319,540
Depreciation	92,532	3,933	15,949	—	20,244	7,410	140,068	15,682	155,750
Disposals and lease terminations	(33,584)	—	(460)	—	(305)	(123)	(34,472)	(10,628)	(45,100)
Transfers	—	—	—	—	187	(187)	—	—	—
Foreign exchange and other	—	884	—	—	—	—	884	—	884
March 31, 2025	218,534	19,830	49,432	—	94,880	23,099	405,775	25,299	431,074
Net book value - March 31, 2025	749,912	117,548	308,626	365,876	181,210	134,443	1,857,615	188,791	2,046,406

- (i) Certain of the Company's railcars are subject to a rental agreement. As at September 30, 2025, 240 railcars with a net book value of \$39,964 were leased under an operating lease contract (March 31, 2025: 240 railcars with a net book value of \$40,865). Rental income is included in Other income in the consolidated statements of income.
- (ii) For the three and six-month periods ended September 30, 2025, the amount of borrowing costs capitalized during the development period of the DRPF Project was \$8,471 and \$15,122, respectively (three and six-month periods ended September 30, 2024: \$3,681 and \$6,087, respectively). Borrowing costs consisted of interest expense and the amortization of transaction costs on the long-term debt. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the three and six-month periods ended September 30, 2025, was 8.2% and 7.8%, respectively (three and six-month periods ended September 30, 2024: 7.8%).

9. Exploration and Evaluation Assets

	Labrador Trough	Newfoundland	Total
March 31, 2025	141,742	6,287	148,029
Additions	15,180	—	15,180
Refundable expenditures (i)	11,451	—	11,451
Contribution to a joint venture (i)	(78,705)	—	(78,705)
September 30, 2025	89,668	6,287	95,955
	Labrador Trough	Newfoundland	Total
March 31, 2024	127,275	4,552	131,827
Additions	25,918	1,735	27,653
Refundable expenditures (i)	(11,451)	—	(11,451)
March 31, 2025	141,742	6,287	148,029

- (i) As at March 31, 2025, the Company recognized an amount of \$11,451 as reduction of exploration and evaluation assets for the Kami Project with a corresponding receivable, included in Other receivables, representing the Partners' obligation to fund 49% of the feasibility study expenditures incurred to date by the Company. During the three-month period ended September 30, 2025, the Company transferred to the Kami Partnership the beneficial ownership of all the exploration and evaluation assets previously capitalized for the Kami Project, including the feasibility study expenditures. Refer to note 3 — Kami Iron Mine Partnership.

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[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

10. Other Non-Current Assets

		As at September 30,	As at March 31,
	Notes	2025	2025
Joint venture's contribution note	3	68,600	—
Embedded derivative	12	11,854	—
Transaction costs related to the revolving facility (i)		4,627	5,692
Other		840	850
		85,921	6,542

(i) Transaction costs are amortized on a straight-line basis over the term of the revolving facility.

11. Accounts Payable and Other

		As at September 30,	As at March 31,
	Note	2025	2025
Trade payable and accrued liabilities		228,341	232,944
Wages and benefits		26,953	39,456
Cash-settled share-based payment liability	14	6,975	3,544
Current portion of lease liabilities		27,245	13,716
		289,514	289,660

12. Long-Term Debt

	Interest Rate (i)	Maturity	As at September 30,	As at March 31,
			2025	2025
Senior Unsecured Notes	7.875 %	July 15, 2032	694,084	—
Term Loan	SOFR + 2.25% to 3.25%	November 29, 2028	—	328,560
Revolving Facility	SOFR + 2.00% to 3.00%	November 29, 2027	—	71,880
IQ Loan	3.70%	April 1, 2032	40,075	45,798
FTQ Loan	7.75%	May 21, 2028	74,234	74,095
CAT Financing (ii)	SOFR + 2.35% to 3.25%	October 2025 to October 2030	103,411	117,053
Railcars Loan	6.66% and 6.57%	November 22 and December 4, 2034	65,765	69,915
			977,569	707,301
Less current portion			(40,658)	(40,725)
			936,911	666,576

(i) The interest rate of the Senior Credit Facilities and the CAT Financing is based on Secured Overnight Financing Rate ("SOFR"), plus a credit spread adjustment and a financial margin. For the Senior Credit Facilities, the financial margin fluctuates depending on the net debt to EBITDA ratio.

(ii) The CAT Financing matures between 3 and 6 years depending on the equipment.

	As at September 30,	As at March 31,
	2025	2025
Face value of long-term debt	986,978	717,967
Derivative prepayment options	11,854	—
Unamortized transaction costs	(21,263)	(10,666)
Long-term debt, net of derivative and transaction costs	977,569	707,301

The Senior Credit Facilities, FTQ Loan and the CAT Financing are subject to operational and financial covenants, all of which have been met as at September 30, 2025. The undrawn portion of the Senior Credit Facilities and the CAT Financing is subject to standby commitment fees varying from 0.50% to 0.75%.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

12. Long-Term Debt [continued]

The United States ("U.S.") amounts stated below are expressed in thousands of U.S. dollars.

Senior Unsecured Notes

On July 2, 2025, the Company issued \$681,100 [US\$500,000] senior unsecured notes (the "Notes"). The interests are payable semi-annually, on January 15 and July 15 of each year. The Notes include various prepayment options, in whole or in part, at different times, by paying premiums at decreasing rates depending on the term of the Notes. Any time after July 15, 2030, the Notes may be repaid at 100% of the principal. The Notes were bifurcated into a debt component and an embedded derivative for prepayment features. The embedded derivative asset was initially estimated at \$11,854 and presented in Other non-current assets in the consolidated statements of financial position with a corresponding adjustment recorded in Long-term debt.

The Notes are guaranteed on an unsecured basis by certain of the Company's subsidiaries. The Company is subject to certain restrictions on asset sales, indebtedness, distributions and transactions with affiliates. There are no maintenance covenants with respect to the Company's financial performance. During the three-month period ended September 30, 2025, the Company incurred transaction costs of \$14,329 related to the issuance of the Notes, which were presented against Long-term debt. As at September 30, 2025, the outstanding balance was \$696,050 [US\$500,000].

Senior Credit Facilities

On November 29, 2023, the Company completed a US\$230,000 five-year term loan (the "Term Loan") with a syndicate of lenders and extended the maturity of its existing US\$400,000 general purpose revolving facility to November 2027 (the "Revolving Facility" and collectively the "Senior Credit Facilities"). During the three-month period ended June 30, 2025, the Company drew \$76,004 [US\$55,000] on the Revolving Facility.

On July 2, 2025, the Company used the proceeds of the Notes to repay its \$313,307 [US\$230,000] Term Loan and \$143,031 [US\$105,000] Revolving Facility outstanding balance. This transaction resulted in the Term Loan extinguishment, leading to the recognition of \$1,908 unamortized transaction costs, within Net finance costs in the consolidated statements of income. The Revolving Facility remains fully available and, as at September 30, 2025, the Company had \$41,900 letters of credit issued under the \$556,840 [US\$400,000] Revolving Facility.

Collateral is comprised of all of the present and future undertakings, properties and assets of QIO and Lac Bloom Railcars Corporation Inc. The Company guaranteed all the obligations of QIO and Lac Bloom Railcars Corporation Inc. and pledged all of the shares it holds in QIO and Lac Bloom Railcars Corporation Inc.

For the three and six-month periods ended September 30, 2025, the weighted average interest rate was nil and 7.21%, respectively (three and six-month periods ended September 30, 2024: 7.78% and 7.76%, respectively).

IQ Loan

On July 21, 2021, QIO entered into an unsecured loan agreement with Investissement Québec (the "IQ Loan") to finance the Company's share of the increase in transshipment capacity by SFP Pointe-Noire for an amount up to \$70,000. The repayment commenced on April 1, 2022, in ten equal annual instalments of the principal balance outstanding. The agreement comprises an option to prepay the loan at any time without penalty.

The IQ Loan was determined to be at a below-market rate. The fair value of the total advances of \$70,000 was estimated at \$59,386 and was determined based on the prevailing market interest rate for a similar instrument at the time the advances were made. The residual amount of \$10,614 was recognized as a government grant and presented as Deferred grant in the consolidated statements of financial position. The deferred grant is amortized on a straight-line basis over the loan maturity starting in September 2023 when SFP Pointe-Noire's new infrastructure became available for use. The remaining deferred grant as at September 30, 2025 totalled \$7,960 [March 31, 2025: \$8,573].

During the six-month period ended September 30, 2025, the Company repaid \$6,400 [six-month period ended September 30, 2024: \$6,400]. The remaining IQ Loan balance was \$44,800 as at September 30, 2025 [March 31, 2025: \$51,200].

FTQ Loan

On May 21, 2021, QIO entered into an unsecured loan agreement with Fonds de Solidarité des Travailleurs du Québec (the "FTQ Loan") to fund the completion of the Bloom Lake expansion project and for general purposes thereafter for an amount up to \$75,000. The FTQ Loan includes an option to prepay in whole or in part at any time, but not prior to the second anniversary, by paying a premium that varies from 2% to 6% based on the prepayment date. The outstanding balance was \$75,000 as at September 30, 2025 [March 31, 2025: \$75,000].

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

12. Long-Term Debt [continued]

CAT Financing

On April 1, 2021, the Company signed an agreement with Caterpillar Financial Services Limited (the "CAT Financing") to finance mining equipment required for the Bloom Lake expansion for a facility of up to US\$75,000 and available until March 31, 2023. Over the years, the facility was increased by US\$73,000 and the availability period extended to July 2025. Transaction costs of \$314 were incurred in the six-month period ended September 30, 2024, for amendments to the agreement.

The CAT Financing includes a prepayment option of the loan without penalty at any time and is collateralized by all of the financed equipment. The carrying value of the financed equipment was \$86,440 as at September 30, 2025 (March 31, 2025: \$98,849).

During the three and six-month periods ended September 30, 2025, the Company drew nil and \$8,496 (US\$6,228), respectively (three and six-month periods ended September 30, 2024: nil), and repaid \$7,808 (US\$5,749) and \$18,774 (US\$13,521), respectively (three and six-month periods ended September 30, 2024: \$6,363 and \$12,599, respectively), resulting in a balance of \$104,751 (US\$75,247) as at September 30, 2025 (March 31, 2025: \$118,660 (US\$82,540)).

For the three and six-month periods ended September 30, 2025, the weighted average interest rate was 7.37% and 7.27%, respectively (three and six-month periods ended September 30, 2024: 8.63% and 8.67%, respectively).

Railcars Loan

On November 1, 2024, the Company signed a loan agreement (the "Railcars Loan") to finance the purchase of 400 railcars for a facility of US\$49,897. The Railcars Loan consists of two equal equipment notes payable in 120 progressive monthly installments, with a final payment of US\$5,872 and US\$5,861 at their respective maturities.

The Railcars Loan includes a prepayment option, in whole at any time, but not prior to the second anniversary, by paying a premium of 1% of the amount prepaid for each remaining year of the loan. The Railcars Loan is collateralized by all the financed railcars. The carrying value of the financed railcars was \$66,607 as at September 30, 2025 (March 31, 2025: \$68,109).

During the three and six-month periods ended September 30, 2025, the Company repaid \$979 (US\$712) and \$1,950 (US\$1,413), respectively, resulting in a balance of \$66,377 (US\$47,681) as at September 30, 2025 (March 31, 2025: \$70,579 (US\$49,094)).

13. Provisions

	Note	Rehabilitation obligation	Compensation plans' obligation	Total
March 31, 2025		89,711	54,319	144,030
Additions to the obligation		1,187	—	1,187
Utilization		—	(796)	(796)
Accretion expense	17	663	817	1,480
Effect of change in discount rate		(3,716)	(315)	(4,031)
September 30, 2025		87,845	54,025	141,870
Less current portion		—	(9,593)	(9,593)
		87,845	44,432	132,277

	Rehabilitation obligation	Compensation plans' obligation	Total
March 31, 2024	84,593	—	84,593
Additions to the obligation	2,020	53,710	55,730
Utilization	—	(238)	(238)
Accretion expense	1,292	425	1,717
Effect of change in discount rate	1,806	422	2,228
March 31, 2025	89,711	54,319	144,030
Less current portion	—	(2,402)	(2,402)
	89,711	51,917	141,628

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

14. Share Capital and Reserves

a) Authorized

The Company's share capital consists of authorized:

- Unlimited number of ordinary shares, without par value; and
- Unlimited number of preferred shares, without par value, issuable in series.

b) Ordinary Shares

	Six Months Ended September 30,	
	2025	2024
	(in thousands)	(in thousands)
Opening balance	518,251	518,071
Shares issued for exercise of warrants	15,000	—
Shares issued for exercise of options — incentive plan	—	150
Shares issued for release of performance share units — incentive plan	—	30
Ending balance	533,251	518,251

c) Dividends

The following table details the dividends declared on the Company's ordinary shares:

Results Period	Montréal Declaration Date	Payment Date	Amount per Share	Six Months Ended September 30,	
				2025	2024
Final — Mar-25	May 29, 2025	July 10, 2025	0.10	53,325	—
Final — Mar-24	May 30, 2024	July 3, 2024	0.10	—	51,810
				53,325	51,810

d) Share-Based Payments

The Company has various share-based compensation plans for eligible employees and directors. The objective of the Omnibus incentive plan is to enhance the Company's ability to attract and retain talented employees and to provide the alignment of interests between such employees and the shareholders of the Company. Under the Omnibus incentive plan, the Company may grant stock option awards, restricted share unit ("RSU") awards, performance share unit ("PSU") awards and deferred share unit ("DSU") awards. If and when cash dividends are declared, the holders of RSUs, PSUs and DSUs are entitled to receive a dividend equivalent.

Stock option and RSU awards vest annually in three equal tranches from the date of grant. PSU awards vest i) at the end of three years from the date of grant or ii) according to the date of achievement, when the PSUs are specific to a project. Vesting is subject to key performance indicators established by the Board. DSU awards vest at the date of grant. The cash consideration for awards settled through cash payment is included in Accounts payable and other under Changes in non-cash operating working capital in the consolidated statements of cash flows.

As at September 30, 2025, the Company is authorized to issue 53,325,000 stock options and share rights (September 30, 2024: 51,825,000) equal to 10% (September 30, 2024: 10%) of the issued and outstanding ordinary shares for issuance under the Omnibus incentive plan.

The following table summarizes the share-based payment expense (recovery):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
RSU	2,010	2,055	1,920	2,646
PSU	2,320	2,082	2,396	4,038
DSU	288	664	(15)	509
	4,618	4,801	4,301	7,193

For the six-month period ended September 30, 2025, the amount recognized as share-based payment expense related to cash-settled awards was \$4,301 (six-month period ended September 30, 2024: share-based payment expense of \$7,192 related to cash-settled awards and \$1 related to equity-settled awards).

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Notes to the Condensed Interim Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

14. Share Capital and Reserves (continued)

d) Share-Based Payments (continued)

The following table summarizes the carrying amount of the Company's cash-settled share-based payment liability in the consolidated statements of financial position for PSUs, RSUs and DSUs.

		As at September 30,	As at March 31,
	Note	2025	2025
Accounts payable and other	11	6,975	3,544
Other long-term liabilities		8,922	11,126
		15,897	14,670

e) Stock Options

As at September 30, 2025, the Company had no stock options outstanding (September 30, 2024: nil). During the six-month period ended September 30, 2025, no activities occurred in connection with stock options (six-month period ended September 30, 2024, exercise of 150,000 stock options at a weighted average share price, at the exercise date, of \$5.79).

f) Restricted Share Units

The following table details the RSU activities of the share incentive plan:

	Six Months Ended September 30,			
	2025		2024	
	Number of RSUs	Weighted Average Share Price	Number of RSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
Opening balance	2,007	5.67	1,510	5.62
Granted	1,299	3.84	763	5.94
Dividend equivalents	75	3.95	33	6.02
Settled through cash payment	(467)	6.15	(291)	6.17
Forfeited	(25)	4.58	(26)	5.33
Ending balance	2,889	4.73	1,989	5.67
Vested - end of the period	788	5.35	558	5.69

During the six-month period ended September 30, 2025, 1,299,000 RSUs were granted to key management personnel (six-month period ended September 30, 2024: 763,000 RSUs).

During the six-month period ended September 30, 2025, 467,000 RSUs were settled in exchange for cash consideration based on a weighted average share price, at the settlement date, of \$3.94 (six-month period ended September 30, 2024: 291,000 RSUs based on a weighted average share price, at the settlement date, of \$6.06).

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[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

14. Share Capital and Reserves (continued)

g) Performance Share Units

The Company assesses each reporting period if performance criteria of share-based units will be achieved in measuring the share-based payments. The actual share-based payment and the period over which the expense is being recognized may vary from the estimate.

The following table details the PSU activities of the share incentive plan:

	Six Months Ended September 30,			
	2025		2024	
	Number of PSUs	Weighted Average Share Price	Number of PSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
Opening balance	2,799	5.74	2,212	5.74
Granted	1,949	3.84	1,145	5.94
Dividend equivalents	108	3.95	46	6.02
Settled through cash payment	(485)	6.78	(525)	6.22
Forfeited	(40)	4.65	(39)	5.35
Released through the issuance of ordinary shares	—	—	(30)	6.16
Withheld as payment of withholding taxes	—	—	(34)	6.16
Ending balance	4,331	4.73	2,775	5.74
Vested - end of the period	—	—	—	—

During the six-month period ended September 30, 2025, 1,949,000 PSUs were granted to key management personnel (six-month period ended September 30, 2024: 1,145,000 PSUs) and no PSUs were released through the issuance of ordinary shares (six-month period ended September 30, 2024: 30,000 PSUs at a weighted average share price, at the release date, of \$6.46 and related withholding taxes paid of \$218 resulting in the Company not issuing an additional 34,000 PSUs).

During the six-month period ended September 30, 2025, 485,000 PSUs were settled in exchange for cash consideration based on a weighted average share price, at the settlement date, of \$3.84 (six-month period ended September 30, 2024: 525,000 PSUs based on a weighted average share price, at the settlement date, of \$6.13).

h) Deferred Share Units

The following table details the DSU activities of the share incentive plan:

	Six Months Ended September 30,			
	2025		2024	
	Number of DSUs	Weighted Average Share Price	Number of DSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
Opening balance	492	5.00	336	4.72
Granted	—	—	60	6.41
Dividend equivalents	12	4.10	6	6.23
Ending balance	504	4.98	402	5.00
Vested - end of the period	504	4.98	402	5.00

During the six-month period ended September 30, 2025, no DSUs were granted to key management personnel (six-month period ended September 30, 2024: 60,000 DSUs).

i) Warrants

As at September 30, 2025, the Company had no warrants outstanding (September 30, 2024: 15,000,000 warrants outstanding and exercisable). During the three-month period ended June 30, 2025, the 15,000,000 warrants were exercised at an exercise price of \$2.45.

Champion Iron Limited

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(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

15. Revenues

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Iron ore revenue	451,955	373,927	868,534	813,064
Provisional pricing adjustments	40,935	(22,947)	14,383	5,000
	492,890	350,980	882,917	818,064

Quarterly provisional pricing adjustments represent subsequent changes to revenue attributable to iron ore concentrate sold in prior quarters based on the final settlement price. Changes to previous periods sales that were subject to provisional pricing as at June 30, 2025, and for which the final price was determined during the current quarter, were recorded within Provisional pricing adjustments in the current period. Year-to-date provisional pricing adjustments represent the sum of the quarterly provisional pricing adjustments. Current period sales subject to provisional pricing as at September 30, 2025, were recorded within Iron ore revenue in the current period and the adjustment upon determining the final price will be recorded as Provisional pricing adjustments in the future periods.

During the three-month period ended September 30, 2025, a final price was established for the 2.5 million tonnes of iron ore that were subject to provisional pricing as at June 30, 2025, resulting in positive provisional pricing adjustments of \$40,935 recorded as an increase of revenues. As at September 30, 2025, 2.5 million tonnes of iron ore sales remained subject to provisional pricing, with the final price to be determined in the subsequent reporting periods (September 30, 2024: 2.3 million tonnes).

16. Cost of Sales

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Mining and processing costs	182,103	177,334	365,320	357,346
Change in iron ore concentrate inventories	17,410	(11,648)	54,949	(13,822)
Land transportation and port handling	93,885	87,274	187,057	174,347
	293,398	252,960	607,326	517,871

For the three and six-month periods ended September 30, 2025, expenses for defined contribution plans amounted to \$4,202 and \$8,524, of which \$3,828 and \$7,738, were recorded in Cost of sales, respectively (three and six-month periods ended September 30, 2024: \$3,963 and \$8,796, including \$3,548 and \$7,652 in Cost of sales, respectively) and are presented in Mining and processing costs.

17. Net Finance Costs

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Interest expense on long-term debt	10,756	6,659	16,933	14,595
Amortization of transaction costs and accretion of long-term debt	3,012	1,159	4,110	2,352
Standby commitment fees on long-term debt	782	774	1,405	1,452
Interest expense on lease liabilities	1,540	988	2,988	2,008
Realized and unrealized foreign exchange loss (gain)	12,166	(2,467)	(10,324)	(1,943)
Amortization of deferred grant	(307)	(306)	(613)	(612)
Interest income	(2,923)	(2,431)	(3,941)	(7,226)
Accretion expense of provisions	785	312	1,480	646
Other finance costs	(168)	2,798	349	4,473
	25,643	7,486	12,387	15,745

During the development period of the DRPF Project, borrowing costs are capitalized. Refer to note 8 — Property, Plant and Equipment.

Amortization of transaction costs and accretion of long-term debt for the three and six-month periods ended September 30, 2025, include \$1,908 of unamortized transaction costs at the Term Loan extinguishment date. Refer to note 12 — Long-Term Debt.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

18. Other Expenses

		Three Months Ended September 30,		Six Months Ended September 30,	
	Note	2025	2024	2025	2024
Rental income		1,245	—	2,514	—
Change in fair value of non-current investments	20	(2,375)	(201)	(3,160)	(55)
Net loss on non-financial assets		(1,891)	(130)	(2,009)	(130)
		(3,021)	(331)	(2,655)	(185)

19. Earnings per Share

Earnings per share amounts are calculated by dividing the net income by the weighted average number of shares outstanding during the period.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Net income	56,794	19,807	80,578	101,164
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Weighted average number of common shares outstanding - Basic	533,251	518,111	528,005	518,095
Dilutive share options, warrants and equity settled awards	1,293	9,352	3,323	9,742
Weighted average number of outstanding shares - Diluted	534,544	527,463	531,328	527,837
	(in dollars)	(in dollars)	(in dollars)	(in dollars)
Basic earnings per share	0.11	0.04	0.15	0.20
Diluted earnings per share	0.11	0.04	0.15	0.19

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

20. Financial Instruments

a) Measurement Categories

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the profit or loss or in other comprehensive income. These categories are financial assets and financial liabilities at fair value through profit or loss ("FVTPL"), financial assets at amortized cost, and financial liabilities at amortized cost. The following tables show the carrying values and the fair value of assets and liabilities for each of these categories:

As at September 30, 2025		Financial Instruments at FVTPL	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount and Fair Value
Assets					
Current					
Cash and cash equivalents	Level 1	—	325,504	—	325,504
Trade receivables	Level 2	132,278	29,458	—	161,736
Other receivables (excluding sales tax and grant)	Level 2	—	2,745	—	2,745
		132,278	357,707	—	489,985
Non-current					
Equity investment in a publicly listed entity (included in non-current investments)	Level 1	9	—	—	9
Equity investment in a private entity (included in non-current investments)	Level 3	12,224	—	—	12,224
Other non-current financial assets	Level 1	—	69,440	—	69,440
Embedded derivative	Level 2	11,854	—	—	11,854
		156,365	427,147	—	583,512
Liabilities					
Current					
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	Level 2	—	—	255,294	255,294
Current portion of long-term debt	Level 3	—	—	40,658	40,658
		—	—	295,952	295,952
Non-current					
Long-term debt	Level 3	—	—	936,911	936,911
		—	—	1,232,863	1,232,863

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

20. Financial Instruments (continued)

a) Measurement Categories (continued)

As at March 31, 2025		Financial Instruments at FVTPL	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Total Carrying Amount and Fair Value
Assets					
Current					
Cash and cash equivalents	Level 1	—	117,451	—	117,451
Trade receivables	Level 2	119,345	26,112	—	145,457
Other receivables (excluding sales tax and grant)	Level 2	—	18,125	—	18,125
		119,345	161,688	—	281,033
Non-current					
Equity investment in a publicly listed entity (included in non-current investments)	Level 1	9	—	—	9
Equity investment in a private entity (included in non-current investments)	Level 3	15,384	—	—	15,384
Other non-current financial assets	Level 1	—	850	—	850
		134,738	162,538	—	297,276
Liabilities					
Current					
Accounts payable and other (excluding the current portion of lease liabilities and cash-settled share-based payment liability)	Level 2	—	—	272,400	272,400
Current portion of long-term debt	Level 3	—	—	40,725	40,725
		—	—	313,125	313,125
Non-current					
Long-term debt	Level 3	—	—	666,576	666,576
		—	—	979,701	979,701

Current financial assets and financial liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities; this includes cash and cash equivalents, short-term investments and restricted cash if any, other receivables, and accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability). Long-term debt was accounted for at amortized cost using the effective interest method, and its fair value approximate its carrying value, given that it is subject to terms and conditions, including variable interest rates, similar to those available to the Company for instruments with comparable terms.

b) Fair Value Measurement Hierarchy

Subsequent to initial recognition, the Company uses a fair value hierarchy to categorize the inputs used to measure the financial instruments at fair value grouped into the following levels based on the degree to which the fair value is observable.

- Level 1: Inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs derived from other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1, Level 2 and Level 3 during the three and six-month periods ended September 30, 2025 (three and six-month periods ended September 30, 2024: nil).

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

20. Financial Instruments (continued)

c) Financial Instruments Measured at FVTPL

Trade receivables

The trade receivables are classified as Level 2 in the fair value hierarchy. Their fair values are a recurring measurement. The measurement of the trade receivables is impacted by the Company's provisional pricing arrangements, where the final sale price is determined based on iron ore prices subsequent to the date of the sale. The Company initially recognizes sales trade receivables at the contracted provisional price on the shipment date and re-estimates the consideration to be received using forecast iron ore prices at the end of each reporting period. The impact of iron ore price movements until the final settlement is recorded as an adjustment to sales trade receivables.

Equity instruments publicly listed

Equity instruments publicly listed are classified as a Level 1 in the fair value hierarchy. Their fair values are a recurring measurement and are estimated using the closing share price observed on the relevant stock exchange. No fair value adjustment was recorded during the three and six-month periods ended September 30, 2025 (three and six-month periods ended September 30, 2024: nil).

Equity instruments in private entity

The Company holds equity instruments in a European-based private entity which collaborates with the Company in industrial trials related to cold pelletizing technologies. The fair value of the equity instruments is a recurring measurement and is classified as Level 3. The determination of fair value is conducted on a quarterly basis and it is based on the entity's financial performance from the latest financial statements as well as enterprise values used in financing, if any. The change in fair value also reflects the foreign exchange gains or losses.

During the three and six-month periods ended September 30, 2025, the Company recognized a decrease in the fair value of the equity instruments, amounting to \$2,375 and \$3,160, respectively. The decrease was mainly attributable to a loss of \$2,673 associated with the reduction of the enterprise value of the private entity following a new financing round, with the remainder related to the changes in exchange rates (three and six-month periods ended September 30, 2024: decrease of \$201 and \$55, respectively, attributable to the changes in exchange rates). As at September 30, 2025, the equity instruments totalled \$12,224 (March 31, 2025: \$15,384).

Embedded derivative asset

The Senior Unsecured Notes issued in July 2025 include redemption options accounted for as a separate embedded derivative measured at FVTPL. The fair value of the embedded derivative asset was estimated at \$11,854 at inception and was recorded in Other non-current assets in the consolidated statements of financial position with a corresponding adjustment to Long-term debt. The fair value of redemption options was categorized as Level 2 in the fair value hierarchy.

The fair value of the derivative asset was determined by using market data such as interest rate curves, volatility assumptions and credit spreads for similar instruments. The fair value of the derivative asset is a recurring measurement. During the three and six-month periods ended September 30, 2025, no change in fair value was recognized on the derivative asset.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

21. Joint Venture

Since September 29, 2025, the Company holds a 51% interest in the Kami Partnership, a joint venture currently evaluating the potential development of the Kami Project, that is designed to produce 9 million wet metric tonnes per year of direct reduction quality iron ore grading above 67.5% Fe and which is located 21 kilometres southeast of Bloom Lake. Refer to note 3 — Kami Iron Mine Partnership for additional details.

The Company's interest in the Kami Partnership is accounted for using the equity method in the consolidated financial statements.

This summarized financial information represents the joint venture's financial statements prepared in accordance with IFRS under the Company's accounting policies:

	As at September 30, 2025
Current assets	313
Non-current assets	242,662
Total assets	242,975
Current liabilities	3,175
Non-current liabilities	68,628
Total liabilities	71,803
Net assets	171,172
Assets and liabilities above include:	
Cash and cash equivalents	72
Non-current restricted cash	68,600

Reconciliation of the above amounts with the carrying amount of the Company's investment recognized in the consolidated statements of financial position is presented below:

	As at September 30, 2025
Champion's interest	51 %
Joint venture's net assets (100%)	171,172
Champion's proportionate ownership	87,298
Fair value recognition in the joint venture	(95,278)
Contribution note payable	68,600
	60,620
Transaction costs incurred	1,437
Carrying value of Champion's investment in a joint venture	62,057

The joint venture does not have any future minimum payments of commitments as at September 30, 2025.

The Kami Partnership will be subject to the payment of a gross sales royalty on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products; and an education and training fund for local communities.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

22. Related Parties

Transactions and balances with the joint venture, accounted as per the equity method, are summarized below:

		Three Months Ended September 30,
	Notes	2025
Contributed net assets		
Current assets		313
Non-current assets (i)		78,868
Current liabilities		(3,175)
Non-current liabilities		(28)
		75,978
Cash received (feasibility study repayment)	4	(15,630)
Investment received	3	60,348

(i) Non-current assets include \$78,705 of exploration and evaluation assets contributed to the Kami Partnership. Refer to note 9 — Exploration and Evaluation Assets.

		As at September 30,
	Notes	2025
Joint venture's contribution note	10	68,600
Investment in a joint venture	21	62,057

No significant changes occurred in connection with key management personnel during the three and six-month periods ended September 30, 2025.

23. Commitments and Contingencies

The Company's future minimum payments of commitments as at September 30, 2025 are as follows:

	Less than a year	1 to 5 years	More than 5 years	Total
Impact and Benefits Agreement with the Innu community	7,153	33,096	115,623	155,872
Take-or-pay fees related to the Port Agreement	8,200	36,541	98,250	142,991
Capital expenditure obligations	34,942	—	—	34,942
Other obligations	66,292	6,199	150	72,641
	116,587	75,836	214,023	406,446

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

In September 2025, the Company and the Partners entered into a definitive partnership agreement as outlined in note 3 — Kami Iron Mine Partnership, as a result of which the Partners made initial cash contributions in the Kami Partnership and committed to further contribute \$176,400. Subsequent cash contributions of the Partners are subject to the completion of a definitive feasibility study, Champion and the Partners proceeding with positive interim investment elections to pursue work towards a final investment decision, as well as other customary closing conditions. Until a final investment decision is made, the Partners have different options to exit the Kami Partnership by requiring Champion to acquire their interests. The Partners are expected to make further contributions on a pro-rata basis for expenses necessary to advance the Kami Project towards a potential interim investment decision and, ultimately, a potential final investment decision.

Contingent upon the Kami Project advancing to commercial production, the Company will be subject to a fixed production payment on future tonnes sold.

The Company is also subject to limited production payments on its Consolidated Fire Lake North, Lac Lam    , Moir   Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

24. Financial Information Included in the Consolidated Statements of Cash Flows

a) Changes in non-cash operating working capital

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Receivables	(85,985)	25,449	(17,036)	(68,626)
Prepaid expenses and advances	3,518	(956)	(3,216)	(9,764)
Inventories	15,803	(5,710)	56,546	(6,198)
Advance payments	1,557	6,180	6,073	11,513
Accounts payable and other	32,419	64,692	(22,894)	76,936
Income and mining taxes receivable or payable	(8,521)	(44,609)	(18,753)	(57,899)
Other long-term liabilities	(783)	(164)	(3,381)	(6,394)
	(41,992)	44,882	(2,661)	(60,432)

b) Reconciliation of additions presented in the property, plant and equipment schedule to the net cash flows used in investing activities

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Additions of property, plant and equipment as per note 8	128,338	182,190	264,687	298,835
Additions of right-of-use assets	(4,799)	(1,204)	(33,969)	(2,054)
Depreciation of property, plant and equipment allocated to stripping activity asset	(2,481)	(1,255)	(3,480)	(1,255)
Non-cash increase of the asset related to provisions	(562)	(405)	(1,187)	(646)
Government grant recognized	607	—	607	—
Government grant received	(202)	—	(202)	—
Non-cash capitalization of borrowing costs	(7,702)	(144)	(7,882)	(237)
Net cash flows used in investing activities - Purchase of property, plant and equipment	113,199	179,182	218,574	294,643

c) Reconciliation of depreciation presented in the property, plant and equipment schedule to the consolidated statements of income

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Depreciation of property, plant and equipment as per note 8	40,537	35,061	81,362	74,516
Depreciation of property, plant and equipment allocated to stripping activity asset	(2,481)	(1,255)	(3,480)	(1,255)
Depreciation of intangible assets	753	354	1,495	711
Net effect of depreciation of property, plant and equipment allocated to inventory	6,299	1,113	12,527	(3,175)
Depreciation as per consolidated statements of income	45,108	35,273	91,904	70,797

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

24. Financial Information Included in the Consolidated Statements of Cash Flows (continued)

d) Changes in liabilities arising from financing activities

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Opening balance - Long-Term Debt	743,446	531,421	707,301	539,428
Cash from (used in) financing activities				
Issuance	681,100	—	765,600	—
Repayment	(465,125)	[6,363]	(483,462)	[18,999]
New transaction costs	(14,329)	—	(14,329)	[314]
Non-cash changes				
Embedded derivative recognition	11,854	—	11,854	—
Foreign exchange movement	17,637	[5,671]	(13,127)	[1,482]
Amortization of transaction costs and accretion	2,986	767	3,732	1,521
Ending balance - Long-Term Debt	977,569	520,154	977,569	520,154

	Three Months Ended September 30,		Six Months Ended September 30,	
	2025	2024	2025	2024
Opening balance - Lease Liabilities	107,020	76,698	92,335	76,978
Cash from (used in) financing activities				
Capital payments	(5,742)	[2,801]	(10,479)	[5,581]
Interest expense	1,540	988	2,988	2,008
Non-cash changes				
Foreign exchange movement	1,651	[867]	(2,298)	[237]
New lease liabilities (i)	4,799	1,204	30,374	2,054
Lease modification	—	[833]	(3,652)	[833]
Ending balance - Lease Liabilities	109,268	74,389	109,268	74,389

(i) New lease liabilities for the six-month period ended September 30, 2025, differ from the additions of right-of-use assets presented in note 8 — Property, Plant and Equipment, as they excluded \$3,595 of deposits paid in advance to secure the delivery of equipment.

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited)

25. Segmented Information

The Company is conducting mining operations and exploration and evaluation activities in Canada. The operating segments reflect the management structure of the Company and are consistent with the internal reporting reviewed by the Company's chief operating decision-maker to assess the business performance and make strategic decisions. The Company evaluates the performance of its operating segments primarily based on segment operating income, as defined below. The Bloom Lake mine site, which is comprised of two facilities in operation, was identified as a segment, namely Iron Ore Concentrate. Exploration and Evaluation and Corporate were identified as separate segments due to their specific nature.

Three Months Ended September 30, 2025	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	492,890	—	—	492,890
Cost of sales	(293,398)	—	—	(293,398)
Depreciation	(44,480)	(44)	(584)	(45,108)
Gross profit (loss)	155,012	(44)	(584)	154,384
Share-based payments	—	—	(4,618)	(4,618)
General and administrative expenses	—	—	(9,894)	(9,894)
Sustainability and other community expenses	(2,168)	—	(2,725)	(4,893)
Innovation and growth initiatives	—	—	(2,243)	(2,243)
Operating income (loss)	152,844	(44)	(20,064)	132,736
Net finance costs, other expenses and tax expenses				(75,942)
Net income				56,794
Segmented total assets	3,125,580	98,905	213,865	3,438,350
Segmented total liabilities	(1,120,838)	—	(818,086)	(1,938,924)
Segmented property, plant and equipment	2,207,590	2,950	8,601	2,219,141

Three Months Ended September 30, 2024	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	350,980	—	—	350,980
Cost of sales	(252,960)	—	—	(252,960)
Depreciation	(34,738)	(31)	(504)	(35,273)
Gross profit (loss)	63,282	(31)	(504)	62,747
Share-based payments	—	—	(4,801)	(4,801)
General and administrative expenses	—	—	(12,114)	(12,114)
Sustainability and other community expenses	(1,835)	—	(2,834)	(4,669)
Innovation and growth initiatives	—	—	(1,569)	(1,569)
Operating income (loss)	61,447	(31)	(21,822)	39,594
Net finance costs, other expenses and tax expenses				(19,787)
Net income				19,807
Segmented total assets	2,624,073	141,276	36,244	2,801,593
Segmented total liabilities	(1,326,261)	—	(28,932)	(1,355,193)
Segmented property, plant and equipment	1,754,332	2,058	9,920	1,766,310

Champion Iron Limited

Notes to the Condensed Interim Consolidated Financial Statements

[Expressed in thousands of Canadian dollars, except where otherwise indicated - unaudited]

25. Segmented Information (continued)

Six Months Ended September 30, 2025	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	882,917	—	—	882,917
Cost of sales	(607,326)	—	—	(607,326)
Depreciation	(90,685)	(88)	(1,131)	(91,904)
Gross profit (loss)	184,906	(88)	(1,131)	183,687
Share-based payments	—	—	(4,301)	(4,301)
General and administrative expenses	—	—	(22,475)	(22,475)
Sustainability and other community expenses	(4,009)	—	(5,461)	(9,470)
Innovation and growth initiative expenses	—	—	(4,114)	(4,114)
Operating income (loss)	180,897	(88)	(37,482)	143,327
Net finance costs, other expenses and tax expenses				(62,749)
Net income				80,578
Segmented total assets	3,125,580	98,905	213,865	3,438,350
Segmented total liabilities	(1,120,838)	—	(818,086)	(1,938,924)
Segmented property, plant and equipment	2,207,590	2,950	8,601	2,219,141

Six Months Ended September 30, 2024	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
Revenues	818,064	—	—	818,064
Cost of sales	(517,871)	—	—	(517,871)
Depreciation	(69,766)	(62)	(969)	(70,797)
Gross profit (loss)	230,427	(62)	(969)	229,396
Share-based payments	—	—	(7,193)	(7,193)
General and administrative expenses	—	—	(24,464)	(24,464)
Sustainability and other community expenses	(3,532)	—	(5,678)	(9,210)
Innovation and growth initiative expenses	—	—	(3,445)	(3,445)
Operating income (loss)	226,895	(62)	(41,749)	185,084
Net finance costs, other expenses and tax expenses				(83,920)
Net income				101,164
Segmented total assets	2,624,073	141,276	36,244	2,801,593
Segmented total liabilities	(1,326,261)	—	(28,932)	(1,355,193)
Segmented property, plant and equipment	1,754,332	2,058	9,920	1,766,310

26. Subsequent Event

On October 29, 2025 (Montréal) / October 30, 2025 (Sydney), the Board declared a semi-annual dividend of \$0.10 per ordinary share of the Company in connection with the semi-annual results for the period ended September 30, 2025, payable on November 27, 2025 (Montréal and Sydney), to registered shareholders at the close of business in Australia and Canada on November 12, 2025.

COMPANY DIRECTORY

DIRECTORS	Michael O’Keeffe (Executive Chairman) - Non-independent David Cataford (Executive Director and Chief Executive Officer) - Non-independent Gary Lawler (Non-Executive Director) - Independent Michelle Cormier (Non-Executive Director) - Independent Louise Grondin (Non-Executive Director) - Independent Jessica McDonald (Non-Executive Director) - Independent Jyothish George (Non-Executive Director) - Independent Ronnie Beevor (Non-Executive Director) - Independent
COMPANY SECRETARY	Bill Hundy
CORPORATE SECRETARY	Steve Boucraite
REGISTERED OFFICE	Level 1, 91 Evans Street Rozelle NSW 2039, Australia Telephone: +61 2 9810 7816 Facsimile: +61 2 8065 5017 Website: www.championiron.com ACN 119 770 142
PRINCIPLE ADMINISTRATIVE OFFICE	3300-1155 René-Lévesque Blvd. West Montréal, QC, H3B 3X7, Canada Telephone: +1 514-316-4858 Facsimile: +1 514-819-8100
AUDITORS	Ernst & Young <i>(for the purpose of the Company’s Australian legislative requirements)</i> 200 George Street Sydney, NSW 2000, Australia Ernst & Young LLP <i>(for the purpose of the Company’s Canadian legislative requirements)</i> 900, De Maisonneuve Blvd West Montréal, Québec, H3A 0A8, Canada
SHARE REGISTRIES	Computershare Investor Services Pty Limited GPO Box 2975 Melbourne, Victoria 3001, Australia Telephone (Australia): 1300 850 505 Telephone (International): +61 3 9415 4000 Computershare Investor Services Inc. 100 University Avenue, 8th Floor Toronto, Ontario, M5J 2Y1, Canada Telephone (North America Toll-Free): 1-800-564-6253 Telephone (international): 1-514-982-7555
STOCK EXCHANGES	The Company’s shares are listed on the Australian Stock Exchange (ASX) and Toronto Stock Exchange (TSX) under the symbol CIA. The Company’s shares are also available to trade on the OTCQX Best Market under the symbol CIAFF.
ASX CODE & TSX SYMBOL	CIA (Fully Paid Ordinary Shares)

CHAMPION IRON 