

# **Champion Iron Limited**

**(ACN: 119 770 142)**

## **Consolidated Financial Statements For the Years Ended March 31, 2026 and 2025**

[Expressed in thousands of Canadian dollars]

# Champion Iron Limited

## Table of Contents

---

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	3
INDEPENDENT AUDITOR'S REPORT	4
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENTS OF INCOME	9
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	10
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	11
CONSOLIDATED STATEMENTS OF CASH FLOWS	12
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	13
1. Description of Business	13
2. Material Accounting Policy Information and Future Accounting Changes	13
3. Kami Iron Mine Partnership	26
4. Receivables	26
5. Prepaid Expenses and Advances	27
6. Inventories	27
7. Non-Current Investments	27
8. Advance Payments	28
9. Intangible Assets	29
10. Property, Plant and Equipment	30
11. Exploration and Evaluation Assets	31
12. Other Non-Current Assets	32
13. Accounts Payable and Other	32
14. Long-Term Debt	32
15. Lease Liabilities	34
16. Provisions	35
17. Share Capital and Reserves	36
18. Revenues	39
19. Cost of Sales	39
20. General and Administrative Expenses	39
21. Sustainability and Other Community Expenses	39
22. Net Finance Costs	40
23. Other Income	40
24. Income and Mining Taxes	41
25. Earnings per Share	43
26. Financial Instruments	44
27. Capital Risk Management	50
28. Joint Venture	50
29. Related Parties	51
30. Commitments and Contingencies	52
31. Financial Information Included in the Consolidated Statements of Cash Flows	53
32. Segmented Information	54
33. Parent Entity Information	55
34. Auditor's Remuneration	56
35. Subsequent Events	56

# Champion Iron Limited

## Management's Responsibility for Financial Reporting

---

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which includes making material accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the consolidated financial statements, selecting appropriate accounting principles and methods, and making decisions that affect the measurement of transactions.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board of Directors fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

Ernst & Young, the independent auditors, have been appointed by the shareholders to audit the consolidated financial statements as at March 31, 2026, and 2025 and for the years then ended and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

/s/ David Cataford  
David Cataford  
Chief Executive Officer

/s/ Nathalie Turcotte  
Nathalie Turcotte  
Vice-President and Corporate Controller, acting in the capacity of Chief Financial Officer

May 28, 2026

## Independent auditor's report

To the Shareholders of  
**Champion Iron Limited**

### Opinion

We have audited the consolidated financial statements of **Champion Iron Limited** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at March 31, 2026 and 2025, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue from iron ore sales</i></p> <p>The Group recognized revenues of \$1,770 million from the sale of iron ore for the year ended March 31, 2026, of which US\$203 million remained subjected to provisional pricing at year end. The Group discloses its accounting policy and its material judgments, estimates and assumptions in respect of revenue recognition in Note 2 to the consolidated financial statements.</p> <p>The amount of revenue recognized is impacted by the Group's provisional pricing arrangements, where the final sales price is determined based on iron ore prices subsequent to a shipment arriving at the port of discharge. The Group initially recognizes sales revenue at the consideration received or expected to be received 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 final settlement is recorded as an adjustment to revenue.</p> <p>This was considered to be a key audit matter due to the material effect provisional pricing arrangements can have on the amount of revenue recognized and the estimation involved in re-measuring receivables on sales that remain provisional at year-end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process relating to the initial recognition of revenue and the re-measurement of receivables.</li> <li>• For a sample of provisional and final sales, agreed key terms to offtake agreements and agreed volumes, quality, and pricing to externally provided shipping documentation, market pricing data and sales invoices.</li> <li>• For the sample referred to above, assessed whether the timing of recognition of revenue was appropriate by inspecting the contract and shipping documents in accordance with IFRS.</li> <li>• For a sample of provisional and final sales, assessed the classification of these sales as provisional or final as at March 31, 2026.</li> <li>• Assessed the measurement of receivables for which final pricing remained outstanding as at March 31, 2026, including assessing the appropriateness of forecast iron ore prices used in forming the estimate by agreeing to external market pricing data.</li> <li>• Evaluated the adequacy and appropriateness of the disclosures included within the consolidated financial statements.</li> </ul>

**Other information**

Management is responsible for the other information. The other information comprises:

- Management's discussion and analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's discussion and analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Champion Iron Limited

## Independent Auditor's Report

---

– 4 –

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Patrick Bertrand-Daoust.

*Ernst + Young LLP*<sup>1</sup>

Montréal, Canada  
May 28, 2026

<sup>1</sup> CPA auditor, public accountancy permit no. A118785



# Champion Iron Limited

## Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

		As at March 31, 2026	As at March 31, 2025
	Notes		
<b>Assets</b>			
Current			
Cash		296,788	117,451
Receivables	4	179,652	202,470
Income and mining taxes receivable	24	13,937	3,173
Prepaid expenses and advances	5	47,932	51,722
Inventories	6	289,341	357,489
		<b>827,650</b>	732,305
Non-current			
Non-current investments	7	12,946	15,393
Advance payments	8	80,368	76,307
Intangible assets	9	3,971	5,219
Property, plant and equipment	10	2,322,105	2,046,406
Exploration and evaluation assets	11	98,370	148,029
Other non-current assets	12	78,727	6,542
Investment in a joint venture	28	73,124	—
<b>Total assets</b>		<b>3,497,261</b>	3,030,201
<b>Liabilities</b>			
Current			
Accounts payable and other	13	267,697	289,660
Income and mining taxes payable	24	4,366	25,895
Current portion of long-term debt	14	40,627	40,725
Current portion of provisions	16	6,054	2,402
		<b>318,744</b>	358,682
Non-current			
Long-term debt	14	922,136	666,576
Deferred grant	14	7,037	8,573
Lease liabilities	15	93,791	78,619
Provisions	16	131,873	141,628
Other long-term liabilities	3, 17	88,938	15,620
Net deferred tax liabilities	24	400,483	325,105
<b>Total liabilities</b>		<b>1,963,002</b>	1,594,803
<b>Shareholders' equity</b>			
Share capital	17	470,085	411,047
Contributed surplus		16,647	16,647
Warrants	17	—	22,288
Accumulated other comprehensive income		399	374
Retained earnings		1,047,128	985,042
<b>Total equity</b>		<b>1,534,259</b>	1,435,398
<b>Total liabilities and equity</b>		<b>3,497,261</b>	3,030,201
Commitments and contingencies	30		
Subsequent events	35		

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

Approved on May 28, 2026 on behalf of the Board of Directors

/s/ Michael O'Keeffe  
Executive Chairman

/s/ Gary Lawler  
Lead Director

# Champion Iron Limited

## Consolidated Statements of Income

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

	Notes	Year Ended March 31,	
		2026	2025
<b>Revenues</b>	<b>18</b>	<b>1,769,731</b>	1,606,579
Cost of sales	<b>19</b>	<b>(1,180,823)</b>	(1,056,243)
Depreciation	<b>31</b>	<b>(180,284)</b>	(148,604)
<b>Gross profit</b>		<b>408,624</b>	401,732
<b>Other expenses</b>			
Share-based payments	<b>17</b>	<b>(11,644)</b>	(5,397)
General and administrative expenses	<b>20</b>	<b>(55,055)</b>	(48,734)
Sustainability and other community expenses	<b>21</b>	<b>(19,938)</b>	(18,562)
Innovation and growth initiatives		<b>(10,363)</b>	(8,528)
<b>Operating income</b>		<b>311,624</b>	320,511
Net finance costs	<b>22</b>	<b>(34,221)</b>	(57,539)
Other income	<b>23</b>	<b>9,503</b>	2,175
Share of loss of a joint venture	<b>28</b>	<b>(2,087)</b>	—
<b>Income before income and mining taxes</b>		<b>284,819</b>	265,147
Current income and mining taxes	<b>24</b>	<b>(40,705)</b>	(79,139)
Deferred income and mining taxes	<b>24</b>	<b>(75,378)</b>	(43,963)
<b>Net income</b>		<b>168,736</b>	142,045
<b>Earnings per share</b>		(in dollars)	(in dollars)
Basic	<b>25</b>	<b>0.32</b>	0.27
Diluted	<b>25</b>	<b>0.32</b>	0.27
<b>Weighted average number of ordinary shares outstanding</b>		(in thousands)	(in thousands)
Basic	<b>25</b>	<b>530,621</b>	518,173
Diluted	<b>25</b>	<b>533,235</b>	527,659

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

# Champion Iron Limited

## Consolidated Statements of Comprehensive Income

(Expressed in thousands of Canadian dollars)

	Year Ended March 31,	
	2026	2025
<b>Net income</b>	<b>168,736</b>	142,045
<b>Other comprehensive income (loss)</b>		
Item that may be reclassified subsequently to the consolidated statements of income		
Net movement in foreign currency translation reserve	25	(55)
<b>Total other comprehensive income (loss)</b>	<b>25</b>	(55)
<b>Total comprehensive income</b>	<b>168,761</b>	141,990

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

# Champion Iron Limited

## Consolidated Statements of Changes in Equity

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

	Attributable to Champion Shareholders							Total
	Share Capital		Contributed Surplus	Warrants	Foreign Currency Translation Reserve	Retained Earnings		
	Ordinary Shares							
Note	Shares <sup>1</sup> (in thousands)	\$						
March 31, 2025		<b>518,251</b>	<b>411,047</b>	<b>16,647</b>	<b>22,288</b>	<b>374</b>	<b>985,042</b>	<b>1,435,398</b>
Net income		—	—	—	—	—	<b>168,736</b>	<b>168,736</b>
Other comprehensive income		—	—	—	—	<b>25</b>	—	<b>25</b>
Total comprehensive income		—	—	—	—	<b>25</b>	<b>168,736</b>	<b>168,761</b>
Exercise of warrants	<b>17</b>	<b>15,000</b>	<b>59,038</b>	—	<b>(22,288)</b>	—	—	<b>36,750</b>
Dividends on ordinary shares	<b>17</b>	—	—	—	—	—	<b>(106,650)</b>	<b>(106,650)</b>
<b>March 31, 2026</b>		<b>533,251</b>	<b>470,085</b>	<b>16,647</b>	—	<b>399</b>	<b>1,047,128</b>	<b>1,534,259</b>
March 31, 2024		518,071	409,785	17,372	22,288	429	946,636	1,396,510
Net income		—	—	—	—	—	142,045	142,045
Other comprehensive loss		—	—	—	—	(55)	—	(55)
Total comprehensive income (loss)		—	—	—	—	(55)	142,045	141,990
Exercise of stock options	<b>17</b>	150	1,073	(323)	—	—	—	750
Release of performance share units	<b>17</b>	30	189	(403)	—	—	(4)	(218)
Dividends on ordinary shares	<b>17</b>	—	—	—	—	—	(103,635)	(103,635)
Share-based payments	<b>17</b>	—	—	1	—	—	—	1
March 31, 2025		518,251	411,047	16,647	22,288	374	985,042	1,435,398

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

<sup>1</sup> All issued ordinary shares are fully paid and have no par value.

# Champion Iron Limited

## Consolidated Statements of Cash Flows

[Expressed in thousands of Canadian dollars]

	Notes	Year Ended March 31,	
		2026	2025
<b>Cash provided by (used in)</b>			
<b>Operating activities</b>			
Net income		168,736	142,045
Adjustments for non-cash items			
Depreciation	31	180,284	148,604
Share-based payments	17	11,644	5,397
Change in fair value of non-current investments	7, 26	3,136	(884)
Change in fair value of derivative assets	26	(8,810)	—
Unrealized foreign exchange loss (gain)		(11,108)	18,094
Accretion expense of provisions	16, 22	3,061	1,717
Amortization of transaction costs and accretion of long-term debt	22	6,530	4,648
Amortization of deferred grant	14, 22	(1,536)	(1,224)
Loss on disposal of property, plant and equipment	10	3,042	5,074
Share of loss of a joint venture	28	2,087	—
Deferred income and mining taxes	24	75,378	43,963
Other		325	130
Utilization of provisions	16	(2,360)	(238)
		430,409	367,326
Changes in non-cash operating working capital	31	5,522	(63,308)
<b>Net cash flows from operating activities</b>		<b>435,931</b>	<b>304,018</b>
<b>Investing activities</b>			
Acquisition of non-current investments	7, 26	(689)	—
Increase in advance payments	8	(9,955)	(10,101)
Purchase of intangible assets	9	(844)	(1,568)
Purchase of property, plant and equipment	10, 31	(395,427)	(576,375)
Proceeds from disposal of property, plant and equipment	10	85	38
Investment in exploration and evaluation assets	11	(17,595)	(27,653)
Increase in other non-current financial assets	12	(4)	(90)
<b>Net cash flows used in investing activities</b>		<b>(424,429)</b>	<b>(615,749)</b>
<b>Financing activities</b>			
Issuance of long-term debt	14	765,600	187,951
Repayment of long-term debt	14	(500,405)	(51,136)
Transaction costs on long-term debt	14	(14,329)	(1,029)
Payment of lease liabilities	15	(16,581)	(9,269)
Exercise of warrants	17	36,750	—
Exercise of stock options	17	—	750
Withholding taxes paid pursuant to the settlement of PSUs	17	—	(218)
Dividends paid on ordinary shares	17	(106,650)	(103,635)
<b>Net cash flows from financing activities</b>		<b>164,385</b>	<b>23,414</b>
<b>Net increase (decrease) in cash</b>		<b>175,887</b>	<b>(288,317)</b>
Cash, beginning of the year		117,451	400,061
Effects of exchange rate changes on cash		3,450	5,707
<b>Cash, end of the year</b>		<b>296,788</b>	<b>117,451</b>
Interest paid		67,554	48,059
Interest received		8,520	10,828
Income and mining taxes paid	24	72,998	96,649

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

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

### 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 Australian Securities Exchange (ASX: CIA) and the Toronto Stock Exchange (TSX: CIA), and trades on the OTCQX Best Market (OTCQX: CIAFF). Its registered office is located at Level 1, 91 Evans Street, Rozelle, New South Wales 2039, Australia. The Company is domiciled in Australia and its principal activities are carried out in Canada through Quebec Iron Ore Inc. (“QIO”), its wholly-owned subsidiary. QIO’s registered office is located at 1155 René-Lévesque Blvd. West, Suite 3300, Montréal, QC, H3B 3X7, Canada.

Champion is a high-purity iron ore producer with operations in Canada and Norway. Through QIO, Champion 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 low contaminant high-purity 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. The iron ore concentrate from Bloom Lake is transported by rail, to a ship loading port in Sept-Îles, Québec. Benefiting from one of the highest purity resources globally, Champion is investing to be able to upgrade up to 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-purity and lower contaminant iron ore products have attracted a premium to the P61 index (formerly, the P62 index).

Since April 10, 2026, Champion also owns and operates Rana Gruber ASA (“Rana Gruber”), a Norwegian iron ore producer based in Mo i Rana, Nordland. With continuous production dating back to the 1960’s, Rana Gruber produces approximately 1.8 million dry metric tonnes per year of hematite and magnetite iron ore concentrates.

Champion has delivered iron ore concentrates to global markets, including China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to its producing mines, Champion holds a 51% interest in Kami Iron Mine Partnership (the “Kami Partnership”), jointly owned with 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 holds a portfolio of exploration and development projects in the Labrador Trough, including the Cluster II properties, situated 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 consolidated financial statements are for the group consisting of Champion Iron Limited and its subsidiaries.

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial report is a general purpose financial report which has also been prepared for a for-profit enterprise in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (“AAS”) and other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”).

The Company has consistently applied the accounting policies used in the preparation of its IFRS consolidated financial statements with the exception of those arising from new accounting standards adopted by the Company as described in this note.

These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities which have been measured 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, 2026.

These consolidated financial statements were approved and authorized for issue by the Board of Directors (the “Board”) on May 28, 2026.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

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

#### b) Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

##### **Consolidation**

The consolidated financial statements of the Company include the accounts of the Company and its subsidiaries. Subsidiaries are those entities that the Company controls. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (current ability to direct the relevant activities of the investee). Generally, there is a presumption that a majority of voting rights results in control. The Company considers all relevant facts and circumstances in assessing whether voting rights are sufficient to obtain control over an investee.

All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

The significant subsidiaries are listed below:

	<b>Ownership Percentage</b>	<b>Country of Incorporation</b>	<b>Functional Currency</b>
Champion Innovations Limited	100 %	Canada	Canadian dollars
Champion Iron Mines Limited	100 %	Canada	Canadian dollars
Champion Iron Canada Inc.	100 %	Canada	Canadian dollars
Quebec Iron Ore Inc.	100 %	Canada	Canadian dollars
Champion Kami Partner Inc.	100 %	Canada	Canadian dollars
Lac Bloom Railcars Corporation Inc.	100 %	Canada	United States ("U.S.") dollars

##### **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.

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 statements 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 an investment in a joint venture is tested for impairment at each reporting date. The joint venture has the same reporting period as the Company and prepares its financial statements in accordance with IFRS using the same accounting policies.

##### **Foreign currencies**

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

##### i) Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company's entities using the exchange rates prevailing at the dates of the transactions or the appropriate average exchange rate. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income within net finance costs. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

##### ii) Foreign operations

The financial statements of entities that have a functional currency different from the Company's presentation currency are translated into Canadian dollars as follows: assets and liabilities are translated at the closing exchange rate at the reporting date, and income and expenses are translated at the average exchange rate of the period. Equity transactions are translated using the exchange rate at the date of the transaction. Exchange differences arising from these translations are recognized directly in other comprehensive income within the foreign currency translation reserve until the subsidiary is disposed or dissolved, on which date the cumulative amount is reclassified to profit or loss.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 2. Material Accounting Policy Information and Future Accounting Changes [continued]

#### b) Material Accounting Policy Information [continued]

##### **Inventories**

Stockpiled iron ore and iron ore concentrate inventories are measured and valued at the lower of average production cost and net realizable value. Production costs that are capitalized as inventories include the costs directly related to bringing the inventories to their current condition and location, such as materials, direct labour, depreciation and manufacturing overhead costs, based on normal capacity of the production facilities. Net realizable value is the estimated selling price of iron ore concentrate in the ordinary course of business based on the prevailing iron ore prices at the reporting date, less estimated costs to complete production and to bring iron ore concentrate to the point of sale.

Supplies and spare parts are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

##### **Intangible assets**

Intangible assets acquired separately are carried at cost, less accumulated depreciation and accumulated impairment losses. Configuration and customization costs under cloud computing arrangements are capitalized only when the Company has control over the intellectual property of the underlying software code.

Depreciation of finite-life intangible assets is recognized on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The estimated useful life and depreciation method are reviewed at least at each year-end, with the effect of changes in estimates being accounted for on a prospective basis if any.

Depreciation is calculated on the following basis over the economic useful lives of the intangible assets with a finite useful life:

Port access	Straight-line over 20 years
Software	Straight-line over 3 years

##### **Property, plant and equipment**

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Depreciation is calculated on the following basis over the estimated useful lives of property, plant and equipment:

Mining and processing equipment	Straight-line over 1 to 15 years or units-of-production basis over the recoverable reserves
Locomotives, railcars and rails	Straight-line over 24 years
Tailings dikes	Straight-line over 7 years or units-of-production basis over the recoverable reserves
Mining development and stripping asset	Straight-line over 4 years or units-of-production basis over the recoverable reserves
Asset rehabilitation obligation and other	Straight-line over 10 to 24 years or units-of-production basis over the recoverable reserves
Right-of-use assets	Straight-line over 1 to 24 years or units-of-production basis over the recoverable reserves

Useful lives of the assets are reviewed annually and adjusted prospectively if appropriate. Gains and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized in the consolidated statements of income.

##### **Assets under construction**

i) Property, plant and equipment in the course of construction or use for its own purposes

The cost comprises their purchase price and any costs directly attributable to bringing them into working conditions for their intended use. Assets under construction include capitalized borrowing costs attributable to the acquisition, development or construction of assets that necessarily take a substantial period of time to get ready for their intended use. Assets under construction are carried at cost less any recognized impairment loss and are not subject to depreciation. Assets under construction are classified to the appropriate category of property, plant and equipment and the depreciation of these assets commences when the assets are ready for their intended use.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### b) Material Accounting Policy Information (continued)

##### **Assets under construction** (continued)

##### ii) Mineral properties under development

Costs incurred subsequent to the establishment of the technical feasibility and commercial viability of the extraction of resources from a particular mineral property are capitalized. Capitalized costs, including mineral property acquisition costs and certain mine development and construction costs, are not depreciated until the related mining property has reached a level of operating capacity pre-determined by management, often referred to "as commercial production" or expected capacity. The date of transition from construction to commercial production or expected capacity accounting is based on both qualitative and quantitative criteria such as substantial physical project completion, sustained levels of mining and processing activity, and passage of a reasonable period of time. Upon completion of mine construction activities (based on the determination of commercial production or expected capacity), costs are removed from assets under development and incorporated into the appropriate categories of property, plant and equipment and supplies inventories.

##### **Acquisition of a group of assets**

When acquiring a group of assets, the Company determines whether the set of activities and assets acquired meet the definition of a business. If they do not constitute a business, the group of assets, including intangible assets acquired and liabilities assumed, are accounted for based on their relative fair values at the date of acquisition. The cost of acquisition, including directly attributable acquisition-related costs, is measured as the aggregate of the consideration transferred measured at the acquisition date fair value.

The cost of the assets on initial recognition excludes any variable contingent consideration.

##### **Production stripping (waste removal) costs**

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a production stripping asset within property, plant and equipment, if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs in cost of sales as they are incurred.

The stripping ratio varies depending on the stage of the mine life. All costs related to a stripping ratio higher than the life of mine ratio are capitalized and all costs related to a stripping ratio lower than the life of mine ratio result in amortization of the stripping activity asset. Stripping costs incurred in the pre-production period have also been capitalized using the same methodology. Refer to the Material Judgments, Estimates and Assumptions section below.

##### **Exploration and evaluation assets**

Exploration and evaluation expenditures, including the costs of acquiring licenses and directly attributable general and administrative costs, are initially capitalized as exploration and evaluation assets. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Mining tax credits earned in respect of costs incurred in Québec are recorded as a reduction to exploration and evaluation assets when there is a reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation assets depends on the Company's ability to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation assets do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets are first tested for impairment and then reclassified to property, plant and equipment or expensed to the consolidated statements of income to the extent of any impairment.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### b) Material Accounting Policy Information (continued)

##### **Impairment of non-financial assets**

The Company's non-financial assets, such as intangible assets, property, plant and equipment and exploration and evaluation assets are reviewed for indicators of impairment at least annually and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. If an indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized in the consolidated statements of income when the carrying amount of an asset, or its cash-generating unit ("CGU"), exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the assets or CGUs in an arm's length transaction between knowledgeable and willing parties, using assumptions that an independent market participant may take into account. Value in use is determined as the present value of the future cash flows expected to arise from the continued use of the assets or CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. However, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

##### **Financial instruments**

###### i) Financial assets recognition and classification

On initial recognition, financial assets are either classified and measured at amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). In order for financial assets to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that represent solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortized cost include the Company's cash, short-term investments, if any, trade receivables associated with contracts not subject to provisional pricing, the joint venture's contribution note and other receivables which are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest income received and impairment losses are recognized within net finance costs in the consolidated statements of income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTPL include the Company's trade receivables subject to provisional pricing, non-current investments and derivative assets. The Company's trade receivables subject to provisional pricing relate to sale contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotation period stipulated in the contract. The embedded derivative related to this exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at FVTPL in its entirety from the date of recognition of the corresponding sale, with subsequent movements being recognized as provisional pricing adjustments within revenues in the consolidated statements of income. Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with subsequent net changes in fair value recognized in profit or loss.

Trade receivables are non-interest-bearing. Typically, 95% of the provisional invoice, independently of the quotation period, is received in cash between 15 and 30 days of the date of the sale, which reduces the credit risk associated with trade receivables. The remaining 5% balance in addition to price changes post-shipment is generally received (or paid) within 3 months of the vessel discharge date.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### b) Material Accounting Policy Information (continued)

##### **Financial instruments** (continued)

##### ii) Impairment of financial assets

The Company recognizes an allowance for expected credit loss ("ECL") for all financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables (other than trade receivables subject to provisional pricing) due in less than 12 months, the Company applies the simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows, which generally occurs when past due for more than one year and not subject to any enforcement activity.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

##### iii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designed as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes in fair value are recognized in profit or loss.

Other liabilities are subsequently measured at amortized cost using the EIR method by taking into account any discount or premium on acquisition and fees or costs. Interest expenses are recognized as finance costs in the consolidated statements of income. Financial liabilities at amortized cost include the Company's long-term debt and trade payable.

##### iv) Derecognition of financial liabilities

A financial liability is derecognized when the associated obligation is discharged, cancelled or expires with gains or losses on derecognition recognized in the consolidated statements of income. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

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

#### b) Material Accounting Policy Information (continued)

##### **Financial instruments** (continued)

##### v) Derivative financial instruments

Derivative financial instruments are measured at FVTPL, unless they are designated as hedging instruments for which hedge accounting is applied. Changes in the fair value of derivative financial instruments not designated in a hedging relationship are recognized in other income (expenses), based on the nature of the exposure. The Company has no hedging instruments.

Financial or non-financial contracts may include embedded derivatives. Embedded derivatives for which economic characteristics and risks are closely related to the host contracts are not accounted for as a separate derivative. Embedded derivatives that are not closely related to the host contract such as prepayment options are measured at fair value, with the initial value recognized as an increase of the related long-term debt and amortized to income using the effective interest method. Subsequent changes in the fair value of embedded derivatives are recorded either in net finance costs or other income (expenses), depending on the nature of the derivative.

Reassessment of embedded derivatives only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

In the financial year ended March 31, 2026, the Company entered into foreign currency put/call options and a forward contract to hedge its exposure to fluctuations of the USD/NOK exchange rate associated with the contemplated acquisition of a Norwegian company. Such derivative financial instrument is initially recognized at fair value on the date on which the derivative contract is entered into and is subsequently remeasured at fair value, with changes in fair value recognized in the consolidated statements of income.

##### **Leases**

##### i) Champion as a lessee

Leases are recognized as a right-of-use asset in property, plant and equipment and a corresponding liability in lease liabilities at the date at which the leased asset is available for use by the Company. The right-of-use assets are initially measured at cost, which comprises:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives;
- Any initial direct costs incurred by the Company; and
- Restoration costs.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation. The right-of-use asset is depreciated either on a straight-line basis over the lease term, taking into account any extensions that are likely to be exercised (or longer if a purchase option is reasonably certain to be exercised) or the units-of-production basis over the recoverable reserves. Right-of-use assets are subject to impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the Company's incremental borrowing rate, unless the implicit rate in the lease contract is readily determinable, in which case the latter is used. Each lease payment is allocated between the repayment of the principal portion of the lease liability and the finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### b) Material Accounting Policy Information (continued)

##### **Leases** (continued)

##### i) Champion as a lessee (continued)

Payments associated with short-term leases, leases of low-value assets and certain variable lease payments are recognized on a straight-line basis as an expense in profit or loss.

At the time of the full termination of the lease, the Company derecognizes the right-of-use asset and lease liability. A gain or loss for any difference between the carrying amounts of the right-of-use asset and lease liability as of the date of termination is recognized under other income (expenses) in the consolidated statements of income.

##### ii) Champion as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from these contracts is accounted for on a straight-line basis over the lease term and is included in other income (expenses) in the consolidated statements of income as it is not part of the Company's regular operations.

##### **Provisions**

The Company records provisions for the legal and constructive asset retirement obligations as well as compensation plans' obligations to fulfill conditions associated with tailings and waste rock storage expansion plan. The provisions are recorded for an amount that represents the expected expenditure required to settle the present obligation at the end of the reporting date. Where the effect of the time value of money is material, the Company adjusts the amount of the provision which is the present value of the expenditures expected to be required to settle the obligation, discounted by the number of years between the reporting date and the expected disbursement date, using a discount rate that reflects current market assessments of the time value and risks at the reporting period. The unwinding of the discount is recognized as finance cost.

##### **Share capital and dividends**

Share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. Proceeds from issuance of share capital are allocated between share capital and ordinary share purchase warrants by calculating the fair value of the warrants using the Black-Scholes option pricing model and recording the share capital portion using the residual method as the difference between the fair value of the warrants and the proceeds received. Issuance costs are allocated pro rata between the share capital and warrants and netted against each component.

The Company recognizes a liability to pay a dividend when the distribution is authorized by the Board, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

##### **Employee benefits**

##### i) Post-employment benefits

Certain employees of the Company have entitlements under the Company's collective pension and retirement agreement, which operates as a defined-contribution pension plan. The cost of defined contribution retirement benefit plans is recognized as an expense when employees have rendered service entitling them to the contributions.

##### ii) Stock option plan

The Company may offer a stock option plan to eligible directors and employees. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based payments and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based payments associated with the unvested portion of the stock options forfeited is reversed.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### b) Material Accounting Policy Information (continued)

##### **Employee benefits** (continued)

##### iii) Other awards

As part of the remuneration plan, the Company offers performance share unit ("PSU") awards, restricted share unit ("RSU") awards and deferred share unit ("DSU") awards. Recipients of these share-based awards are entitled to receive a dividend equivalent.

Equity-settled share-based payments are measured at fair value and the awards expected to vest are accrued on a straight-line basis over the vesting period with a corresponding increase in contributed surplus. The grant date fair value of equity-settled share-based awards is determined using the share price of the Company on the TSX at the grant date. At a dividend record date, if any, the dividend equivalent is recognized directly as an increase in contributed surplus with a corresponding amount in retained earnings based on the vesting period, measured at the grant date fair value of the dividend equivalent.

Cash-settled share-based payments are measured at fair value at the grant date with a corresponding liability. The grant date fair value of the compensation is measured based on the closing share price of the Company on the TSX adjusted to take into account the terms and conditions upon which the shares were granted, if any, and the awards that are expected to vest. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, based on the closing share price, with any changes in the fair value measurement of the liability recognized in profit or loss. At a dividend record date, if any, the dividend equivalent is recognized as a liability for cash-settled awards with a corresponding amount as share-based payments in profit or loss.

When terms of an equity-settled share-based award are modified such that the award becomes a cash-settled award, at the date of modification, a liability is recognized based on the fair value of the cash-settled award at that date and the extent to which the vesting period has expired with a corresponding decrease in contributed surplus. Subsequently, the fair value of the liability is remeasured at the end of each reporting period, with any changes in fair value recognized in profit or loss.

##### **Revenue**

The Company recognizes revenue from sales of iron ore concentrate, net of any discount, when control of the iron ore concentrate is transferred to the customer, which is generally when the iron ore concentrate is delivered to the vessel. The product is generally sold on Free On Board (FOB) Incoterm, where the Company has no responsibility for freight or insurance once control of the iron ore concentrate has passed at the loading port. Thus, the performance obligation is satisfied at a point in time. At the time the iron ore concentrate is loaded, the Company has transferred the significant risks and rewards to the customer, including the legal title, as well as the physical transfer of the iron ore concentrate. The Company recognizes revenues net of freight, freight commission, marketing incentives and other costs.

The Company's iron ore concentrate is sold to customers under contracts that vary in pricing mechanism. The majority of the Company's sales are sold under pricing arrangements whereby final prices are determined by quoted market prices subsequent to the date of the sale, based on a mutually agreed final quotation period stipulated in the contract. For these sales, revenue is recognized at an amount that reflects the consideration to which the Company expects to receive in exchange for the iron ore concentrate transferred, with reference to the relevant price indices. At each reporting date, the Company re-estimates these sales, with subsequent mark-to-market adjustments recorded as provisional pricing adjustments in sales revenue up to the date of the final settlement.

Customers have no right of return. If the iron ore concentrate delivered does not meet quality specifications agreed in the sales contracts, as determined by discharge port certificates, the selling price is adjusted to reflect penalties specified in the sales contracts.

##### **Government grants**

Government grants are recognized at fair value when there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recorded as a deferred credit and recognized as income or recorded against the expenditure, as the related costs for which it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the cost of the related asset. The Company presents grants received related to an expense item within operating activities whereas grants received related to an asset are presented within the investing activities against the purchase of property, plant and equipment in the consolidated statements of cash flows.

Interest-bearing loans from government at a below-market interest rate are treated as government grants and are recognized at fair value measured at the present value of all future cash flows discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value of the loan and the consideration received is recognized as a government grant. After initial recognition, the interest-bearing loan is subsequently measured at amortized cost using the effective interest rate method. The government grant is amortized over the loan maturity.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### b) Material Accounting Policy Information (continued)

##### ***Innovation and growth initiative expenses***

Innovation and growth initiative expenses are recognized in profit or loss as incurred, except if the expenditures are related to the development and setup of new products, processes and systems and satisfy generally accepted conditions for capitalization, including reasonable assurance that they will be recovered. Capitalized innovation and growth expenditures are measured at cost less accumulated depreciation, using the straight-line method, and accumulated impairment losses.

##### ***Income tax***

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### c) Material Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with 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 continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

##### ***Production start date***

The Company assessed the stage of its mining asset construction project to determine when it has reached the commercial production phase. Commercial production is achieved when the project is substantially completed and ready for its intended use. The Company considers various relevant criteria to assess when the commercial production phase is considered to have commenced including, but not limited to:

- Level of capital expenditure incurred compared to original budget;
- Majority of the assets making up the mining project are substantially complete and ready for use;
- Completion of a reasonable period of testing of the mine plant and equipment; and
- Ability to produce iron ore concentrate in saleable form (within specifications) and to sustain ongoing production of iron ore concentrate.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either included as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements or reserve development. It is also at this point that depreciation commences.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### c) Material Judgments, Estimates and Assumptions (continued)

##### **Mineral resources and ore reserves**

Mineral resource and ore reserve estimates (referred to as mineral resource and mineral reserve under the National Instrument 43-101) are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral resources and ore reserves based on information compiled by qualified persons relating to geological and technical data, on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Recovery of ore reserves is based on factors such as estimated future prices, expected future production and production costs and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. Such an analysis requires complex geological judgments and estimates. Estimates of mineral resources and ore reserves have an impact on the following items:

- Capitalized stripping costs recognized as inventory or charged as cost of sales in profit or loss as it may change due to changes in stripping ratios;
- Depreciation charge as changes in estimates of mineral resources and ore reserves may affect the useful life or units-of-production method of calculation for depreciation;
- Rehabilitation obligation as changes in estimates may affect the expected date to settle the obligation; and
- Carrying value of non-financial assets as changes in estimates may affect estimated future cash flows and therefore impact impairment analysis.

The Company expects that, over time, its mineral resource and ore reserve estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices. The Company's latest updated National Instrument 43-101 Technical report for the mineral resources and ore reserves of the Bloom Lake Mine was published in October 2023.

##### **Definition of separate open pits**

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, initial stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping of the second and subsequent pits is considered to be production phase stripping. The judgment as to whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances.

The following factors would point towards the initial stripping costs for the individual pits being accounted for separately:

- If the second and subsequent pits are mined consecutively following that of the first pit, rather than concurrently;
- If separate investment decisions are made to develop each pit, rather than a single investment decision being made at the outset;
- If the pits are operated as separate units in terms of mine planning and the sequencing of overburden removal and ore mining, rather than as an integrated unit; and
- If the pits extract ore from separate and distinct ore bodies, rather than from a single ore body.

If the designs of the second and subsequent pits are significantly influenced by opportunities to optimize output from several pits, including the co-treatment or blending of the output from the pits, then this would point to treatment as an integrated operation for the purposes of accounting for initial stripping costs. The relative importance of each of the above factors is considered in each case. The Company operates three open pits at the Bloom Lake Mine. Starting on April 1, 2025, the Company assessed that the three open pits were integrated and as such, the Company uses one stripping ratio (March 31, 2025: two stripping ratios).

##### **Depreciation of non-current assets**

Property, plant and equipment are depreciated over their useful life, or over the remaining life of the mine if that is shorter and there is no reasonable alternative use for the asset by the Company. The useful lives of the major assets of a CGU are often dependent on the life of the mine to which they relate. Where this is the case, the lives of mining properties, plant, concentrators and other long-lived processing equipment are generally limited to the expected life of mine, which is estimated on the basis of the mining plan. Where the major assets of a CGU are not dependent on the life of mine, management applies judgment in estimating the remaining service potential of long-lived assets.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

### 2. Material Accounting Policy Information and Future Accounting Changes [continued]

#### c) Material Judgments, Estimates and Assumptions [continued]

##### **Recovery of exploration and evaluation assets**

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which the Company has the right to explore in a specific area, actual and planned expenditures, and results of exploration. Management judgment is also applied in determining whether an economically viable operation can be established or whether activities have not reached a stage that permits a reasonable assessment of the existence of ore reserves, significant negative industry or economic trends, CGUs, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest. Refer to note 11 — Exploration and Evaluation Assets.

##### **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.

##### **Lease liabilities and right-of-use assets**

The Company makes judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include determining contracts in scope of IFRS 16, determining the contract term, determining the interest rate used for discounting future cash flows, assessing purchase option and separating components of a contract. The lease term determined by the Company generally comprises a non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as the useful life of right-of-use assets. Lease payments include the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The separation of components of a contract requires estimates and judgments for allocating the consideration in the contract to each lease component and non-lease component. Refer to notes 10 — Property, Plant and Equipment and 15 — Lease Liabilities.

##### **Provisions**

The provisions are based on the best estimate of the amount that the Company would rationally pay to settle the present obligation at the end of the reporting period or to transfer it to a third party. Assumptions based on the current economic environment have been made, which management believes to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed at each reporting period to take into account any material changes to the assumptions, including regulatory changes and cost increases associated with site areas used for tailings and waste for the rehabilitation obligation, and revisions to future expenditures following the completion of projects, changes in projects concepts and additional data from field studies for the compensation plans' obligation.

Actual costs will ultimately depend upon future market prices for the necessary works required that will reflect market conditions at the time. Furthermore, the timing of rehabilitation is likely to depend on when Bloom Lake ceases to produce at economically viable rates. This, in turn, will depend upon future iron ore prices, which are inherently uncertain.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

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

#### c) Material Judgments, Estimates and Assumptions (continued)

##### **Revenue recognition**

At each reporting period, the Company re-estimates sales subject to provisional pricing with reference to forward price indices. The forward price depends on the final quotation period as per sale contracts, which usually depends on the date when the vessel arrives at its final destination. The arrival date is initially estimated at the sale date and then re-evaluated before each reporting date. Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues. As at March 31, 2026, there was US\$203,438,000 in revenues that were awaiting final pricing (March 31, 2025: US\$223,992,000).

#### d) New Accounting Standards or Amendments Issued and Adopted by the Company

The Company adopted the following new accounting standard for the first time for the financial year beginning April 1, 2025. No amendments to existing standards have been adopted by the Company on April 1, 2025.

##### **AASB S2 (IFRS S2), Climate-related Disclosures (“IFRS S2”)**

A set of climate-related financial disclosures, including climate-related physical risks, transition risks and opportunities, required under AASB S2, is covered in the section 07 – Sustainability Report of the Company’s Annual Report for the year ended March 31, 2026.

#### 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.

##### **AASB 18 (IFRS 18), Presentation and Disclosure in Financial Statements (“IFRS 18”)**

IFRS 18 replaces IAS 1 - Presentation of Financial Statements and requires: 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.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 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 "Kami Transaction"). The assessment of the terms of the partnership agreement led the Company to conclude that the arrangement is jointly controlled, and is classified as a joint venture, accounted for using the equity method in the consolidated financial statements. Refer to note 28 — Joint Venture.

The Company contributed net assets totalling \$60,348 and received, at the Kami Transaction date, a 51% interest in the Kami Partnership, valued at \$62,057, including capitalized transaction costs of \$1,437 and a gain on the loss of control of \$272 presented in Other income, as well as a non-current note receivable of \$68,600 representing the Partners' initial cash contributions. Net assets mainly included title to all Kami mining rights, permits, properties and surface rights related to the Kami Project. At the Kami Transaction date, the Partners made total cash contributions of \$68,600 to the Kami Partnership, as part of the initial closing of the Kami 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. Refer to note 30 — Commitments and Contingencies.

### 4. Receivables

	As at March 31, 2026	As at March 31, 2025
Trade receivables (i)	135,537	145,457
Sales tax	37,663	36,345
Grants receivable	1,914	2,543
Other receivables (ii)	4,538	18,125
	<b>179,652</b>	<b>202,470</b>

(i) As at March 31, 2026, the trade receivables, associated with revenues that remained subject to provisional pricing, represented a receivable balance of \$43,191 (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 Transaction, in addition to expenditure incurred by that date for an aggregate amount of \$15,630. Refer to notes 3 — Kami Iron Mine Partnership and 11 — Exploration and Evaluation Assets.

For information about the Company's exposure to credit risk, refer to note 26 — Financial Instruments.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 5. Prepaid Expenses and Advances

	Note	As at March 31, 2026	As at March 31, 2025
Railway transportation and terminal logistics (i)		36,074	36,644
Port handling services	8	3,469	3,965
Insurance		902	1,028
Other		7,487	10,085
		<b>47,932</b>	51,722

(i) As at March 31, 2026, the railway transportation and terminal logistics prepaid balance included the current portion of railway services agreements of \$3,293 (March 31, 2025: \$16,706) and monthly prepayments pursuant to service agreements. Refer to note 8 — Advance Payments.

### 6. Inventories

	As at March 31, 2026	As at March 31, 2025
Stockpiled ore	58,568	47,048
Iron ore concentrate inventories	100,333	189,955
Supplies and spare parts	130,440	120,486
	<b>289,341</b>	357,489

For the year ended March 31, 2026, the amount of inventories recognized as an expense totalled \$1,361,107 (year ended March 31, 2025: \$1,204,847).

### 7. Non-Current Investments

	Measurement	As at March 31, 2026	As at March 31, 2025
Equity investments in a private entity	FVTPL	12,937	15,384
Equity investments in a publicly listed entity	FVTPL	9	9
		<b>12,946</b>	15,393

	Note	Year Ended March 31, 2026	2025
<b>Opening balance</b>		<b>15,393</b>	14,509
Change in fair value	23	(3,136)	884
Acquisition		689	—
<b>Ending balance</b>		<b>12,946</b>	15,393

For information about the Company's equity instruments, refer to note 26 — Financial Instruments.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 8. Advance Payments

	Note	As at March 31, 2026	As at March 31, 2025
Advance payments related to railway transportation and terminal logistics (i)		<b>20,621</b>	34,780
Prepaid future port handling services (ii)		<b>16,414</b>	18,484
Other long-term advance (iii)		<b>50,095</b>	43,714
		<b>87,130</b>	96,978
Less current portion classified in "Prepaid expenses and advances"	<b>5</b>	<b>(6,762)</b>	(20,671)
		<b>80,368</b>	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 March 31, 2026, the related advance payments amounted to \$17,328 (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 \$3,293 as at March 31, 2026 (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).

(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 \$16,414 as at March 31, 2026 (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 \$3,469 as at March 31, 2026 (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 \$50,095 as at March 31, 2026 (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 the Investing activities in the consolidated statements of cash flows, on the line increase in advance payments, and totalled \$9,955 for the year ended March 31, 2026 (year ended March 31, 2025: \$10,101).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 9. Intangible Assets

	Port Access	Software	Total
<b>Cost</b>			
March 31, 2025	3,513	9,547	13,060
Additions	—	844	844
Disposals	—	(6,246)	(6,246)
<b>March 31, 2026</b>	<b>3,513</b>	<b>4,145</b>	<b>7,658</b>
<b>Accumulated depreciation</b>			
March 31, 2025	426	7,415	7,841
Depreciation	181	1,911	2,092
Disposals	—	(6,246)	(6,246)
<b>March 31, 2026</b>	<b>607</b>	<b>3,080</b>	<b>3,687</b>
<b>Net book value - March 31, 2026</b>	<b>2,906</b>	<b>1,065</b>	<b>3,971</b>
	Port Access	Software	Total
<b>Cost</b>			
March 31, 2024	3,513	7,979	11,492
Additions	—	1,568	1,568
March 31, 2025	3,513	9,547	13,060
<b>Accumulated depreciation</b>			
March 31, 2024	243	6,077	6,320
Depreciation	183	1,338	1,521
March 31, 2025	426	7,415	7,841
<b>Net book value - March 31, 2025</b>	<b>3,087</b>	<b>2,132</b>	<b>5,219</b>

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 10. 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
<b>Cost</b>									
March 31, 2025	968,446	137,378	358,058	365,876	276,090	157,542	2,263,390	214,090	2,477,480
Additions	71,584	—	—	282,952	50,937	3,488	408,961	37,326	446,287
Disposals, lease modifications & termination	(57,823)	—	—	(192)	(223)	—	(58,238)	9,120	(49,118)
Transfers	14,145	1,116	68,304	(87,988)	—	4,423	—	—	—
Foreign exchange and other	—	(1,491)	—	—	(688)	(6,132)	(8,311)	—	(8,311)
<b>March 31, 2026</b>	<b>996,352</b>	<b>137,003</b>	<b>426,362</b>	<b>560,648</b>	<b>326,116</b>	<b>159,321</b>	<b>2,605,802</b>	<b>260,536</b>	<b>2,866,338</b>
<b>Accumulated depreciation</b>									
March 31, 2025	218,534	19,830	49,432	—	94,880	23,099	405,775	25,299	431,074
Depreciation	102,192	6,034	21,021	—	8,879	9,533	147,659	22,471	170,130
Disposals & lease termination	(54,888)	—	—	—	(223)	—	(55,111)	(1,380)	(56,491)
Foreign exchange and other	—	(480)	—	—	—	—	(480)	—	(480)
<b>March 31, 2026</b>	<b>265,838</b>	<b>25,384</b>	<b>70,453</b>	<b>—</b>	<b>103,536</b>	<b>32,632</b>	<b>497,843</b>	<b>46,390</b>	<b>544,233</b>
<b>Net book value - March 31, 2026</b>	<b>730,514</b>	<b>111,619</b>	<b>355,909</b>	<b>560,648</b>	<b>222,580</b>	<b>126,689</b>	<b>2,107,959</b>	<b>214,146</b>	<b>2,322,105</b>
<b>Cost</b>									
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
<b>Accumulated depreciation</b>									
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
<b>Net book value - March 31, 2025</b>	<b>749,912</b>	<b>117,548</b>	<b>308,626</b>	<b>365,876</b>	<b>181,210</b>	<b>134,443</b>	<b>1,857,615</b>	<b>188,791</b>	<b>2,046,406</b>

(i) Certain of the Company's railcars are subject to a rental agreement. From October 2025 to March 2026, the parties agreed to temporarily suspend the railcar operating lease contract. As a result, as at March 31, 2026, the Company had no leased railcars (March 31, 2025: 240 railcars were leased with a net book value of \$40,865). Rental income is included in Other income in the consolidated statements of income.

(ii) For the year ended March 31, 2026, the amount of borrowing costs capitalized during the development period of the DRPF Project was \$31,213 (year ended March 31, 2025: \$16,683). Borrowing costs consisted of interest expense and 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 year ended March 31, 2026, was 8.0% (year ended March 31, 2025: 7.5%).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 10. Property, Plant and Equipment (continued)

Right-of-use assets consist of the following:

	Building	Transshipment Infrastructure	Mining and Processing Equipment	Locomotives, Railcars and Rails	Other	Total
March 31, 2025	8,472	90,446	21,089	66,622	2,162	188,791
Additions	2,929	—	34,397	—	—	37,326
Lease modifications	382	—	10,118	—	—	10,500
Depreciation	(739)	(5,682)	(11,643)	(3,510)	(897)	(22,471)
<b>March 31, 2026</b>	<b>11,044</b>	<b>84,764</b>	<b>53,961</b>	<b>63,112</b>	<b>1,265</b>	<b>214,146</b>

	Building	Transshipment Infrastructure	Mining and Processing Equipment	Locomotives, Railcars and Rails	Other	Total
March 31, 2024	8,249	95,701	4,214	70,112	1,845	180,121
Additions	869	—	23,243	—	1,203	25,315
Lease termination	—	—	(963)	—	—	(963)
Depreciation	(646)	(5,255)	(5,405)	(3,490)	(886)	(15,682)
March 31, 2025	8,472	90,446	21,089	66,622	2,162	188,791

Refer to note 15 — Lease Liabilities for more details.

### 11. Exploration and Evaluation Assets

	Labrador Trough	Newfoundland	Total
March 31, 2025	141,742	6,287	148,029
Additions	16,280	1,315	17,595
Refundable expenditures (i)	11,451	—	11,451
Contribution to a joint venture (i)	(78,705)	—	(78,705)
<b>March 31, 2026</b>	<b>90,768</b>	<b>7,602</b>	<b>98,370</b>
	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 a reduction of exploration and evaluation assets for the Kami Project with a corresponding receivable, representing the Partners' obligation to fund 49% of the feasibility study expenditures incurred to date by the Company. On September 29, 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.

Exploration and evaluation assets mainly comprise acquisition of mining rights and exploration and evaluation expenditures which typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Exploration and evaluation assets also include the costs of activities related to evaluating the technical feasibility and commercial viability of extracting mineral resources.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 12. Other Non-Current Assets

	Notes	As at March 31, 2026	As at March 31, 2025
Joint venture's contribution note	29	55,446	—
Embedded derivative asset	26	18,868	—
Transaction costs related to the revolving facility (i)		3,559	5,692
Other		854	850
		<b>78,727</b>	6,542

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

### 13. Accounts Payable and Other

	Notes	As at March 31, 2026	As at March 31, 2025
Trade payables and accrued liabilities		197,659	232,944
Wages and benefits		38,683	39,456
Cash-settled share-based payment liability	17	7,385	3,544
Current portion of lease liabilities	15	23,970	13,716
		<b>267,697</b>	289,660

For information about the Company's exposure to liquidity risk, refer to note 26 — Financial Instruments.

### 14. Long-Term Debt

	Interest Rate (i)	Maturity	As at March 31, 2026	As at March 31, 2025
Senior Unsecured Notes	7.875 %	July 15, 2032	694,952	—
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, 2031	40,758	45,798
FTQ Loan	7.75%	May 21, 2028	74,373	74,095
CAT Financing (ii)	SOFR + 2.35% to 3.25%	April 2026 to October 2030	88,814	117,053
Railcars Loan	6.66% and 6.57%	November 22 and December 4, 2034	63,866	69,915
			<b>962,763</b>	707,301
Less current portion			<b>(40,627)</b>	(40,725)
			<b>922,136</b>	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 March 31, 2026	As at March 31, 2025
Face value of long-term debt	971,063	717,967
Unamortized embedded derivative prepayment options	10,592	—
Unamortized transaction costs	(18,892)	(10,666)
<b>Long-term debt, net of derivative and transaction costs</b>	<b>962,763</b>	707,301

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

### 14. Long-Term Debt (continued)

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 March 31, 2026. 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%.

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

#### **Senior Unsecured Notes**

On July 2, 2025, the Company issued \$681,100 (US\$500,000) senior unsecured notes (the "Notes"). Interest is 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. At 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. Refer to note 12 — Other Non-Current Assets.

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 year ended March 31, 2026, the Company incurred transaction costs of \$14,329 related to the issuance of the Notes, which were presented against Long-term debt. As at March 31, 2026, the outstanding balance was \$696,950 (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 year ended March 31, 2026, the Company drew \$76,004 (US\$55,000) on the Revolving Facility (year ended March 31, 2025: \$70,210 (US\$50,000)). 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 March 31, 2026, the Company had \$41,900 letters of credit issued under the \$557,500 (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 year ended March 31, 2026, the weighted average interest rate was 7.21% (year ended March 31, 2025: 7.40%).

#### **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 March 31, 2026 totalled \$7,037 (March 31, 2025: \$8,573).

During the year ended March 31, 2026, the Company repaid \$6,400 (year ended March 31, 2025: \$6,400), resulting in a balance of \$44,800 as at March 31, 2026 (March 31, 2025: \$51,200).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 14. Long-Term Debt (continued)

#### **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 March 31, 2026 (March 31, 2025: \$75,000).

#### **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 year ended March 31, 2025, 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 \$75,532 as at March 31, 2026 (March 31, 2025: \$98,849).

During the year ended March 31, 2026, the Company drew \$8,496 (US\$6,228) and repaid \$33,695 (US\$24,283) (year ended March 31, 2025: drawdown of \$47,899 and repayment of \$43,586), resulting in a balance of \$89,886 (US\$64,485) as at March 31, 2026 (March 31, 2025: \$118,660 (US\$82,540)).

For the year ended March 31, 2026, the weighted average interest rate was 7.10% (year ended March 31, 2025: 7.98%).

#### **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 \$69,842 (US\$49,897). The Railcars Loan consists of two equal equipment notes payable in 120 progressive monthly installments, with final payments of US\$5,872 and US\$5,861 at their respective maturities. Transaction costs of \$715 were incurred in the year ended March 31, 2025.

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 \$65,104 as at March 31, 2026 (March 31, 2025: \$68,109).

During the year ended March 31, 2026, the Company repaid \$3,972 (US\$2,873) (year ended March 31, 2025: \$1,150), resulting in a balance of \$64,427 (US\$46,221) as at March 31, 2026 (March 31, 2025: \$70,579 (US\$49,094)).

### 15. Lease Liabilities

		Year Ended March 31,	
	Notes	2026	2025
<b>Opening balance</b>		<b>92,335</b>	76,978
New lease liabilities		<b>33,731</b>	21,670
Capital payments		<b>(22,593)</b>	(13,639)
Interest expense	<b>22</b>	<b>6,012</b>	4,370
Lease modifications and termination		<b>10,500</b>	(833)
Foreign exchange loss (gain)		<b>(2,224)</b>	3,789
		<b>117,761</b>	92,335
Less current portion classified in "Accounts payable and other"	<b>13</b>	<b>(23,970)</b>	(13,716)
<b>Ending balance</b>		<b>93,791</b>	78,619

During the year ended March 31, 2026, new lease liabilities were discounted using an average incremental borrowing rate of 6.4% (year ended March 31, 2025: 7.1%).

New lease liabilities for the year ended March 31, 2026, differ from the additions of right-of-use assets presented in note 10 — Property, Plant and Equipment, as they excluded \$3,595 of deposits paid in advance to secure the delivery of equipment (year ended March 31, 2025: \$3,645).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 15. Lease Liabilities (continued)

Lease liabilities include a master lease agreement for 450 railcars for a term of 20 years. This railcar lease liability is guaranteed by Champion, and Q10 is not subject to any financial covenants under the master lease agreement and cannot assign or sublease any railcars.

The expenses related to short-term leases, low-value leases and variable leases were \$424, \$2,108 and \$5,970, respectively, for the year ended March 31, 2026 (year ended March 31, 2025: \$456, \$1,659 and \$7,253, respectively). The total cash outflow for leases was \$31,095 for the year ended March 31, 2026 (year ended March 31, 2025: \$23,007).

### 16. Provisions

	Note	Rehabilitation obligation	Compensation plans' obligation	Total
March 31, 2025		89,711	54,319	144,030
Reassessment of the obligation		3,489	(3,473)	16
Utilization		—	(2,360)	(2,360)
Accretion expense	22	1,425	1,636	3,061
Effect of changes in discount rates		(6,132)	(688)	(6,820)
<b>March 31, 2026</b>		<b>88,493</b>	<b>49,434</b>	<b>137,927</b>
Less current portion		—	(6,054)	(6,054)
		<b>88,493</b>	<b>43,380</b>	<b>131,873</b>

	Note	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	22	1,292	425	1,717
Effect of changes in discount rates		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

The estimate of the rehabilitation obligation includes, but is not limited to, dismantling and removing infrastructure and operating facilities as well as restoring water ponds and vegetating affected areas. The accretion of the rehabilitation obligation was measured as the amount of the expenditure required to settle the present obligation at the end of the reporting date, discounted by the number of years between the reporting date and the rehabilitation date using a real discount rate of 1.83% as at March 31, 2026 (March 31, 2025: 1.37%). The undiscounted amount related to the rehabilitation obligation was estimated at \$114,092 as at March 31, 2026 (March 31, 2025: \$110,022).

The compensation plans' obligation includes the estimated investments required for each project based on other projects of similar nature and scale. The provision was discounted based on a long-term realization schedule using a nominal discount rate of 3.46% as at March 31, 2026 (March 31, 2025: 2.97%), as the estimates considered annual inflation. The undiscounted amount related to the obligation was estimated at \$54,871 as at March 31, 2026 (March 31, 2025: \$59,583).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 17. 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

	Year Ended March 31,	
	2026	2025
	(in thousands)	(in thousands)
<b>Opening balance</b>	<b>518,251</b>	518,071
Shares issued for exercise of warrants	<b>15,000</b>	—
Shares issued for exercise of options — incentive plan	—	150
Shares issued for release of performance share units — incentive plan	—	30
<b>Ending balance</b>	<b>533,251</b>	518,251

#### c) Dividends

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

Results Period	Montréal Declaration Date	Payment Date	Amount per Share	Year Ended March 31,	
				2026	2025
Final — Mar-25	May 29, 2025	July 10, 2025	0.10	<b>53,325</b>	—
Interim — Sep-25	October 29, 2025	November 27, 2025	0.10	<b>53,325</b>	—
Final — Mar-24	May 30, 2024	July 3, 2024	0.10	—	51,810
Interim — Sep-24	October 30, 2024	November 28, 2024	0.10	—	51,825
				<b>106,650</b>	103,635

#### 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 provide alignment of interests between such employees and the shareholders of the Company. Under the Omnibus incentive plan, the Company may grant stock option awards, RSU awards, PSU awards and DSU awards. If and when cash dividends are declared, the holders of RSUs, PSUs and DSUs are entitled to receive dividend equivalents.

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 March 31, 2026, the Company is authorized to issue 53,325,000 stock options and share rights (March 31, 2025: 51,825,000) equal to 10% (March 31, 2025: 10%) of the issued and outstanding ordinary shares for issuance under the Omnibus incentive plan.

The following table summarizes the share-based payment expense:

	Year Ended March 31,	
	2026	2025
RSU	<b>5,314</b>	1,947
PSU	<b>5,106</b>	3,449
DSU	<b>1,224</b>	1
	<b>11,644</b>	5,397

For the year ended March 31, 2026, the amount recognized as share-based payment expense related to cash-settled awards was \$11,644 (year ended March 31, 2025: share-based payment expense of \$5,396 related to cash-settled awards and \$1 related to equity-settled awards).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 17. 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 RSUs, PSUs and DSUs.

	Note	As at March 31, 2026	As at March 31, 2025
Accounts payable and other	13	7,385	3,544
Other long-term liabilities		16,193	11,126
		<b>23,578</b>	14,670

#### e) Stock Options

As at March 31, 2026, the Company had no stock options outstanding (March 31, 2025: nil). During the year ended March 31, 2026, no activities occurred in connection with stock options (year ended March 31, 2025, exercise of 150,000 stock options at a weighted average share price, at the exercise date, of \$5.79, equivalent to a cash consideration of \$750).

#### f) Restricted Share Units

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

	Year Ended March 31,			
	2026		2025	
	Number of RSUs	Weighted Average Share Price	Number of RSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
<b>Opening balance</b>	<b>2,007</b>	<b>5.67</b>	1,510	5.62
Granted	1,299	3.84	763	5.94
Dividend equivalents	129	4.36	68	5.79
Settled through cash payment	(467)	6.15	(291)	6.16
Forfeited	(265)	4.77	(43)	5.54
<b>Ending balance</b>	<b>2,703</b>	<b>4.73</b>	2,007	5.67
<b>Vested - end of the year</b>	<b>734</b>	<b>5.34</b>	567	5.69

During the year ended March 31, 2026, 1,299,000 RSUs were granted to eligible employees (year ended March 31, 2025: 763,000 RSUs).

During the year ended March 31, 2026, 467,000 RSUs were settled in exchange for cash consideration based on a weighted average share price, at the settlement date, of \$3.94 (year ended March 31, 2025: 291,000 RSUs based on a weighted average share price, at the settlement date, of \$6.05).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 17. Share Capital and Reserves (continued)

#### g) Performance Share Units

The Company assesses each reporting period whether performance criteria of share-based units will be achieved in measuring 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:

	Year Ended March 31,			
	2026		2025	
	Number of PSUs	Weighted Average Share Price	Number of PSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
<b>Opening balance</b>	<b>2,799</b>	<b>5.74</b>	2,212	5.74
Granted	1,949	3.84	1,145	5.94
Dividend equivalents	189	4.37	96	5.79
Settled through cash payment	(485)	6.78	(526)	6.22
Forfeited	(403)	4.77	(64)	5.53
Released through the issuance of ordinary shares	—	—	(30)	6.16
Withheld as payment of withholding taxes	—	—	(34)	6.16
<b>Ending balance</b>	<b>4,049</b>	<b>4.73</b>	2,799	5.74
<b>Vested - end of the year</b>	<b>—</b>	<b>—</b>	—	—

During the year ended March 31, 2026, 1,949,000 PSUs were granted to eligible employees (year ended March 31, 2025: 1,145,000 PSUs) and no PSUs were released through the issuance of ordinary shares (year ended March 31, 2025: 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 year ended March 31, 2026, 485,000 PSUs were settled in exchange for cash consideration based on a weighted average share price, at the settlement date, of \$3.84 (year ended March 31, 2025: 526,000 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:

	Year Ended March 31,			
	2026		2025	
	Number of DSUs	Weighted Average Share Price	Number of DSUs	Weighted Average Share Price
	(in thousands)		(in thousands)	
<b>Opening balance</b>	<b>492</b>	<b>5.00</b>	336	4.72
Granted	148	5.29	143	5.56
Dividend equivalents	23	4.56	13	5.94
<b>Ending balance</b>	<b>663</b>	<b>5.05</b>	492	5.00
<b>Vested - end of the period</b>	<b>663</b>	<b>5.05</b>	492	5.00

During the year ended March 31, 2026, 148,000 DSUs were granted to directors (year ended March 31, 2025: 143,000 DSUs).

#### i) Warrants

As at March 31, 2026, the Company had no warrants outstanding (March 31, 2025: 15,000,000 warrants outstanding and exercisable). During the year ended March 31, 2026, the 15,000,000 warrants were exercised at an exercise price of \$2.45, resulting in total proceeds of \$36,750 (year ended March 31, 2025: no activities recorded in connection with warrants).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 18. Revenues

	Year Ended March 31,	
	2026	2025
Iron ore revenue	<b>1,751,274</b>	1,613,597
Provisional pricing adjustments	<b>18,457</b>	(7,018)
	<b>1,769,731</b>	1,606,579

Quarterly provisional pricing adjustments represent subsequent changes to revenue attributable to iron ore concentrate sold in prior quarters based on the final settlement price. Annual provisional pricing adjustments represent the sum of the quarterly provisional pricing adjustments. As at March 31, 2026, 2.3 million tonnes of iron ore sales remained subject to provisional pricing, with the final price to be determined in the subsequent reporting periods (March 31, 2025: 2.7 million tonnes).

### 19. Cost of Sales

	Year Ended March 31,	
	2026	2025
Mining and processing costs	<b>732,798</b>	721,785
Change in iron ore concentrate inventories	<b>75,342</b>	(9,378)
Land transportation and port handling	<b>372,683</b>	343,836
	<b>1,180,823</b>	1,056,243

For the year ended March 31, 2026, expenses for defined contribution plans amounted to \$17,542, of which \$16,004 were recorded in Cost of sales (year ended March 31, 2025: \$17,115, including \$15,169 in Cost of sales) and are presented in Mining and processing costs.

### 20. General and Administrative Expenses

	Year Ended March 31,	
	2026	2025
Salaries, benefits and other employee expenses	<b>24,205</b>	23,936
Insurance	<b>9,260</b>	9,252
Other expenses	<b>21,590</b>	15,546
	<b>55,055</b>	48,734

### 21. Sustainability and Other Community Expenses

	Year Ended March 31,	
	2026	2025
Property and school taxes	<b>8,780</b>	8,201
Impact and benefits agreement	<b>8,253</b>	7,591
Salaries, benefits and other employee expenses	<b>1,764</b>	1,210
Other expenses	<b>1,141</b>	1,560
	<b>19,938</b>	18,562

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 22. Net Finance Costs

	Year Ended March 31,	
	2026	2025
Interest expense on long-term debt	<b>36,694</b>	28,083
Amortization of transaction costs and accretion of long-term debt	<b>6,530</b>	4,648
Standby commitment fees on long-term debt	<b>2,893</b>	2,792
Interest expense on lease liabilities	<b>6,012</b>	4,370
Realized and unrealized foreign exchange loss (gain)	<b>(10,979)</b>	18,335
Amortization of deferred grant	<b>(1,536)</b>	(1,224)
Interest income	<b>(9,178)</b>	(9,618)
Accretion expense of provisions	<b>3,061</b>	1,717
Other finance costs	<b>724</b>	8,436
	<b>34,221</b>	57,539

During the development period of the DRPF Project, borrowing costs are capitalized. Refer to note 10 — Property, Plant and Equipment.

Amortization of transaction costs and accretion of long-term debt for the year ended March 31, 2026, include \$1,908 of unamortized transaction costs at the Term Loan extinguishment date. Refer to note 14 — Long-Term Debt.

### 23. Other Income

	Notes	Year Ended March 31,	
		2026	2025
Rental income (i)		<b>2,514</b>	1,421
Change in fair value of non-current investments	<b>26</b>	<b>(3,136)</b>	884
Change in fair value of derivative assets	<b>26</b>	<b>8,810</b>	—
Management services to a joint venture	<b>29</b>	<b>4,200</b>	—
Net loss on non-financial assets		<b>(2,885)</b>	(130)
		<b>9,503</b>	2,175

(i) Rental income arises from certain owned railcars. The lease was classified as an operating lease. Future undiscounted minimum lease payments to be received under the railcars rental agreement are \$1,351 over the next twelve months.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 24. Income and Mining Taxes

#### a) Net Deferred Tax Liabilities

	As at March 31, 2026	As at March 31, 2025
Deferred tax assets	81,680	90,263
Deferred income tax liability	(355,581)	(303,161)
Deferred mining tax liability	(126,582)	(112,207)
	(482,163)	(415,368)
<b>Net deferred tax liabilities</b>	<b>(400,483)</b>	<b>(325,105)</b>

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred Tax Assets	Operating losses carried forward	Provisions	Mining tax deduction and other	Total
As at March 31, 2024	12,982	22,417	27,249	62,648
Credited to statements of income	7,318	15,751	4,546	27,615
<b>As at March 31, 2025</b>	<b>20,300</b>	<b>38,168</b>	<b>31,795</b>	<b>90,263</b>
Credited (charged) to statements of income	(9,973)	(1,617)	3,007	(8,583)
<b>As at March 31, 2026</b>	<b>10,327</b>	<b>36,551</b>	<b>34,802</b>	<b>81,680</b>

Deferred Tax Liabilities	Property, plant and equipment	Mining tax	Exploration and evaluation assets	Other	Total
As at March 31, 2024	236,484	94,264	8,091	4,951	343,790
Charged to statements of income	52,300	17,943	1,186	149	71,578
<b>As at March 31, 2025</b>	<b>288,784</b>	<b>112,207</b>	<b>9,277</b>	<b>5,100</b>	<b>415,368</b>
Charged (credited) to statements of income	51,986	14,375	961	(527)	66,795
<b>As at March 31, 2026</b>	<b>340,770</b>	<b>126,582</b>	<b>10,238</b>	<b>4,573</b>	<b>482,163</b>

#### b) Deferred Tax Assets and Liabilities Not Recognized

As at March 31, 2026, the Company had \$38,076 (March 31, 2025: \$38,100) of net deductible temporary differences, other than Canadian exploration expenses, cumulative Canadian development expenses and tax losses, for which no deferred tax assets have been recognized.

As at March 31, 2026, the Company had \$1,327,624 (March 31, 2025: \$1,261,432) of taxable temporary differences related to investments in subsidiaries for which a deferred tax liability was partially recorded for an amount of \$2,750 (March 31, 2025: \$2,750). The deferred tax liabilities related to the remaining balance were not recognized as the Company controls the decisions affecting the realization of such liabilities and does not expect this temporary difference to be reversed in the foreseeable future. Upon distribution of these earnings in the form of dividends or otherwise, the Corporation may be subject to income taxes and/or withholding taxes.

#### c) Losses and Other Items Carryforward

As at March 31, 2026, the Company had \$38,763 (March 31, 2025: \$31,900) of operating losses carried forward that were not recognized and that can be carried forward indefinitely against future taxable income. As at March 31, 2026, the Company also had \$61,284 (March 31, 2025: \$95,551) of operating losses that can be carried forward against future taxable income and that will expire from 2031 to 2046. Out of those losses, \$21,908 (March 31, 2025: \$17,103) were not recognized.

As at March 31, 2026, the Company had \$17,857 (March 31, 2025: \$18,199) of net capital losses that can be carried forward indefinitely against future capital gains. Out of those capital losses, \$17,857 (March 31, 2025: \$18,199) were not recognized.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 24. Income and Mining Taxes [continued]

#### c) Losses and Other Items Carryforward [continued]

As at March 31, 2026, the Company had cumulative Canadian exploration expenses of \$48,016 (March 31, 2025: \$43,553) and cumulative Canadian development expenses of \$55,845 (March 31, 2025: \$35,334) which may be carried forward indefinitely to reduce taxable income in future years. Out of those expenses, no amount was recognized.

As at March 31, 2026, the Company had \$1,778 (March 31, 2025: \$1,778) of unrecognized investment tax credit that can be carried forward to offset future income tax payable and that will expire from 2033 to 2035.

#### d) Tax Expense

The tax expense components are as follows:

	Year Ended March 31,	
	2026	2025
<b>Current income and mining taxes</b>		
Current income tax on profits for the year	8,745	46,244
Current mining tax on profits for the year	31,960	32,895
	<b>40,705</b>	79,139
<b>Deferred income and mining taxes</b>		
Deferred income tax for the year	59,130	26,020
Deferred mining tax for the year	16,248	17,943
	<b>75,378</b>	43,963
<b>Total income and mining taxes expense</b>	<b>116,083</b>	123,102

The Company's income and mining taxes expense differs from the amount that would have been calculated by applying the Canadian statutory income tax rate as a result of the following:

	Year Ended March 31,	
	2026	2025
<b>Income before income and mining taxes</b>	<b>284,819</b>	265,147
Canadian combined federal and provincial tax rate	26.50 %	26.50 %
Expected income tax expense calculated at Canadian combined tax rate	75,477	70,264
Increase (decrease) resulting from the tax effects of:		
Mining tax, net of tax benefit	34,411	37,294
Other taxes included in income tax expense, net of tax benefits	5,657	5,619
Expenses (income) not deductible (taxable) for tax purposes	242	3,575
Unrecorded tax benefits	1,607	5,450
Non-deductible capital losses (gains)	(45)	298
Difference in tax rate	(600)	(192)
Adjustment in respect of prior years	(234)	794
Other	(432)	—
<b>Income and mining taxes expense</b>	<b>116,083</b>	<b>123,102</b>
<b>Effective tax rate</b>	<b>40.76 %</b>	<b>46.43 %</b>

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 24. Income and Mining Taxes (continued)

#### e) Income and Mining Taxes Payable (Receivable)

As at March 31, 2026, the Company reported income and mining taxes receivable of \$13,937 and payable of \$4,366, resulting in a net receivable balance of \$9,571 (March 31, 2025: net payable balance of \$22,722). The reconciliation is presented as follows:

	Mining Tax	Income Tax	Total
As at March 31, 2024	16,725	23,507	40,232
Current tax on profit for the year	32,895	46,244	79,139
Tax paid during the year	(34,588)	(67,210)	(101,798)
Reimbursement received during the year	51	5,098	5,149
<b>As at March 31, 2025</b>	<b>15,083</b>	<b>7,639</b>	<b>22,722</b>
Current tax on profit for the year	31,960	8,745	40,705
Tax paid during the year	(42,694)	(30,304)	(72,998)
<b>As at March 31, 2026</b>	<b>4,349</b>	<b>(13,920)</b>	<b>(9,571)</b>

### 25. Earnings per Share

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

	Year Ended March 31,	
	2026	2025
Net income	<b>168,736</b>	142,045
	(in thousands)	(in thousands)
Weighted average number of common shares outstanding - Basic	<b>530,621</b>	518,173
Dilutive share options, warrants and equity settled awards	<b>2,614</b>	9,486
Weighted average number of outstanding shares - Diluted	<b>533,235</b>	527,659
	(in dollars)	(in dollars)
Basic earnings per share	<b>0.32</b>	0.27
Diluted earnings per share	<b>0.32</b>	0.27

On February 4, 2026, Champion completed a private placement of 26,795,921 uncertificated subscription receipts of the Company to Caisse de dépôt et placement du Québec ("La Caisse"), which will be converted into ordinary shares of Champion upon the acquisition of Rana Gruber. These contingently issuable shares could potentially dilute basic earnings per share in the future, but were not included in the above calculation of diluted earnings per share because they were antidilutive as at March 31, 2026. Refer to note 35 — Subsequent Events.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. 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 FVTPL and financial assets and financial liabilities at amortized cost. The following tables show the carrying amounts and the fair value of assets and liabilities for each of these categories:

As at March 31, 2026		Financial Instruments at FVTPL	Financial Instruments at Amortized Cost	Total Carrying Amount	Total Fair Value
<b>Assets</b>					
Current					
Cash	Level 1	—	296,788	296,788	296,788
Trade receivables	Level 2	109,161	26,376	135,537	135,537
Other receivables (excluding sales tax and grant)	Level 2	1,795	2,743	4,538	4,538
		<b>110,956</b>	<b>325,907</b>	<b>436,863</b>	<b>436,863</b>
Non-current					
Equity investment in a publicly listed entity (included in non-current investments)	Level 1	9	—	9	9
Equity investment in a private entity (included in non-current investments)	Level 3	12,937	—	12,937	12,937
Other non-current financial assets	Level 2	—	854	854	854
Embedded derivative asset	Level 2	18,868	—	18,868	18,868
		<b>142,770</b>	<b>326,761</b>	<b>469,531</b>	<b>469,531</b>
<b>Liabilities</b>					
Current					
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	Level 2	—	236,342	236,342	236,342
Current portion of long-term debt	Level 2	—	40,627	40,627	40,627
		—	<b>276,969</b>	<b>276,969</b>	<b>276,969</b>
Non-current					
Senior Unsecured Notes (included in long-term debt)	Level 1	—	694,952	694,952	725,699
Other long-term debt	Level 2	—	227,184	227,184	227,184
		—	<b>1,199,105</b>	<b>1,199,105</b>	<b>1,229,852</b>

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. 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
<b>Assets</b>					
Current					
Cash	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 2	—	850	—	850
		134,738	162,538	—	297,276
<b>Liabilities</b>					
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 2	—	—	40,725	40,725
		—	—	313,125	313,125
Non-current					
Long-term debt	Level 2	—	—	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, 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 is measured at amortized cost using the effective interest method. Except for the Senior Unsecured Notes, the fair value of long-term debt approximates its carrying amount, 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 year ended March 31, 2026 (year ended March 31, 2025: nil).

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

---

### 26. 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 revenues and 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 revenues and trade receivables.

##### ***Equity instruments publicly listed***

Equity instruments publicly listed are classified as 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 year ended March 31, 2026 (year ended March 31, 2025: 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 year ended March 31, 2026, the Company made an additional investment of \$689 as part of a new financing round. As this investment was based on a reduced enterprise value, the Company recognized a decrease in the fair value of the equity instruments, amounting to \$3,136 during the year ended March 31, 2026, including changes in exchange rates (year ended March 31, 2025: increase of \$884 attributable to change in exchange rates). As at March 31, 2026, the equity instruments totalled \$12,937 (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 using market data such as traded Senior Unsecured Notes price, interest rate curves, volatility assumptions and credit spreads for similar instruments. The derivative asset is measured at fair value on a recurring basis. During the year ended March 31, 2026, the Company recognized a \$7,015 increase in the fair value of the derivative asset. As at March 31, 2026, the derivative asset totalled \$18,868.

With all other variables held constant, a 5% increase (decrease) in the traded price of the Senior Unsecured Notes would result in an increase (decrease) in the fair value of the embedded derivative asset of \$677.

##### ***Foreign exchange hedging derivatives***

During the year ended March 31, 2026, the Company entered into USD/NOK foreign exchange options and forward contract to hedge the variability in cash flows arising from a NOK-denominated acquisition project. The objective of the instruments was to reduce the volatility of future USD cash outflows and improve visibility over the expected settlement price of the contemplated acquisition. As at March 31, 2026, the Company had an outstanding foreign exchange forward contract with a fixed rate of 9.71655, equivalent to a settlement price of approximately US\$300 million, excluding the cost of the instrument.

The fair value of the derivative asset was categorized as Level 2 in the fair value hierarchy and was determined by using mark-to-market valuation provided by the Company's banking counterparty, which used market-standard valuation techniques and observable market inputs. The fair value of the derivative asset was recorded in Receivables in the consolidated statements of financial position with a corresponding entry in Other Income in the consolidated statements of income. As at March 31, 2026, the derivative asset totalled \$1,795.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. Financial Instruments (continued)

#### c) Financial Instruments Measured at FVTPL (continued)

The following table shows a breakdown of the changes in fair value recognized on financial instruments per fair value hierarchy.

		Year Ended March 31,	
		2026	2025
<b>Change in fair value included in Other Income</b>			
Unrealized gain (loss) on private equity instrument	Level 3	<b>(3,136)</b>	884
Unrealized gain on derivative assets	Level 2	<b>8,810</b>	—
		<b>5,674</b>	884

#### d) Financial Risk Factors

##### Market

##### i) Interest rate risk

Interest risk is the risk that the value of assets and liabilities will change when the related interest rates change. The Company is exposed to interest rate risk primarily on its long-term debt bearing interest at variable rates and does not take any specific measures to protect itself against fluctuations in interest rates. With the exception of its long-term debt, the Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or because they are non-interest bearing.

The long-term debt bearing interest at variable rates is subject to interest rates based on SOFR. The following table illustrates a SOFR sensitivity analysis calculating the impact on net income and equity over a 12-month horizon:

(in thousands of U.S. dollars)	Year Ended March 31,	
	2026	2025
Increase in net income and equity with a 1% decrease in the SOFR	<b>645</b>	3,625
Decrease in net income and equity with a 1% increase in the SOFR	<b>(645)</b>	(3,625)

##### ii) Commodity price risk

Commodity price risk arises from fluctuations in market prices of iron ore. The Company is exposed to the commodity price risk, as its iron ore sales are predominantly subject to prevailing market prices. The Company has limited ability to directly influence market prices of iron ore. The Company has sought to establish strategies that mitigate its exposure to iron ore price volatility in the short-term. The strategy of using renowned brokers is aimed at providing some protection against decreases in the iron ore price while maintaining some exposure to pricing upside.

However, most of the Company's iron ore sale contracts are structured using the iron ore price indexes. These are provisionally priced sales volumes for which price finalization is referenced to the relevant index at a future date or the valuation is prescribed in some of the contracts. The estimated consideration in relation to the provisionally priced contracts is marked to market using the forward iron ore price at the end of each reporting period with the impact of the iron ore price movements recorded as an adjustment to revenue.

The following table presents the Company's gross revenue exposure subject to the movements in iron ore prices for the provisionally priced sales volume:

	Year Ended March 31,	
	2026	2025
Dry metric tonnes subject to provisional pricing adjustments	<b>2,328,900</b>	2,689,200
(in thousands of U.S. dollars)		
10% increase in iron ore prices	<b>27,990</b>	29,863
10% decrease in iron ore prices	<b>(27,990)</b>	(29,863)

The sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars, resulting from a 10% increase and 10% decrease in gross realized selling prices at each reporting date, 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.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. Financial Instruments (continued)

#### d) Financial Risk Factors (continued)

##### Market (continued)

##### iii) Foreign exchange risk

Foreign exchange risk is the risk that the Company's financial performance could be affected by fluctuations in the exchange rates between currencies. The Company is exposed to foreign currency fluctuations on its sales, sea freight costs, and its long-term debt and lease liabilities denominated in U.S. dollars. The Company maintains a cash balance and has trade receivables in U.S. dollars, enabling it to mitigate foreign exchange exposure related to long-term debt balances and lease liabilities denominated in U.S. dollars.

The Company has no hedging contracts in place in the ordinary course of its business and therefore has exposure to the foreign exchange rate fluctuations. 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.

The following table presents the exposure of the Company's statement of financial position to foreign currency:

(in thousands of U.S. dollars)	As at March 31, 2026	As at March 31, 2025
<b>Current assets</b>		
Cash	175,952	68,604
Trade receivables	97,236	101,180
<b>Non-current assets</b>		
Non-current investments	9,281	10,701
<b>Current liabilities</b>		
Accounts payable and other	(31,732)	(29,044)
Current portion of long-term debt	(24,555)	(23,877)
<b>Non-current liabilities</b>		
Lease liabilities	(44,993)	(48,515)
Long-term debt	(586,152)	(387,759)
<b>Total net liabilities in U.S. dollars</b>	<b>(404,963)</b>	<b>(308,710)</b>
<b>Canadian dollar equivalent</b>	<b>(564,478)</b>	<b>(443,801)</b>

The following table provides a currency risk sensitivity analysis calculating the exposure to exchange rate fluctuations of the Company's net liabilities denominated in U.S. dollars:

	As at March 31, 2026	As at March 31, 2025
Foreign exchange gain resulting from a 10% depreciation in the U.S. dollar	56,448	44,380
Foreign exchange loss resulting from a 10% appreciation in the U.S. dollar	(56,448)	(44,380)

The sensitivity analysis above assumes that all other variables remain constant. The Company's exposure to other currencies is not significant.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 26. Financial Instruments (continued)

#### d) Financial Risk Factors (continued)

##### Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash, short-term investments, and trade and other receivables.

##### i) Cash and short-term investments

With respect to credit risk arising from cash and short-term investments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure corresponding to the carrying amount of these instruments. The Company limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent.

##### ii) Trade and other receivables

For the majority of its sales, the Company does business with two renowned brokers, who assume the credit risk associated with end customers. These brokers have similar activities and economic characteristics, representing a significant portion of sales with a maximum exposure corresponding to the carrying value of trade receivables. The credit risk associated with these two brokers is mitigated through an annual credit check to monitor the credit worthiness of the brokers. For direct sales occurring from time to time, the Company conducts credit monitoring activities, including performing financial or other assessments to establish and monitor a customer's credit worthiness, setting credit limits and monitoring exposure in relation to these limits. There is no guarantee that brokers or other customers will remain solvent over time and in the event that a significant customer is unable to accept contracted volumes, then volumes may be sold on a spot basis to traders, sold under renegotiated contractual volumes with existing customers, or sold under contracts with new customers.

Revenues from the sale of iron ore concentrate mainly arise from contracts with the Company's two brokers, each representing more than 10% of total revenues in both 2026 and 2025 financial years.

For trade receivables subject to provisional pricing classified at FVTPL, the fair value measurement reflects the credit risk exposure. For trade receivables not subject to provisional pricing, an impairment analysis is performed at each reporting date. Loss allowance on receivables is based on actual credit loss experience over the past years and current economic conditions. Receivables are generally settled within six months and are historically collectable. The Company has no receivables past due as at March 31, 2026 (March 31, 2025: nil). For the year ended March 31, 2026, no provision was recorded on any of the Company's receivables (year ended March 31, 2025: nil). The Company holds no collateral for any receivable amounts outstanding as at March 31, 2026 (March 31, 2025: nil).

##### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities and lease liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, through budgeting and cash forecasting, that it will have sufficient liquidity to meet its liabilities as they come due.

The following tables provide the contractual maturities of financial liabilities and lease liabilities (non-financial liabilities), based on undiscounted cash-flows and including estimated future interest payments:

<b>As at March 31, 2026</b>	<b>Less than a year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	236,342	—	—	236,342
Long-term debt	112,495	430,367	839,128	1,381,990
Lease liabilities	23,970	60,054	69,753	153,777
	<b>372,807</b>	<b>490,421</b>	<b>908,881</b>	<b>1,772,109</b>

  

<b>As at March 31, 2025</b>	<b>Less than a year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	272,400	—	—	272,400
Long-term debt	87,878	706,867	80,365	875,110
Lease liabilities	18,453	35,691	77,533	131,677
	<b>378,731</b>	<b>742,558</b>	<b>157,898</b>	<b>1,279,187</b>

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 27. Capital Risk Management

The Company's main objective when managing its capital is to maintain an adequate balance between having sufficient capital to invest in growth opportunities including exploring and developing mineral resource properties, investing in new product development as well as maintaining a satisfactory return on equity to ordinary shareholders.

The Company defines its capital as long-term debt, lease liabilities and share capital. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions and strategic priorities. Dividend payments are discretionary and depend on financial circumstances.

The Company is not subject to externally imposed capital requirements other than certain restrictions under the terms of its lending agreements for which the Company complied as at March 31, 2026. In order to facilitate the management of its capital requirements, the Company prepares long-term cash flow projections that consider various factors, including successful capital deployment, general industry conditions and economic factors. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital was as follows:

	<b>As at March 31, 2026</b>	As at March 31, 2025
Long-term debt	<b>962,763</b>	707,301
Lease liabilities	<b>117,761</b>	92,335
Share capital	<b>470,085</b>	411,047
	<b>1,550,609</b>	1,210,683

### 28. 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, designed to produce 9 million wet metric tonnes per year of direct reduction grade iron ore pellet feed above 67.5% Fe and which is located 21 kilometres southeast of Bloom Lake, in Canada. Refer to note 3 — Kami Iron Mine Partnership.

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:

	<b>As at March 31, 2026</b>
Current assets	<b>13,680</b>
Non-current assets	<b>240,322</b>
<b>Total assets</b>	<b>254,002</b>
Current liabilities	<b>5,643</b>
Non-current liabilities	<b>55,487</b>
<b>Total liabilities</b>	<b>61,130</b>
<b>Net assets</b>	<b>192,872</b>
Assets above include:	
Cash	<b>11,209</b>
Non-current restricted cash	<b>56,097</b>

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 28. Joint Venture (continued)

	Year Ended March 31,
	2026
Depreciation	(19)
General and administrative expenses	(3,741)
Innovation and growth initiatives	(433)
<b>Operating expenses</b>	<b>(4,221)</b>
Net finance income	128
<b>Net loss</b>	<b>(4,093)</b>
<b>Champion's share of loss</b>	<b>(2,087)</b>

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 March 31,
	2026
Champion's interest	51 %
Joint venture's net assets (100%)	192,872
Champion's proportionate ownership	98,365
Elimination of fair value adjustments attributable to Champion	(26,678)
	71,687
Transaction costs incurred	1,437
<b>Carrying value of Champion's investment in a joint venture</b>	<b>73,124</b>

The joint venture does not have any future minimum payments of commitments as at March 31, 2026.

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.

### 29. Related Parties

#### Joint venture

Transactions and balances with the joint venture, accounted for using the equity method, are summarized below:

	Notes	On September 29, 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 11 – Exploration and Evaluation Assets.

During the year ended March 31, 2026, Champion invoiced management fees and other services to the Kami Partnership totalling \$4,200, and recognized interest income of \$651 on restricted cash held within the joint venture for the Company's benefit.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 29. Related Parties (continued)

#### Joint venture (continued)

	Notes	As at March 31, 2026
Investment in a joint venture	28	73,124
Joint venture's contribution note	12	55,446
Other receivables (from a joint venture)		1,047

#### Key management personnel

The Company considers its directors and some of its executive officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Year Ended March 31,	
	2026	2025
Short-term benefits		
Salaries	4,742	5,123
Bonus	3,561	3,389
	<b>8,303</b>	8,512
Termination benefits	846	—
Share-based payments	7,032	3,627
Post-employment benefits	719	761
All other remuneration	335	364
	<b>17,235</b>	13,264

The Company has employment agreements with its executive officers, which include termination remuneration and benefits varying according to different scenarios. Had all these officers been terminated as at March 31, 2026, the Company would have paid an amount of approximately \$16,836 (March 31, 2025: \$15,175), in addition to amounts in the table above.

### 30. Commitments and Contingencies

The Company's future minimum payments of commitments as at March 31, 2026 are as follows:

	Less than a year	1 to 5 years	More than 5 years	Total
Impact and Benefits Agreement with the Innu community	7,652	32,810	96,985	137,447
Take-or-pay fees related to the Port Agreement	8,247	35,364	80,670	124,281
Capital expenditure obligations	38,548	—	—	38,548
Other obligations	55,355	200	150	55,705
	<b>109,802</b>	<b>68,374</b>	<b>177,805</b>	<b>355,981</b>

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.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 30. Commitments and Contingencies (continued)

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  lee, Moir   Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

### 31. Financial Information Included in the Consolidated Statements of Cash Flows

#### a) Changes in non-cash operating working capital

	Year Ended March 31,	
	2026	2025
Receivables	22,110	(61,936)
Prepaid expenses and advances	195	(4,354)
Inventories	54,453	(19,948)
Advance payments	5,894	17,168
Accounts payable and other	(41,599)	29,831
Income and mining taxes receivable or payable	(32,293)	(17,510)
Other long-term liabilities	(3,238)	(6,559)
	5,522	(63,308)

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

	Year Ended March 31,	
	2026	2025
<b>Additions of property, plant and equipment as per note 10</b>	<b>446,287</b>	658,109
Additions of right-of-use assets (i)	(37,326)	(21,670)
Depreciation of property, plant and equipment allocated to stripping activity asset	(5,633)	(3,737)
Non-cash increase of the asset related to provisions	(16)	(55,730)
Government grant recognized	5,095	—
Government grant received	(5,740)	—
Non-cash capitalization of borrowing costs	(7,240)	(597)
<b>Net cash flows used in investing activities - Purchase of property, plant and equipment</b>	<b>395,427</b>	576,375

(i) The additions of right-of-use assets for the year ended March 31, 2025, differ from those presented in note 10 — Property, Plant and Equipment, as they excluded \$3,645 of deposits paid in advance to secure the delivery of equipment.

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

	Year Ended March 31,	
	2026	2025
<b>Depreciation of property, plant and equipment as per note 10</b>	<b>170,130</b>	155,750
Depreciation of property, plant and equipment allocated to stripping activity asset	(5,633)	(3,737)
Depreciation of intangible assets	2,092	1,521
Net effect of depreciation of property, plant and equipment allocated to inventory	13,695	(4,930)
<b>Depreciation as per consolidated statements of income</b>	<b>180,284</b>	148,604

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

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

#### d) Changes in liabilities arising from financing activities

	Year Ended March 31,	
	2026	2025
<b>Opening balance - Long-Term Debt</b>	<b>707,301</b>	539,428
Cash from (used in) financing activities		
Issuance	<b>765,600</b>	187,951
Repayment	<b>(500,405)</b>	(51,136)
New transaction costs	<b>(14,329)</b>	(1,029)
Non-cash changes		
Embedded derivative recognition	<b>11,854</b>	—
Foreign exchange movement	<b>(12,099)</b>	28,979
Amortization of transaction costs and accretion	<b>4,841</b>	3,108
<b>Ending balance - Long-Term Debt</b>	<b>962,763</b>	707,301

### 32. Segmented Information

As at March 31, 2026 and 2025, the Company conducted 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.

Year Ended March 31, 2026	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
<b>Revenues</b>	<b>1,769,731</b>	—	—	<b>1,769,731</b>
Cost of sales	<b>(1,180,823)</b>	—	—	<b>(1,180,823)</b>
Depreciation	<b>(178,100)</b>	<b>(188)</b>	<b>(1,996)</b>	<b>(180,284)</b>
<b>Gross profit (loss)</b>	<b>410,808</b>	<b>(188)</b>	<b>(1,996)</b>	<b>408,624</b>
Share-based payments	—	—	<b>(11,644)</b>	<b>(11,644)</b>
General and administrative expenses	—	—	<b>(55,055)</b>	<b>(55,055)</b>
Sustainability and other community expenses	<b>(8,777)</b>	—	<b>(11,161)</b>	<b>(19,938)</b>
Innovation and growth initiative expenses	—	—	<b>(10,363)</b>	<b>(10,363)</b>
<b>Operating income (loss)</b>	<b>402,031</b>	<b>(188)</b>	<b>(90,219)</b>	<b>311,624</b>
Net finance costs and other income	—	—	<b>(24,718)</b>	<b>(24,718)</b>
Share of loss of a joint venture	—	—	<b>(2,087)</b>	<b>(2,087)</b>
Tax expenses	—	—	<b>(116,083)</b>	<b>(116,083)</b>
<b>Net income</b>	<b>402,031</b>	<b>(188)</b>	<b>(233,107)</b>	<b>168,736</b>
<b>Segmented total assets (i)</b>	<b>3,218,702</b>	<b>101,599</b>	<b>176,960</b>	<b>3,497,261</b>
<b>Segmented total liabilities</b>	<b>(1,152,474)</b>	—	<b>(810,528)</b>	<b>(1,963,002)</b>
<b>Segmented property, plant and equipment</b>	<b>2,310,999</b>	<b>3,229</b>	<b>7,877</b>	<b>2,322,105</b>

(i) The investment in a joint venture of \$73,124 is included in the Corporate segment.

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 32. Segmented Information (continued)

Year Ended March 31, 2025	Iron Ore Concentrate	Exploration and Evaluation	Corporate	Total
<b>Revenues</b>	1,606,579	—	—	1,606,579
Cost of sales	(1,056,243)	—	—	(1,056,243)
Depreciation	(146,380)	(125)	(2,099)	(148,604)
<b>Gross profit (loss)</b>	403,956	(125)	(2,099)	401,732
Share-based payments	—	—	(5,397)	(5,397)
General and administrative expenses	—	—	(48,734)	(48,734)
Sustainability and other community expenses	(8,198)	—	(10,364)	(18,562)
Innovation and growth initiative expenses	—	—	(8,528)	(8,528)
<b>Operating income (loss)</b>	395,758	(125)	(75,122)	320,511
Net finance costs and other income	—	—	(55,364)	(55,364)
Tax expenses	—	—	(123,102)	(123,102)
<b>Net income</b>	395,758	(125)	(253,588)	142,045
<b>Segmented total assets</b>	2,835,046	150,024	45,131	3,030,201
<b>Segmented total liabilities</b>	(1,561,644)	—	(33,159)	(1,594,803)
<b>Segmented property, plant and equipment</b>	2,035,248	1,996	9,162	2,046,406

### 33. Parent Entity Information

The following table is an AAS requirement and presents the information relating to Champion Iron Limited:

	As at March 31, 2026	As at March 31, 2025
Current assets	21,009	13,034
Non-current assets	132,650	115,144
<b>Total assets</b>	<b>153,659</b>	128,178
Current liabilities	8,663	3,729
Non-current liabilities	12,479	9,833
<b>Total liabilities</b>	<b>21,142</b>	13,562
<b>Net assets</b>	<b>132,517</b>	114,616
Share capital	340,691	281,653
Warrants	—	22,288
Contributed deficit	(32,356)	(32,356)
Accumulated deficit	(175,818)	(156,969)
<b>Total equity</b>	<b>132,517</b>	114,616
Net loss of the parent entity	(24,529)	(11,525)
<b>Comprehensive loss of the parent entity</b>	<b>(24,529)</b>	(11,525)

# Champion Iron Limited

## Notes to the Consolidated Financial Statements

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

### 34. Auditor's Remuneration

The following table is an AAS requirement and presents the total remuneration received or receivable by the auditors in connection with:

	Year Ended March 31,	
	2026	2025
<b>E&amp;Y Canada</b>		
Audit fees	877	644
Audit-related fees	27	8
Tax fees	94	47
	998	699
<b>E&amp;Y Australia</b>		
Audit fees	91	87
Audit-related fees	77	—
Tax fees	39	48
	207	135
	1,205	834

Other non-audit fees were mainly comprised of consulting services.

### 35. Subsequent Events

#### Dividend

On May 27, 2026 (Montréal) / May 28, 2026 (Sydney), the Board declared a semi-annual dividend of \$0.02 per ordinary share of the Company in connection with the annual results for the period ended March 31, 2026, payable on July 8, 2026 (Montréal and Sydney), to registered shareholders at the close of business in Australia and Canada on June 12, 2026.

#### Business Combination — Rana Gruber Shares Acquisition

On December 21, 2025, the Company entered into a transaction agreement with Rana Gruber, a leading Norwegian producer of high-purity iron ore, on terms of a conditional recommended voluntary cash tender offer to acquire all of the issued and outstanding shares of Rana Gruber at a price of NOK 79 per share, representing an implied total equity value of approximately NOK 2,930 million (the "Offer"). The completion of the Offer was subject to customary conditions, including minimum acceptance thresholds (acquisition of more than 90% of the shares and voting rights of Rana Gruber), and other closing conditions.

On April 10, 2026 and April 17, 2026, the Company acquired 92.48% and 7.52%, respectively, of the shares and voting rights of Rana Gruber, resulting in a 100% ownership interest, for a purchase price of approximately US\$300 million (the "Acquisition"), plus related fees and expenses. The Acquisition was funded through a combination of a new secured 4-year US\$150 million term loan, an equity private placement of US\$100 million from La Caisse, which resulted in the issuance of 26,795,921 common shares of Champion at a share price of US\$3.7319 (\$5.1508), and cash on hand. The Acquisition is intended to strengthen the Company's leadership in the global high-purity iron ore market, by diversifying Champion's asset base and product portfolio, and to enhance its contribution in decarbonizing the steel industry.

At the time these financial statements were authorized for issue, the initial accounting for the business combination is incomplete due to the proximity of the acquisition date to year-end. As a result, the Company has not yet finalized the complete disclosure required by IFRS 3 — Business Combinations [B64], including the allocation of purchase price to the fair value of assets acquired and liabilities assumed. In addition, the Company has not disclosed the combined financial information, as it is not practicable to prepare such information at this time. Total acquisition-related costs were approximately \$17.2 million, of which approximately \$5.6 million was recognized as an expense in the statements of profit or loss for the year ended March 31, 2026.

In connection with the Acquisition, Champion and certain of its subsidiaries refinanced the Company's syndicated senior credit facilities, effective on April 1, 2026, in order to, among other things, extend the maturity to April 2030, establish the Term Loan and amend the US\$400 million senior secured revolving credit facility, including to take into account the Acquisition.

#### Foreign Exchange Forward Contracts

On May 15, 2026, the Company entered into a strip of foreign exchange forward contracts totalling US\$600 million with a fixed rate of 1.3626, to hedge the anticipated exposure to the variability of the USD/CAD exchange rate. These are required to be settled over the next twelve months, based on pre-determined monthly notional.