Management's Discussion and Analysis

For the Year Ended March 31, 2020

CHAMPION IRON

TSX: CIA - ASX: CIA

As at May 20, 2020

The following Management Discussion and Analysis ("MD&A") of Champion Iron Limited ("Champion" or the "Company") has been prepared as of May 20, 2020. This MD&A is intended to supplement the audited consolidated financial statements ("Financial Statements") for the year ended March 31, 2020 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Management is responsible for the preparation and integrity of its Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the Financial Statements and MD&A, is complete and reliable.

Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; or (ii) per share or per tonne amounts. The following abbreviations are used throughout this MD&A: USD or US$ (United States dollar), CAD or CA$ (Canadian dollar), wmt (wet metric tonnes), dmt (dry metric tonnes), M (Million), km (kilometres) and m (metres).

The Financial Statements and other information pertaining to the Company are available on SEDAR at www.sedar.com and on its website at www.championiron.com.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section and to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A included in note 27.

The utilization of the "Company" or "Champion", refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as it may apply.

Non-IFRS Financial Performance Measures

Certain financial performance measures with no standard meaning under IFRS are included in this MD&A. Champion believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures are intended to provide additional information and should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. The non-IFRS financial performance measures included in this MD&A are: total cash cost or C1 cash cost, all-in sustaining costs ("AISC"), average realized selling price, cash operating margin and cash profit margin, earnings before interest, tax, depreciation and amortization ("EBITDA"), EBITDA margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share ("adjusted EPS") and operating cash flow per share. For a detailed description of each of the non-IFRS measures used in this MD&A and a detailed reconciliation to the most directly comparable measure under IFRS, please refer to the "Non-IFRS Financial Performance Measures" section of this MD&A included in note 19.

1. Description of Business

Champion was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA) and Australian Securities Exchange (ASX: CIA). Champion is a high-grade iron ore producer with its flagship asset, the Bloom Lake iron ore mine ("Bloom Lake" or "Bloom Lake Mine"), a long-life, large-scale open pit operation located in northern Québec, approximately 300 km north of Sept-Iles and 13 km by road from the town of Fermont. The Company achieved commercial production at the Bloom Lake Mine as of June 30, 2018. As at March 31, 2020, Champion is the sole owner of Bloom Lake's operating subsidiary, Quebec Iron Ore Inc. ("QIO"), further to the acquisition of Ressources Québec Inc.'s ("RQ") 36.8% equity interest in QIO on August 16, 2019.

Through its wholly-owned subsidiary Champion Iron Mines Limited ("CIML"), the Company owns interests in 9 properties (each a "Property"), covering approximately 806 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of northeastern Québec. The Company also owns 100% of the Gullbridge-Powderhorn property located in Northern Central Newfoundland.

The Company's near-term strategy is to continue with operational improvements at the Bloom Lake Mine while applying cost and capital discipline. With the Bloom Lake Mine generating positive cash flow from operations, the Company is in a position to focus on strengthening its financial position and pursue growth opportunities.

2. Financial and Operating Highlights[1]

	Three Months Ended March 31,		Year Ended March 31,		
	2020	2019	**2020**	2019	2018
Iron ore concentrate produced (wmt)	**1,891,800**	1,802,000	**7,903,700**	6,994,500	623,300
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600	—
Financial Data (in thousands of dollars, except per share amounts)					
Revenue	**175,702**	182,164	**785,086**	655,129	—
Gross profit (loss)	**64,918**	94,284	**363,717**	288,632	(4,244)
EBITDA[2]	**61,119**	86,500	**348,540**	278,172	(80,006)
EBITDA margin[2]	**35%**	47%	**44%**	42%	0%
Net income (loss)	**18,351**	28,155	**121,050**	147,599	(107,331)
Adjusted net income (loss)[2]	**18,351**	28,155	**172,691**	147,599	(107,331)
Net income (loss) attributable to Champion shareholders	**18,351**	8,820	**89,426**	83,046	(74,475)
Adjusted net income (loss) attributable to Champion shareholders[1]	**18,351**	8,820	**141,067**	83,046	(74,475)
Basic earnings (loss) per share	**0.04**	0.02	**0.20**	0.20	(0.19)
Adjusted earnings (loss) per share[2]	**0.04**	0.02	**0.32**	0.20	(0.19)
Net cash flow from operations	**84,614**	38,016	**309,567**	176,698	(131,649)
Cash and cash equivalents	**281,363**	135,424	**281,363**	135,424	7,895
Short-term investments	**17,291**	17,907	**17,291**	17,907	17,291
Total assets	**882,598**	672,017	**882,598**	672,017	401,716
Total non-current financial liabilities	**275,968**	262,864	**275,968**	262,864	196,200
Statistics (in dollars per dmt sold)					
Average realized selling price[2]	**93.1**	104.4	**103.6**	91.9	—
Total cash cost[2] (C1 cash cost)	**53.9**	48.4	**52.7**	49.4	—
All-in sustaining cost[2]	**59.8**	55.4	**62.7**	55.8	—
Cash operating margin[2]	**33.3**	49.0	**40.9**	36.1	—
Statistics (in US dollars per dmt sold)					
Average realized selling price[2]	**69.7**	77.1	**78.0**	70.0	—
Total cash cost[2] (C1 cash cost)	**40.1**	36.4	**39.6**	37.7	—
All-in sustaining cost[2]	**44.5**	41.7	**47.1**	42.5	—
Cash operating margin[2]	**25.2**	35.4	**30.9**	27.5	—

1 The Company considers that pre-commercial production operations at the Bloom Lake Mine commenced on April 1, 2018 with the first shipment of high-grade iron ore concentrate and that commercial production was achieved on June 30, 2018

2 EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

3. Quarterly and Year-to-Date Highlights

Health and Safety

- No known cases of COVID-19 have been confirmed in the Company;
- In close collaboration with its unionized workforce, its contractors and local communities, the Company has adopted or exceeded the Government guidelines in response to the COVID-19 pandemic;
- Rapidly and diligently implemented measures to mitigate the risks related to the COVID-19 pandemic, including amended work schedules to reduce travel volumes, increased transportation capacity to maintain adequate social distancing, isolation from nearby communities and additional health monitoring and screening; and
- Continuous focus on overall health and safety.

Financial

- Revenues of $175.7M for the quarter and $785.1M for the year ended March 31, 2020, compared to $182.2M and $655.1M, respectively, for the comparative periods;
- EBITDA[1] totalling $61.1M for the quarter ended March 31, 2020, compared to $86.5M for the comparative period of the prior year. EBITDA[1] of $348.5M for the year ended March 31, 2020, representing an EBITDA margin[1] of 44%, compared to an EBITDA[1] $278.2M for the prior year, representing an EBITDA margin[1] of 42%;
- Net income of $18.4M for the quarter and $121.1M for the year ended March 31, 2020 (earnings per share of $0.20 for the year ended March 31, 2020), compared to a net income of $28.2M and $147.6M for the same periods the prior year (earnings per share of $0.20 for the year ended March 31, 2019);
- Annual adjusted net income[1] of $172.7M and $0.32 of adjusted earnings per share[1], excluding mainly non-cash refinancing costs for the year ended March 31, 2020;
- Net cash flow from operations totalling $84.6M and $309.6M for the quarter and fiscal year ended March 31, 2020, respectively, representing an operating cash flow per share[1] of $0.18 and $0.70, respectively, compared to $38.0M and $176.7M or $0.09 and $0.42 per share, respectively, for the same periods last year; and
- Cash on hand[2] of $298.7M as at March 31, 2020, compared to $153.3M as at March 31, 2019.

Operations

- Fourth quarter production of 1,891,800 wmt of high-grade 66.5% Fe iron ore concentrate, compared to 1,802,000 wmt during the same period last year, with an annual production totalling 7,903,700 wmt, compared to 6,994,500 wmt in the prior year;
- Fourth quarter recovery rate of 82.3%, compared to a recovery rate of 80.4% during the same period of the prior year for an annual average recovery rate of 82.6%, compared to a recovery rate of 79.5% in the prior year; and
- Total cash cost[1] of $53.9/dmt for the quarter and of $52.7/dmt (US$39.6/dmt) (C1) for the year compared to $48.4/dmt and $49.4/dmt (US$37.7/dmt), respectively, in the prior year, attributable to unscheduled downtimes and higher port charges.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

[2] Cash on hand includes cash and cash equivalents and short-term investments.

3. Quarterly and Year-to-Date Highlights (continued)

Other Developments

- Cost of debt reduced from weighted average cost of debt ranging from 12.37% to 14.75% to an annualized interest rate of 4.8% through the repayment of the US$180M credit facilities issued by Sprott Private Resource Lending (Collector), LP ("Sprott") and CDP Investissements Inc., a subsidiary of Caisse de dépôt et placement du Québec ("CDPI") and the drawdown of a US$200M credit facility (the "Loan Facility"), including a US$20M revolving facility (''Revolving Facility''), with The Bank of Nova Scotia ("Scotiabank") and Société Générale as Joint Lead Arrangers;
- $185M in proceeds from the issuance of preferred shares to CDPI;
- Acquisition of RQ's 36.8% equity interest in QIO for a total cash consideration of $211M, becoming the sole owner of Bloom Lake;
- Continuation of the Bloom Lake Phase II expansion project by deploying $58M of the budgeted $68M work program detailed in the Phase II feasibility study ("Feasibility Study"), the findings of which were released on June 20, 2019; and
- Termination of the proposal to redomicile the Company from Australia to Canada, by way of a scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth), due to market volatility and global uncertainty associated with the COVID-19 pandemic.

4. Response to the COVID-19 Pandemic

The COVID-19 pandemic has negatively impacted the global economy and created significant economic uncertainty and disruption of financial markets. In light of the COVID-19 pandemic, the health and safety of the Company's employees, partners and communities is a priority for Champion, whereby the Company rapidly aligned operations with the government guidelines and worked with local communities to implement measures in the collective effort to contain the COVID-19 pandemic.

On March 24, 2020, the Company announced the ramp down of operations at Bloom Lake, following a directive from the Government of Québec (the "Government"), which required mining activities to be reduced to a minimum within the province. In line with Government issued directives, all discretionary work had been suspended and operations were restricted to a single production line, tailings management, water treatment and overall maintenance. On April 23, 2020, the Company announced it would gradually ramp up operations at Bloom Lake, following an announcement from the Government that effective April 15, 2020, mining activities were to be considered a "priority service" and allowed to resume normal operations, conditional on the implementation of guidelines aiming to contain the risks related to the COVID-19 pandemic.

In line with Government guidelines, Champion has implemented several measures in its efforts to mitigate risks related to the COVID-19 pandemic. Implemented safety precautions include: additional monitoring of employees' health, temperature control prior to travelling and entering Bloom Lake, isolation measures from the nearby communities, additional transportation capacity to enable adequate social distancing, amended work schedules to reduce travel volumes, additional medical support and new disinfection and distancing protocols at the mine site. The current measures in place are monitored and enhanced or revised when required by an executive committee assembled to adapt operations in response to the COVID-19 pandemic.

Despite the economic impact of the COVID-19 pandemic, iron ore prices remain robust, providing our operations an attractive operating margin environment. The Company will continue to monitor and adapt to the rapidly changing global economy impacted by the pandemic. Although we are managing our operations and liquidity to mitigate risks related to the COVID-19 pandemic, the extent to which the COVID-19 pandemic could impact our operations and cash flows will depend on future developments, given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy.

5. Bloom Lake Phase II Update

On June 20, 2019, Champion announced the findings of the Feasibility Study prepared pursuant to National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") (see press release dated June 20, 2019 available under the Company's filings on SEDAR at www.sedar.com and on the Company's website at www.championiron.com) that includes proven and probable mineral reserve estimates of 807 million tonnes at an average grade of 29.0% Fe. The Phase II project aims to double Bloom Lake production to 15 Mtpa of 66.2% Fe iron ore concentrate by completing the construction of the second plant which was partially completed by the mine's former owner. Based on the new optimized mine plan, the Bloom Lake mining rate would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a Life of Mine ("LoM") of 20 years.

The Feasibility Study proposes a 21-month construction period with estimated capital expenditures of $633.4M, including $44M in deposits. Project economics, based on US$83.9/t IODEX 65% Fe CFR China Index ("P65" or "Platts 65") iron price CFR China, indicate an after-tax 8% net present value ("NPV") of $2,384M, combining Phase I & II, and an after-tax internal rate of return ("IRR") of 33.4%. During the LoM, total cash costs[1] are projected to be $46.6/t with an average all-in sustaining cost[1] of $52.3/t.

On July 30, 2019, the Company's Board of Directors ("Board") approved an initial budget of $68M to fund and advance the Phase II expansion project during 2019 and into 2020, with the intention of securing a commissioning in 2021. During the fourth quarter of 2020, $10,864,000 was spent on the project, with $58,019,000 spent to date, whereby the following milestones have been achieved:

- Civil works related to silo and outside conveyor foundations were completed as planned;
- Electrical and mechanical works inside the plant have been completed, enabling the construction team to advance future construction milestones without being affected by weather conditions at Bloom Lake;
- Detailed engineering progressed as scheduled; and
- Approximately 50% of the spirals have been completely manufactured and have begun to be shipped. The first containers arrived in Montreal mid-April and the spirals are now in storage.

As the Company had to reduce its production capacity on March 24, 2020, to comply with public health directives from the Government in response to the COVID-19 pandemic, the Company's Phase II expansion project's discretionary capital expenditures have been suspended. In addition, although the Company had communicated its intentions to address the Phase II growth plans by the middle of the current calendar year, given the current market and global uncertainty, the Company has postponed the communication of its intention to a later time.

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

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

6. Key Drivers

A. Iron Ore Concentrate Price

The price of iron ore concentrate is the most significant factor determining the Company's financial results. As such, cash flow from operations and the Company's development may, in the future, be significantly adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by a number of industry and macroeconomic factors beyond the control of the Company.

Due to the high-quality nature of its 66.4% iron ore concentrate, the Company's iron ore sales attract a premium over the IODEX 62% Fe CFR China Index ("P62") widely used as the reference price in the industry. As such, the Company quotes its products on the high-grade IODEX 65% Fe CFR China Index ("P65"). The premium captured by the P65 index is attributable to two main factors; steel mills recognizing that higher iron ore grades offer a benefit to optimize output while also significantly decreasing CO_2 emissions.

Earlier in 2019, the global steel market experienced pressure resulting from uncertainties related to higher raw material prices including iron ore, US/China commercial tensions, the Brexit process and the Asian market growth slowdown, all of which contributed to lower profit margins for steel manufacturers. During the three-month period ended March 31, 2020, the global steel market continued to be pressured by the COVID-19 outbreak, initially in China and followed by weakness in the European steel market leading to some reduction in capacity. Despite the challenges faced by the steel market, as the world's largest steel making hub, it is reported that China has returned to profitability during the three-month period ended March 31, 2020. The premium captured by the P65 index continued to increase in the same three-month period, and can be attributed to the weakness in exports from Brazil being the world's largest export hub of high-grade iron ore, in addition to shortages in Chinese domestic mining due to the COVID-19 outbreak.

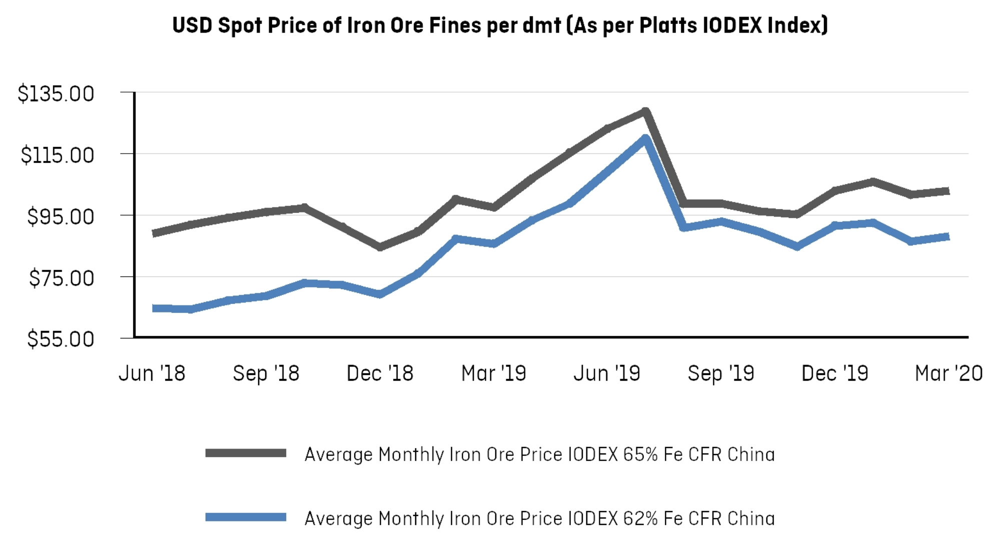
During the three-month period ended March 31, 2020, the P65 price of high-grade iron ore fluctuated from a low of US$94.8/dmt to a high of US$109.4/dmt. The average P65 iron ore price was US$103.5/dmt for the period, an increase of 5% from the previous quarter, resulting in a premium of 16.3% over the P62 reference price of US$89.0/dmt. The Company's gross realized price for the quarter was US$96.9/dmt before adjustments related to provisional sales and ocean freight, resulting in a premium of 8.9%. Taking into account pro-forma sales adjustments and deducting sea freight costs, the Company's net realized FOB price was CA$93.1/dmt (US$69.7/dmt). Champion is well positioned to benefit from higher iron ore prices as it has no hedging contracts in place, and it is not subject to royalties. Assuming a stable foreign exchange rate, a variation of US$1.00 to the P65 price will impact Champion's gross revenues by approximately 1%.

During the year ended March 31, 2020, the P65 price of high-grade iron ore fluctuated from a low of US$88.4/dmt to a high of US$135.9/dmt. The average P65 iron ore price was US$106.4/dmt for the period, an increase of 16% from the previous year, resulting in a premium of 12.1% over the P62 reference price. The Company's gross realized price year-to-date was US$107.2/dmt before ocean freight and provisional sales adjustments, resulting in a premium of 13.0%, in line with the P65 Index. Taking into account the latter and deducting sea freight costs, the Company's net realized FOB price was CA$103.6/dmt (US$78.0/dmt) compared to CA$91.9/dmt (US$70.0/dmt) for the same period of the prior year.

6. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

Approximately 80% of Champion's iron ore sales contracts are structured on a provisional pricing basis, with the final sales price determined using the iron ore price indices on or after the vessel's arrival to the port at discharge. The Company recognizes revenues from iron ore sales contracts upon shipment. The estimated gross consideration in relation to the provisionally priced contracts is accounted for using the P62 forward iron ore price, subject to the estimated P65 premium over the P62 price at the expected settlement date. Once the vessel arrives at its destination, the impact of the iron ore price movements, compared to the marked to market price at the time of departure, is accounted for as a provisional pricing adjustment to revenue. As at March 31, 2020, Champion had 0.9 million tonnes of iron ore sales that remained subject to provisional pricing, with the final price to be determined in the following reporting periods (March 31, 2019: 1.0 million tonnes).

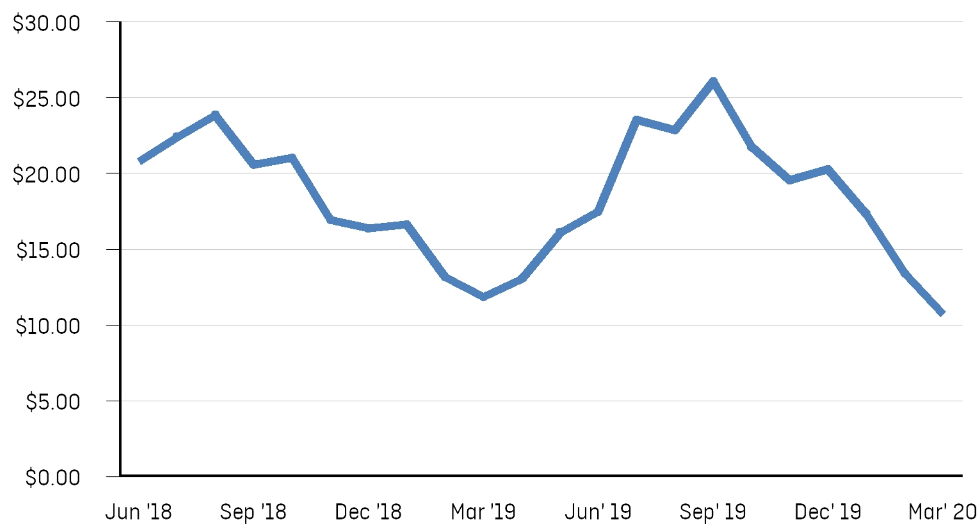


6. Key Drivers (continued)

B. Sea Freight

Sea freight is an important component of the Company's cost structure as Champion ships most of its concentrate to China and Japan. The common reference route for dry bulk material from the Americas to Asia is the Tubarao to Qindao route which encompasses 11,000 miles. The freight cost per tonne associated with this route is captured in the C3 Baltic Capesize Index ("C3") which is considered the reference ocean freight cost for iron ore shipped from the Americas to the Far East. There is no index for the route between the port of Sept-Iles, Canada and China. The route from Sept-Iles to the Far East totals approximately 14,000 miles and is subject to different weather conditions during the winter season, therefore the freight cost per tonne associated with this voyage is generally higher than the C3 price.

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



In the past five years, the industry has identified a relationship between the iron ore price and the cost of freight for the Tubarao to Qingdao route captured in the C3 rate. Based on this observed correlation, when the price of iron ore fluctuates, the ocean freight rate fluctuates as well. As the freight cost for the ocean transport between Sept-Iles and China is largely influenced by the C3 cost, a decrease in iron ore prices should result in a lower ocean freight costs for Champion.

The Brumadinho dam rupture in Brazil in January 2019 changed this dynamic as the second largest producer of iron ore globally experienced significant production curtailment following the tragic event. While some operations affected by these events remain curtailed or closed pending approvals by Brazilian authorities, some operations have resumed production contributing to an increase in exports from Brazil and likely an increase in the C3 route index in the second half of 2019. Another likely contributor to the C3 index increase in the second half of 2019 was the longer than expected fitting of scrubbers on the shipping fleet, which reduced available vessel capacity. In early 2020, the ascending C3 index reversed to a negative trajectory as several items likely contributed to a material reduction in the C3 route index including: the Chinese New Year holidays reducing demand for iron ore imports, heavy rains in Brazil negatively impacting exports of iron ore and a significant drop in bunker prices which are a main component of the cost for dry bulk vessel operators. Such dynamic resulted in a disconnect in the historical relationship between iron ore prices and the C3 route index where iron ore prices remained elevated while the C3 route index experienced a significant correction.

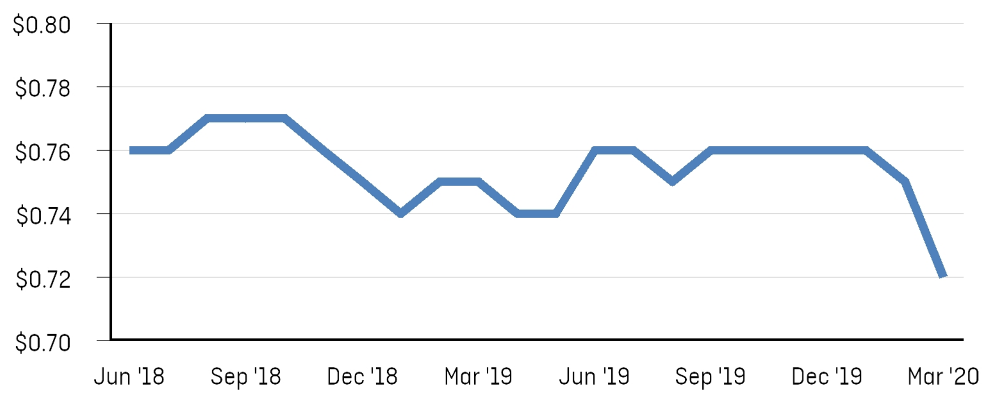
Due to its distance from main shipping hubs, Champion typically fixes vessels four to eight weeks prior to the desired laycan period. This translates into a natural delay between the freight paid and the C3 route index price. The effects of these delays are eventually evened out as Champion ships its high-grade concentrate uniformly throughout the year.

6. Key Drivers (continued)

C. Currency

The Canadian dollar is the Company's reporting and functional currency. Consequently, the Company's operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar. The Company's sales, sea freight, the Loan Facility and previous credit facilities' costs are denominated in U.S. dollars. As such, the Company benefits from a natural hedge between its revenues and its sea freight and credit facilities' costs. Despite such a natural hedge, the Company is exposed to foreign currency fluctuations as its mining operating expenses are mainly incurred in Canadian dollars. Currently, the Company has no hedging contracts in place and therefore has exposure to foreign exchange rate fluctuations. The strengthening of the U.S. dollar would positively impact the Company's net income and cash flow while the strengthening of the Canadian dollar would reduce its operating margin and cash flow. Assuming a stable selling price, a variation of CA$0.01 against the U.S. dollar will impact Champion gross revenues by approximately 1%.

Monthly Exchange Rate – USD to CAD



Apart from these key drivers and the risk factors noted in the headings "Risk factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Exchange rates are as follows:

	CAD / USD $			
	FY2020		FY2019	
	Average	**Closing**	Average	Closing
Q1	**1.3377**	**1.3087**	1.2911	1.3168
Q2	**1.3204**	**1.3243**	1.3070	1.2945
Q3	**1.3200**	**1.2988**	1.3204	1.3642
Q4	**1.3449**	**1.4187**	1.3295	1.3363
Year-end as at March 31	**1.3308**	**1.4187**	1.3118	1.3363

7. Bloom Lake Mine Operating Activities[1]

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
Operating Data				
Waste mined (wmt)	**3,180,100**	3,481,500	**13,742,400**	13,679,900
Ore mined (wmt)	**5,413,100**	4,975,500	**20,817,400**	19,711,700
Strip ratio	**0.6**	0.7	**0.7**	0.7
Ore milled (wmt)	**4,880,000**	4,754,200	**19,749,800**	18,493,800
Head grade Fe (%)	**31.7**	30.6	**32.1**	31.5
Recovery (%)	**82.3**	80.4	**82.6**	79.5
Product Fe (%)	**66.5**	66.3	**66.4**	66.4
Iron ore concentrate produced (wmt)	**1,891,800**	1,802,000	**7,903,700**	6,994,500
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
Financial Data (in thousands of dollars)				
Revenues	**175,702**	182,164	**785,086**	655,129
Cost of sales	**101,721**	84,431	**399,368**	351,946
Other expenses	**12,862**	11,233	**37,178**	25,011
Net finance cost	**5,148**	19,386	**85,351**	50,010
Net income	**18,351**	28,155	**121,050**	147,599
EBITDA[2]	**61,119**	86,500	**348,540**	278,172
Statistics (in dollars per dmt sold)				
Average realized selling price[2]	**93.1**	104.4	**103.6**	91.9
Total cash cost (C1 cash cost)[2]	**53.9**	48.4	**52.7**	49.4
All-in sustaining cost[2]	**59.8**	55.4	**62.7**	55.8
Cash operating margin[2]	**33.3**	49.0	**40.9**	36.1

Operational Performance

During the three-month period ended March 31, 2020, 8.6 million tonnes of material were mined, an improvement of 2% over the same quarter of the prior year. The increase is mainly due to higher equipment availability, following investments made in the mining equipment rebuild program since the start of operations in February 2018.

The plant processed 4,880,000 tonnes of ore during the fourth quarter of 2020, compared to 4,754,200 tonnes in the comparable prior year period. The increased production reflects improvements and operational innovations implemented during the first half of the fiscal year ended March 31, 2020, as well as a planned 3-day shutdown to replace the inner discharge grates with new ones engineered to sustain a higher throughput. It is anticipated that future discharge grates replacement will occur at the same time as the scheduled bi-annual major shutdowns, during the first and third quarters of Champion's fiscal year ending March 31, 2021.

1 The Company considers that pre-commercial production operations at the Bloom Lake mine commenced on April 1, 2018 with the first shipment of high-grade iron ore concentrate and that commercial production was achieved on June 30, 2018.

2 EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

7. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

The Company improved its average recovery rate to 82.3% during the fourth quarter of 2020, compared to a rate of 80.4% in the same period of the prior year. The increase in recovery rate is attributable to better throughput stability, following the operational innovations implemented during the first half of the fiscal year ended March 31, 2020. The 2020 fourth quarter recovery rate was negatively affected by 0.3% due to a successful production test of 132,000 wmt of 67.98% Fe high-grade iron ore (with a combined silica plus alumina content of 2.57%), which impacted ore recovery. This commercial production test, assuming confirmed qualification as Direct Reduction ("DR") concentrate feed, could position the Company to qualify for sales to producers of DR pellets, which can be converted by direct reduced iron ("DRI") producers and utilized in electric arc furnaces, representing a growing subset of global steelmaking capacity. This commercial production test positions the Company to potentially procure new customers and confirm that Bloom Lake is one of the few producing deposits globally that could transition its product offering in response to potential shifts in steelmaking methods in the coming years.

Based on the foregoing, Bloom Lake produced 1,891,800 wmt of 66.5% Fe high-grade iron ore concentrate during the three-month period ended March 31, 2020, an increase of 5% compared to 1,802,000 wmt in the same period of the prior year.

The Company mined 34,559,800 tonnes of material during the year ended March 31, 2020, compared to 33,391,600 tonnes in the prior year. The increase is attributable to the improvement in mining equipment reliability and increased productivity resulting from the mining equipment rebuild program, offset by the lower in-pit crusher availability during the year.

During the year, unscheduled downtimes affecting the in-pit crusher and the performance of the inner discharge grates negatively impacted production. However, the ingenuity deployed by the operational team to prevent these unscheduled downtimes from reoccurring and the decision to invest in operational improvements yielded positive results, as the plant was able to produce above its nameplate capacity. The plant processed 19,749,800 tonnes of ore during the year ended March 31, 2020, an increase of 7% over the prior year, while the recovery rate improved from 79.5% to 82.6%, in line with the Company's target. Based on the foregoing, Bloom Lake produced a total of 7,903,700 wmt of Fe 66.4% high-grade iron ore concentrate during the year ended March 31, 2020, setting a new historical annual record since Bloom Lake was first commissioned in 2010.

8. Financial Performance

A. Revenues

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
(in U.S. dollars per dmt sold)				
Index P62	**89.0**	82.7	**94.9**	71.5
Premium over P62	**7.9**	14.5	**12.3**	20.4
Gross realized price	**96.9**	97.2	**107.2**	91.9
Freight and other costs	**(25.8)**	(21.6)	**(25.7)**	(23.4)
Provisional pricing adjustments	**(1.4)**	1.5	**(3.5)**	1.5
Net realized FOB price	**69.7**	77.1	**78.0**	70.0
CAD Net Realized FOB Price	**93.1**	104.4	**103.6**	91.9

During the three-month period ended March 31, 2020, a total of 1,888,200 tonnes of high-grade iron ore concentrate were sold at a CFR China gross realized price of US$96.9/dmt, before provisional sales adjustments and shipping costs. The gross sales price of US$96.9/dmt represents a premium of 9% over the benchmark P62 price, compared to a premium of 18% for the comparative period. The gross sales price reflects the timing of the sales as well as the forward price at the expected settlement date for 654,000 tonnes shipped during the period. The premium variation reflects the shortage of high-grade material in the market in early 2019 as some major producers experienced operational challenges. Despite the variation in the premium, the gross realized price of US$96.9/dmt remains stable compared to US$97.2/dmt in the previous year as the world's largest steel making hub, China, retains a strong appetite for seaborn iron ore concentrate as its steel industry's profitability remained resilient during the three-month period ended March 31, 2020.

The variation in sea freight costs during the quarter compared to the same period last year reflects the impact of a major producer's challenges in early 2019 to global freight rates, which lowered the Company's sea freight costs in the last quarter of the fiscal year ended March 31, 2019. The freight costs variation with the C3 index is mainly due to the timing of vessels' bookings as well as to the premium paid during the winter season for vessels travelling to and from the port at Pointe-Noire, Québec.

During the three-months ended March 31, 2020, a final price was established for 533,000 tonnes which were in transit at the end of the third quarter ended December 31, 2019. In addition, 278,000 tonnes shipped prior to December 31, 2019 still remained under pricing evaluation as of March 31, 2020. Accordingly, revenues associated with these 811,000 tonnes, which were accounted for in the third quarter, were reduced by US$2,581,000. Based on the foregoing, the average net realized FOB price for the fourth quarter ended March 31, 2020 was negatively impacted by US$1.4/dmt.

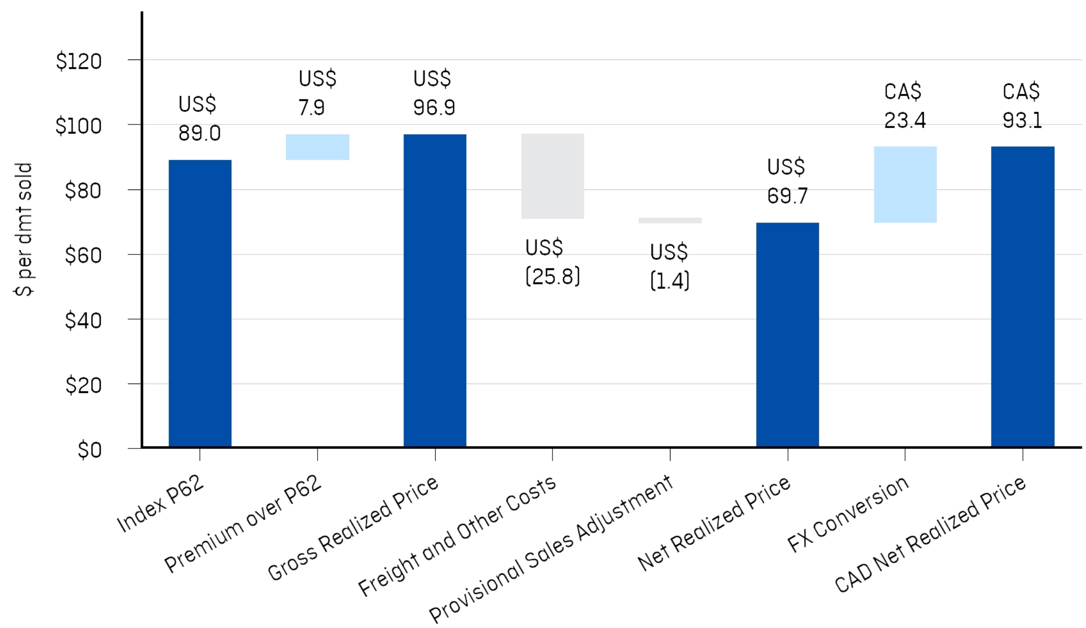
Deducting sea freight costs of US$25.8/dmt together with the provisional sales adjustment of US$1.4, the Company obtained an average net realized price of US$69.7 per tonne (CA$93.1 per tonne) for its high-grade iron ore delivered to the end customer, benefiting from an average foreign exchange rate of CA$1.3449/US$. As a result, revenues totalled $175,702,000 for the period compared to $182,164,000 in the same prior year period.

8. Financial Performance (continued)

A. Revenues (continued)

For the year ended March 31, 2020, the Company sold over 7,577,400 tonnes of iron ore concentrate shipped in 43 vessels to customers located in China, Europe, Japan, the Middle East, South Korea and India. While the P65 indicative price of high-grade iron ore fluctuated between US$88.4/dmt to a high of US$135.9/dmt during the year ended March 31, 2020, the Company sold its product at an average gross realized price of US$107.2/dmt, before shipping and adjustments related to provisional sales. The gross sales price of US$107.2/dmt represents a premium of 13% over the benchmark P62 price. Deducting sea freight costs of US$25.7/dmt and the provisional sales adjustment of US$3.5/dmt, the Company obtained an average realized price of US$78.0 per tonne (CA$103.6 per tonne) for its high-grade iron ore delivered to the customer. As a result, revenues totalled $785,086,000 for the year ended March 31, 2020, compared to $655,129,000 for the prior year. Although the sales increase is mainly attributable to the selling price, the volume impact totalling $41 million illustrates the benefit the Company yielded by investing in production reliability and having the ability to increase its throughput capacity when the price of high-grade iron ore is elevated.

Q4 FY2020 Net Realized Selling Price from P62 to Average Realized Price



8. Financial Performance (continued)

B. Cost of Sales

Cost of sales represent mining, processing, and mine site-related general and administrative expenses.

During the three-month period ended March 31, 2020, the total cash cost[1] or C1 cash cost[1] per tonne totalled $53.9/dmt, compared to $48.4/dmt in the same period of the previous year. The C1 cash-cost[1] for the quarter was impacted by various factors, including scheduled downtimes (refer to note 7, Operational Performance) and a lower recovery rate associated with the production test of 132,000 wmt of 67.98% Fe high-grade iron ore with a silica plus alumina content of 2.57%. Higher costs from SFPPN port operations continue to negatively impact the cash cost during the period. Since the beginning of the restart of the SFPPN's operations in 2018, SFPPN costs have increased beyond the indexation rate and faster than the operational efficiency improvements. Further to the appointment of a new SFPPN CEO, who has many years of experience managing railroad and port facilities, the Company and SFPPN's Board are confident that SFPPN's operational efficiency will improve. The Company would benefit from corrective actions implemented by SFPPN that reduce port operations costs.

For the year ended March 31, 2020, the Company produced high-grade iron ore at a total cash cost[1] of $52.7/dmt compared to $49.4/dmt for the previous year. The C1 cash cost[1] for the year includes the negative impact of the unscheduled downtimes and costs incurred to prevent them from reoccurring. The production cost also encompasses expenditures to deploy initiatives aimed at improving plant reliability and throughput stability. These improvements enabled the Company to surpass its nameplate capacity and maximize operating cash flows during periods of elevated prices, as it led to a positive volume sales impact of $41 million, year over year.

C. Gross Profit

The gross profit for the three-month period ended March 31, 2020 totalled $64,918,000 compared to $94,284,000 for the same period of the prior year. The variation is attributable to higher production costs and investments made to increase throughput and surpass nameplate capacity.

The gross profit for the year ended March 31, 2020 totalled $363,717,000, compared to $288,632,000 for the prior year. The increase is largely driven by the 13% increase in the realized price together with the decision made by the Company earlier in the year to invest in maintenance and plant reliability in order to maximize cash flows while the iron ore price is elevated. Accordingly, for the year-ended March 31, 2020, the Company is benefiting from a 39% cash profit margin[1] per tonne, which has remained unchanged from the prior year cash profit margin[1] of 39%.

D. Other Expenses

Other expenses comprise share-based payments, corporate expenses ("G&A expenses"), as well as sustainability and other community expenses ("CSR expenses"). CSR expenses are mainly composed of community taxes such as property and school taxes and expenditures related to the Impact and Benefits Agreement with the First Nations ("IBA").

The variation of the other expenses and income for the three-month period ended March 31, 2020, compared to the same period the previous year, is essentially due to the completion of the transition from a development company cost structure to an operating organization. In addition, expenses were incurred during the period to deploy the Company's contingency plan with respect to the COVID-19 pandemic and to progress the Company's redomiciliation process. Although the Board has decided to terminate the scheme of arrangement in connection with the redomiciliation, due to market volatility and the global uncertainty associated with the COVID-19 pandemic, the Board may consider redomiciliation from Australia to Canada at a later point. Should this decision be enacted, efforts previously deployed on the terminated transaction could represent future savings. Higher CSR expenses reflect the Company's increased focus on sustainability. This amount also includes the full impact of the agreement with the First Nations as these expenses were partially incurred in the prior year.

The variation of the other expenses and income for the year ended March 31, 2020, compared to the previous year, is essentially due to restart costs incurred in the first quarter of the prior year, as well as Champion's transition from a development stage company to an iron ore producer. The increase in share-based payments reflects the higher stock price, period over period, combined with the issuance of annual equity awards in relation to the performance achieved during the fiscal year ended March 31, 2019.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

8. Financial Performance (continued)

E. Net Finance Costs

Net finance costs totalled $5,148,000 for the three-month period ended March 31, 2020, compared to $19,386,000 for the same period in the prior year. The main components of the net finance costs include the interests on long-term debt as well as the foreign exchange on accounts receivable and long-term debt. For the quarter, the decrease in net finance costs is mainly attributable to the positive impact of the refinancing which closed on August 16, 2019. The new credit facility bears an annualized interest rate at 4.8%, compared to a rate of 10% for the previous credit facilities. The previous credit facilities also included embedded derivative instruments which had to be revalued on a quarterly basis. Following the refinancing, these derivatives were extinguished. The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated term facilities. Due to the fact that the Canadian dollar was significantly depreciated as of March 31, 2020 compared to the U.S. dollar, the Company sustained an unrealized foreign exchange loss on its long-term debt which could not be compensated by the gain on its accounts receivable and U.S. dollar cash on hand. Consequently, the Company recorded a non-cash exchange loss of $3 million during the current quarter.

The increase in net finance costs for the year ended March 31, 2020, when compared to the prior year, is mainly due to the impact of the repayment of the previous credit facilities on August 16, 2019, representing a loss of $57,274,000. Most of the $57,274,000 loss are non-cash items including the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities. Also, higher net finance costs are partially offset by the reduction in interest of $12,023,000, following the refinancing transaction, which reflects the lower cost of debt. Finally, it is also partially offset by a favourable non-cash change in fair value of derivative financial instruments of $8,700,000, which were all extinguished as a result of the refinancing.

F. Income Taxes

The Company's subsidiaries are subject to tax in Australia and Canada. As a result of accumulated losses before tax, there are no current or deferred income taxes related to the Australian activities. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available for which the losses can be used against. QIO, Champion's operating subsidiary, is subject to Québec mining tax at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year. The mining profit margin represents the mining profit, as defined by the Québec Mining Tax Act, divided by revenues. The progressive tax rates based on the mining profit margin are as follows:

Mining profit margin range	**Tax rate**
Mining profit between 0% to 35%	**16%**
Incremental mining profit over 35%, up to 50%	**22%**
Incremental mining profit over 50%	**28%**

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.58% for the year-ended March 31, 2020 (2019: 26.68%).

During the fourth quarter of 2020, current income and mining taxes expenses totalled $19,027,000 compared to $8,286,000 for the same period of the comparative year. The deferred income tax expenses totalled $9,530,000 and $27,224,000 for the respective periods. The higher current income and mining taxes expenses for the fourth quarter of 2020, compared to the same period last year, is mainly due to higher taxable profit as the Company no longer has available tax losses.

The increase in the total income and mining taxes expenses for the fourth quarter of 2020, compared to the previous quarter ending December 31, 2019 is attributable to a foreign exchange loss on long-term debt amounting to $21,600,000 recorded in the fourth quarter of 2020, half of which is not tax deductible and the other half gives rise to an unrecognized tax benefit.

During the year ended March 31, 2020, current income tax and mining taxes expenses amounted to $89,657,000, compared to $34,017,000 for the prior year. The deferred income and mining taxes expenses amounted to $30,481,000 and $31,995,000 for the fiscal years 2020 and 2019, respectively. The effective tax rate ("ETR") for 2020 was 50% compared to 31% in 2019. The 2020 ETR is higher than the 2019 ETR mainly due to the recognition, in 2019, of unrecognized tax benefits in QIO further to reaching commercial production. There was no recognition of previously unrecognized tax benefits in 2020. Part of the increase in the 2020 ETR, compared to 2019, is also attributable to higher mining tax arising from higher mining tax profits.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

8. Financial Performance (continued)

G. Net Income & EBITDA[1]

For the three-month period ended March 31, 2020, the Company generated net income of $18,351,000, entirely attributable to the Company's shareholders. This net income correlates directly with the lower quarterly gross profit. In the comparative prior year period, the Company reported net income of $28,155,000.

During the fourth quarter ended March 31, 2020, the Company generated an EBITDA[1] of $61,119,000, representing an EBITDA margin[1] of 35%, compared to an EBITDA[1] of $86,500,000, representing an EBITDA margin[1] of 47% in the same period of the prior year. The variation period over period is essentially due to the lower average realized selling price and the higher total cash cost per tonne.

For the year ended March 31, 2020, the Company generated an EBITDA[1] of $348,540,000, representing an EBITDA margin[1] of 44%, compared to an EBITDA[1] of $278,172,000, representing an EBITDA margin[1] of 42% for the prior year. This increase in EBITDA[1] is mainly attributable to the increase in the average realized selling price.

For the year ended March 31, 2020, the Company generated net income of $121,050,000 (earnings per share of $0.20), compared to net income of $147,599,000 (earnings per share of $0.20) for the year ended March 31, 2019. The repayment of the previous credit facilities with Sprott and CDPI, concluded in the second quarter of the fiscal year ended March 31, 2020, resulted in non-cash financing costs associated with the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities. Mainly excluding this non-recurring non-cash transactions, the Company would have generated an adjusted net income[1] of $172,691,000 and an adjusted EPS[1] of $0.32 for the year ended March 31, 2020.

H. All-In Sustaining Cost[1] and Cash Operating Margin[1]

The Company believes that the AISC[1] and cash operating margin[1] are measures reflecting the costs associated with producing iron ore and assessing the Company's ability to operate without reliance on additional borrowing or usage of existing cash. The Company defines AISC[1] as the total costs associated with producing iron ore concentrate. The Company's AISC[1] represents the sum of cost of sales, corporate expenditures and sustaining capital expenditures, including stripping activities, all divided by the iron ore concentrate per dmt sold to arrive at a per dmt figure.

During the three-month period ended March 31, 2020, the Company realized an AISC[1] of $59.8/dmt, compared to $55.4/dmt in the same period last year. Deducting the AISC[1] of $59.8/dmt from the average realized selling price[1] of $93.1/dmt, the Company generated a cash operating margin[1] of $33.3/dmt for each tonne of high-grade iron ore concentrate sold during the fourth quarter ended March 31, 2020, compared to $49.0/dmt in the same period of the previous year. The variation relates to higher cash cost per tonne sold resulting from scheduled downtime which affected the operations during the quarter.

For the year ended March 31, 2020, the Company realized an AISC[1] of $62.7/dmt compared to $55.8/dmt for the previous year. In addition to the C1 cash costs[1] increase, the Company made the decision at the beginning of the fiscal year to accelerate tailings containment dam rising construction work, in order to ensure safe tailings deposition. The conservative decision made by the Company to bring forward the tailings investment did not modify the total amount that would have been invested on the tailings facility over the next few years, only its timing. Given the magnitude of the project, the construction period was extended until late fall in order to complete the required works. The accelerated tailings investment project is now complete, and it is anticipated that this will reduce the sustaining capital dedicated to tailings management over the next few years. Additionally, the Company continued investing in its mining equipment rebuilding program, required to increase mining equipment fleet availability and maintain a higher strip ratio, in connection with the Phase II expansion project. Despite a higher AISC[1], the cash operating margin[1] totalled at $40.9/dmt compared to $36.1/dmt in the same prior year period, reflecting the ability of the Company's cost structure to take advantage of market fluctuations.

I. Non-Controlling Interest

Following Champion's acquisition of Ressources Québec Inc.'s 36.8% equity interest in QIO, the Company's non-controlling interest ("NCI") no longer exists. The net income attributable to the NCI was based on the financial results of QIO. The NCI attributed to the minority interest during the period was calculated up to the closing date of the acquisition on August 16, 2019.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

(Expressed in Canadian dollars, except where otherwise indicated)

9. Reserves and Resources

Reserves and Resources - Overview as at March 31, 2020

Measured and Indicated resources totalled 864.5 Mt while there are additional 80.4 Mt of Inferred resources in compliance with The JORC code and the Canadian NI 43-101 according to the Phase 1 feasibility study.

- Measured and indicated mineral resources totalled 317.0 Mt of concentrate averaging 66.2% Fe using a recovery of 82%.
- Proven and probable Phase 1 mineral reserves at the Bloom Lake Mine stood at 364.6 million tonnes averaging 29.7% Fe.
- Proven and probable Phase 2 mineral reserves will increase phase 1 reserves by 461.2 Mt at 28.2% Fe for a grand total of 825.8 Mt at 28.9% Fe.

All mineral resources reported are inclusive of mineral reserves. Mineral reserves and resources reported at Bloom Lake were estimated using an iron ore price of US$50/dmt and US$60/dmt, respectively. The decrease in reserves is due to ore depletion as Champion mined 21.7 dmt of iron ore since March 31, 2019.

March 31, 2020 Phase 1 Bloom Lake Mineral Resources Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Measured	392.6	30.8	0.6	0.7	0.3
Indicated	471.9	28.5	2.5	2.3	0.4
M+I Total	864.5	29.6	1.6	1.6	0.3
Inferred	80.4	25.6	1.9	1.7	0.3

March 31, 2020 Phase 1 Bloom Lake Mineral Reserves Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Proven	217.0	30.4	0.5	0.5	0.3
Probable	147.6	28.7	2.8	2.7	0.4
Total	364.6	29.7	1.4	1.4	0.3

In addition to the Bloom Lake Mine, the Company owns interests in 13 other iron ore deposits located in the Labrador Trough, some 300 km north of the City of Sept-Îles and ranging from 6 to 80 kilometers west and southwest of Fermont. All claims and leases are in good standing. No work was done during the 2020 fiscal year to update the Resources estimates published during the period 2011 to 2014. Additional information on each claim can be found in the Company’s 2020 annual report available under the Company's filings on SEDAR at www.sedar.com and at the Company’s website at www.championiron.com.

10. Exploration Activities

Champion holds a 100% interest in the Bloom Lake property, a 100% interest in seven of the Fermont Holdings, with a 45% joint venture interest in two of the Fermont Properties, all of which in total encompass 806 km^2 in the southern Labrador Trough, together with a 100% interest in the Powderhorn property in Northern Central Newfoundland. The Powderhorn property covers 63 km^2 and is host to several Copper (Cu) and Zinc (Zn) showings and is at an early exploration stage. Exploration efforts to date at Powderhorn targeted the same volcanic units that host the Buchans Mine, a rich volcanogenic massive sulphide deposit located 60 km away. The Gullbridge Mine is a past copper producer and is located in the northern part of the Powderhorn property.

During the year ended March 31, 2020, the Company maintained all of its properties in good standing. The Company conducted a minor drilling campaign at its Bloom Lake property to improve ore characterization and completed a geophysical survey on the Roach Hill property. During the year, $691,000 was invested in exploration and evaluation compared to $9,372,000 in the previous calendar year. The exploration budget is lower compared to the previous fiscal year, during which extensive exploration work completed for the Phase II expansion project, and the drilling campaign at the Company’s Powderhorn property. The Company did not enter into farm-in/farm-out arrangements during the year.

11. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Operations	**42,247**	70,091	**220,452**	230,960
Changes in non-cash operating working capital	**42,367**	(32,075)	**89,115**	(54,262)
Net cash flow from operating activities	**84,614**	38,016	**309,567**	176,698
Net cash flow from financing activities	**42,754**	(45,108)	**(14,890)**	20,501
Net cash flow from investing activities	**(23,374)**	(27,927)	**(152,892)**	(72,930)
Net increase (decrease) in cash and cash equivalents	**103,994**	(35,019)	**141,785**	124,269
Effects of exchange rate changes on cash and cash equivalents	**7,094**	2,622	**4,154**	3,260
Cash and cash equivalents, beginning of year	**170,275**	167,821	**135,424**	7,895
Cash and cash equivalents, end of year	**281,363**	135,424	**281,363**	135,424
Operating cash flow per share[1]	**0.18**	0.09	**0.70**	0.42

Operating

During the three-month period ended March 31, 2020, the Company generated operating cash flows of $42,247,000 before working capital compared to $70,091,000 in the same period of the prior year. The operational cash flows for the three-month period ended March 31, 2020 reflect the reduced EBITDA[1] margin, when compared to the prior year period, which was affected by higher production costs. Changes in working capital were mainly impacted by the timing of customer receipts and the timing of payments to supplier. The operating cash flow per share[1] for the three-month period ended March 31, 2020 was $0.18, compared to $0.09 in the corresponding period of the previous year.

During the year ended March 31, 2020, the Company's operating cash flows before working capital items totalled $220,452,000, compared to $230,960,000 for the prior year. The variation is mainly attributable to a higher 2020 operating income offset by payments of prior year interests and mining taxes. After working capital, the operating cash flow per share[1] for the period totaled $0.70, compared to $0.42 for the prior year.

Financing

In line with its conservative cash management principles, the Company fully drew its available US$20,000,000 Revolving Facility on March 31, 2020, increasing its liquidity position to face global uncertainty associated with the COVID-19 pandemic. During the three-month period ended March 31, 2020, compensation options and warrants were also exercised for proceeds totalling $15,261,000. In the corresponding prior year period, the Company made its first capital repayment of $7,636,000 towards the US$80,000,000 facility (the "Sprott Facility") and fully repaid the $37,472,000 note payable related to the Bloom Lake railcar fleet.

During the year ended March 31, 2020, the Company completed the re-financing of the previous credit facilities, the acquisition of RQ's equity interest in QIO and the issuance of preferred shares to CDPI. The previous debt facilities consisted of two term loans with CDPI (US$ 100 Million) and Sprott (US$ 80 Million), both of which have been fully reimbursed for CA$234,464,000. A draw down on the new term credit facility of US$200,000,000 (CA$267,522,000) including the US$20 million Revolving Facility was also completed. The new term facility with Scotiabank and Société Générale as joint lead arrangers significantly reduced the Company's debt costs from 10.0% to 4.8% and provides the Company with more flexibility with less covenants.

The acquisition of RQ's 36.8% equity interest in QIO was completed for consideration of $211,000,000. Following the acquisition, the Company is no longer subject to an NCI in its flagship asset, the Bloom Lake Mine. During the year-ended March 31, 2020, the Company issued new preferred shares to CDPI for proceeds of $181,795,000, net of transaction costs, and reimbursed the Glencore convertible debenture that was part of the previous capital structure for a total cost of $31,980,000. The Company's financing activities during the year also included the receipt of the proceeds from exercised options, compensation options and warrants.

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

11. Cash Flows (continued)

Financing (continued)

In the comparative prior year period, the Company's financing activities consisted mainly of drawdowns of $74,195,000 associated with the previous US$180,000,000 credit facilities. In addition, the Company made the first capital repayment of $7,636,000 towards the Sprott Facility and paid $4,564,000 in accordance with the production payment agreement entered into as a condition to closing the credit facility with Sprott. Finally, the Company fully repaid the $37,472,000 note payable associated with financing the Bloom Lake railcar fleet. The remaining financing activities for the year included proceeds from the exercise of stock options and the payment of borrowing costs and capitalized interest.

Investing

The Company's investments relate to capital expenditures.

Purchase of property, plant and equipment

During the three-month period ended March 31, 2020 and year ended March 31, 2020, the Company invested $23,185,000 and $152,817,000, respectively, in additions to property, plant and equipment, compared to $23,541,000 and $62,942,000, respectively, in the same periods of the prior year. The following table summarizes the investments:

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Tailings lifts	**1,426**	3,008	**28,787**	17,057
Stripping activities	**636**	3,388	**10,700**	12,121
Mining equipment rebuild	**2,546**	—	**17,937**	—
Other sustaining capital expenditures	**—**	—	**—**	2,657
Subtotal sustaining capital expenditures	**4,608**	6,396	**57,424**	31,835
Phase II	**10,864**	—	**58,019**	—
Other capital development expenditures at Bloom Lake	**7,713**	17,145	**37,374**	31,107
Total	**23,185**	23,541	**152,817**	62,942

The tailings lifts investments reflect the decision made by the Company to accelerate tailings containment dam rising construction work in order to ensure safe tailings deposition. As the project was finalized late in the fall of 2019, tailings lifts expenditures will decrease over the next few years. The tailing lifts expenditures for the quarter ended March 31, 2020, represent costs associated with the demobilization of the contractor. Stripping activities reflect the mine plan deployed in anticipation of the start of the Phase II expansion project while the Company's mining equipment rebuild program is in line with the work planned.

The investment in the Bloom Lake Phase II expansion project represents work currently in progress, funded from the $68,000,000 approved earlier in the fiscal year. The Company took advantage of the summer and the early fall construction season to complete the civil and concrete works required on the silo and associated conveyors. In addition, the mechanical and electrical work inside the plant was completed to enable secure winter works and detailed engineering continued to progress as planned. The completion of these elements is contributing to decrease the risks associated with the expansion project.

The other capital development expenditures mainly relate to the cost to complete the Phase II Feasibility Study, as well as infrastructure upgrades at the mine and service equipment capacity improvements required to maintain a strip ratio in line with the Phase II mine plan.

Exploration and evaluation

For the year ended March 31, 2020, $691,000, was invested in exploration and evaluation compared to $9,372,000 for the previous year. The decrease is mainly related to the reduction of exploration expenditures, where the Company conducted a drilling program at its Powderhorn property in the previous year, while it elected to not conduct any significant exploration programs during the current year.

12. Financial Position

As at March 31, 2020, the Company held $281,363,000 in cash and cash equivalents along with $17,291,000 in short-term investments. With the existing cash balance and the forecasted cash flows from operations, the Company is well positioned to fund all its cash requirements for the next twelve months, which relate primarily to the following activities:

- Mine operating costs
- Sustaining capital expenditures
- Payment of mining and income taxes

The first capital repayment of the Company's long-term debt is scheduled for June 30, 2021 while dividends on preferred shares are capitalizable quarterly at Champion's discretion.

	As at March 31, 2020	As at March 31, 2019
(in thousands of dollars)		
Cash and cash equivalents	**281,363**	135,424
Short-term investments	**17,291**	17,907
Cash on hand	**298,654**	153,331
Other current assets	**102,895**	161,352
Total Current Assets	**401,549**	314,683
Property, plant and equipment	**371,540**	224,123
Exploration and evaluation assets	**75,525**	81,508
Other non-current assets	**33,984**	51,703
Total Assets	**882,598**	672,017
Total Current Liabilities	**112,919**	114,608
Long-term debt	**275,968**	193,038
Derivative liability	**—**	43,819
Rehabilitation obligation	**42,836**	36,565
Other non-current liabilities	**74,253**	68,265
Total Liabilities	**505,976**	456,295
Equity attributable to Champion shareholders	**376,622**	150,346
Non-controlling interest	**—**	65,376
Total Equity	**376,622**	215,722
Total Liabilities and Equity	**882,598**	672,017

The Company's total current assets as at March 31, 2020 increased by $86,866,000 since March 31, 2019. The increase was attributable to operating cash flows associated with the operations at Bloom Lake, offset by the repayment of the Glencore debt facility and the acquisition of RQ's equity interest in QIO. The long-term assets reflect investments made towards the dikes and the mining equipment overhaul projects. The Phase II preliminary works also contributed to the increase.

Total short-term liabilities increased due to higher taxes payable as a result of higher profits since the start of the fiscal year. The income taxes for the fiscal year ending March 31, 2020 are due in May 2020. However, as a result of tax relief measures announced by the federal and provincial governments in Canada with respect to the COVID-19 pandemic, the Company has the ability to delay, without penalties, income and mining taxes due, as well as monthly installments for the next fiscal year, until September 1, 2020. Accounts payable related to Phase II projects also contributed to the variation. The long-term liabilities reflect the refinancing that closed on August 16, 2019, as well as the full drawdown of the US$20 million Revolving Facility on March 31, 2020. The increase in the rehabilitation obligation relates to the final review and approval of the Bloom Lake closure costs by the government.

The increase in equity is attributable to the Company's net income of $121,050,000 for the year ended March 31, 2020. It also includes the impact of the preferred share issuance to CDPI and the warrant issuance to Glencore following the debenture repayment. The increase in equity is partially offset by the difference between the amount paid ($211,000,000) for the acquisition of RQ's equity interest in QIO and the balance of the NCI ($97,000,000) as at the acquisition date, which was August 16, 2019.

(Expressed in Canadian dollars, except where otherwise indicated)

13. Financial Instruments

The nature and the extent of risks arising from the Company's financial instruments are summarized in note 28 to the Financial Statements for the year ended March 31, 2020.

14. Contractual Obligations and Commitments

The following are the contractual maturities of liabilities (with estimated future interest payments) and the future minimum payments of commitments as at March 31, 2020:

	Less than a year	1 to 5 years	More than 5 years	Total
Accounts payable and other	**54,170**	**—**	**—**	**54,170**
Long-term debt, including interest	**11,088**	**301,483**	**—**	**312,571**
Lease liabilities, including interest	**1,105**	**1,414**	**763**	**3,282**
Commitments	**38,416**	**60,160**	**180,528**	**279,104**
	104,779	**363,057**	**181,291**	**649,127**

Commitments are off-balance sheet arrangements, which are mainly composed of various obligations related to take-or-pay features of its logistics contracts and other commitments with the Innu community related to its IBA with the First Nations. In addition, included in the above commitments is $11,447,000 relating to the purchase of property, plant and equipment as at March 31, 2020.

15. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 to the Financial Statements for the year ended March 31, 2020.

16. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the year ended March 31, 2020.

17. New Accounting Standards Issued and but not yet in Effect

The new accounting standards issued but not yet in effect are disclosed in note 2 to the Financial Statements for the year ended March 31, 2020.

18. Related Party Transactions

The related party transactions consist of transactions with key management personnel. The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are disclosed in note 30 to the Financial Statements for the year ended March 31, 2020.

19. Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures in this document. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

A. Total Cash Cost

Total cash costs or C1 cost is a common financial performance measure in the iron ore mining industry but with no standard meaning under IFRS. Champion reports total cash cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison to other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. Total cash costs include production costs such as mining, processing, and site administration, and exclude depreciation to arrive at total cash cost per dmt sold. Other companies may calculate this measure differently.

	Three Months Ended March 31,		**Year Ended March 31,**	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
(in thousands of dollars except per tonne)				
Cost of sales	**101,721**	84,431	**399,368**	351,946
Total cash cost (per dmt sold)	**53.9**	48.4	**52.7**	49.4

B. All-In Sustaining Cost

The Company believes that AISC defines the total cost associated with producing iron ore concentrate more accurately as this measure reflects all the sustaining expenditures incurred in order to produce high-grade iron ore concentrate. The Company calculates AISC as the sum of total cash cost (as described above), general and administrative expenses and sustaining capital, including deferred stripping cost, divided by the iron ore concentrate dmt sold to arrive at a per dmt figure. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. The sustaining capital included in the AISC calculation excludes development capital expenditures such as capacity increase projects and studies for future expansion projects.

As this measure intends to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions including economic evaluations for such projects, non-cash share-based payments, exploration expenses that are not sustainable in nature, income tax expense, working capital defined as current assets less current liabilities (except for inventory adjustments) or interest costs.

19. Non-IFRS Financial Performance Measures (continued)

B. All-In Sustaining Cost (continued)

The table below shows a reconciliation of AISC per tonne to costs as extracted from the Financial Statements:

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
(in thousands of dollars except per tonne)				
Cost of sales	**101,721**	84,431	**399,368**	351,946
Sustaining capital expenditures	**4,608**	6,396	**57,424**	31,835
General and administrative expenses	**8,422**	5,728	**21,087**	14,039
Non-recurring expenses related to re-domiciliation	**(1,907)**	—	**(2,569)**	—
	112,844	96,555	**475,310**	397,820
AISC (per dmt sold)	**59.8**	55.4	**62.7**	55.8

C. Average Realized Selling Price, Cash Operating Margin and Cash Profit Margin

Average realized price and cash operating margin per dmt sold are used by management to better understand the iron ore concentrate price and margin realized throughout a period. Average realized price is calculated as revenues per the consolidated statement of income. Cash operating margin represents the average realized price per iron ore concentrate dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin divided by the average realized selling price.

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,888,200**	1,744,000	**7,577,400**	7,127,600
(in thousands of dollars except per tonne)				
Revenues	**175,702**	182,164	**785,086**	655,129
Average realized selling price (per dmt sold)	**93.1**	104.4	**103.6**	91.9
AISC (per dmt sold)	**59.8**	55.4	**62.7**	55.8
Cash operating margin (per dmt sold)	**33.3**	49.0	**40.9**	36.1
Cash profit margin	**36%**	47%	**39%**	39%

19. Non-IFRS Financial Performance Measures (continued)

D. EBITDA and EBITDA Margin

The following table sets forth the calculation of EBITDA, a non-IFRS measure which the Company believes to be relevant to assess the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligation and fund capital expenditures. EBITDA margin represents the EBITDA divided by the revenues.

EBITDA is intended to provide additional information to investors and does not have any standardized definition under IFRS. The measure excludes the impact of cash costs of financing activities, taxes and the change in non-cash working capital and is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

	Three Months Ended March 31,		**Year Ended March 31,**	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Income before income and mining taxes	**46,908**	63,665	**241,188**	213,611
Net finance costs	**5,148**	19,386	**85,351**	50,010
Depreciation	**9,063**	3,449	**22,001**	14,551
EBITDA	**61,119**	86,500	**348,540**	278,172
EBITDA margin	**35%**	47%	**44%**	42%

E. Adjusted Net Income, Adjusted Net Income attributable to Champion Shareholders and Adjusted EPS

The refinancing of the Sprott and CDPI credit facilities completed in the second quarter of the fiscal year ended March 31, 2020, resulted in non-cash financing costs associated with derivative instruments that were embedded in the previous credit facilities. Management are of the opinion that by excluding the non-recurring non-cash transactions, it presents the quarterly results related directly to the Company's recurring business. By mainly excluding the non-recurring non-cash items, the net income of $121,050,000 and net income attributable to Champion Shareholders of $89,426,000 for the year ended March 31, 2020 would have been adjusted to $172,691,000 and $141,067,000, respectively, and the EPS would have been adjusted to $0.32.

	Three Months Ended March 31, 2020			**Year Ended March 31, 2020**		
	Net Income	**Net income attributable to Champion Shareholders**	**Earnings per Share**	**Net Income**	**Net income attributable to Champion Shareholders**	**Earnings per Share**
Unadjusted	**18,351**	**18,351**	0.04	**121,050**	**89,426**	0.20
Non-cash items						
Write-off - book value of Debenture	**—**	—	—	**18,837**	**18,837**	0.04
Write-off - book value of CDPI debt facility	**—**	—	—	**15,976**	**15,976**	0.04
Write-off - book value of Sprott debt facility	**—**	—	—	**5,966**	**5,966**	0.02
Write-off - Glencore derivative asset	**—**	—	—	**1,336**	**1,336**	—
Write-off - CDPI derivative asset	**—**	—	—	**5,603**	**5,603**	0.01
Write-off - Sprott derivative asset	**—**	—	—	**5,768**	**5,768**	0.01
	—	—	—	**53,486**	**53,486**	0.12
Cash items						
Debt prepayment penalty fees	**—**	—	—	**3,788**	**3,788**	0.01
	—	—	—	**3,788**	**3,788**	0.01
Tax impact of adjustments listed above	**—**	—	—	**(5,633)**	**(5,633)**	(0.01)
Adjusted	**18,351**	**18,351**	0.04	**172,691**	**141,067**	0.32

(Expressed in Canadian dollars, except where otherwise indicated)

19. Non-IFRS Financial Performance Measures (continued)

F. Operating Cash Flow per Share

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use operating cash flow per share to assess the Company's ability to generate and manage liquidity. These terms do not have a standard meaning and are intended to provide additional information. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Operating cash flow per share is determined by applying net cash flow from operating activities to the weighted average number of common shares outstanding used in the calculation of basic earnings per share.

	Three Months Ended March 31,		**Year Ended March 31,**	
	2020	2019	**2020**	2019
Net cash flow from operating activities	**84,614**	38,016	**309,567**	176,698
Weighted average number of common shares outstanding	**462,730,000**	430,470,000	**441,620,000**	420,677,000
Operating cash flow per share	**0.18**	0.09	**0.70**	0.42

20. Share Capital Information

The Company's share capital consists of ordinary shares issued and outstanding. The ordinary shares are unlimited without par value. As of May 19, 2020, there are 470,988,497 ordinary shares issued and outstanding.

In addition, there are 4,883,501 ordinary shares issuable on the exercise of options, restricted share units, deferred share units, performance share units, and 53,014,583 ordinary shares issuable on the exercise of warrants.

21. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements and the unaudited interim consolidated financial statements for the previous quarters. The Company's fiscal year ends on March 31. All amounts are stated in millions of dollars except for the earnings per share.

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Financial Data ($ millions)								
Revenue	175.7	171.1	160.4	277.9	182.2	147.5	174.7	150.7
Operating income	52.1	53.3	57.9	163.3	83.1	62.8	77.2	40.5
EBITDA[1]	61.1	57.9	62.6	166.9	86.5	65.4	81.3	45.0
Net income (loss)	18.4	30.2	(1.7)	74.2	28.2	31.2	67.5	20.7
Adjusted net income[1]	18.4	30.2	49.9	74.2	28.2	31.2	67.5	20.7
Net income attributable to Champion shareholders	18.4	30.2	2.1	38.8	8.8	21.7	41.5	11.0
Earnings per share - basic	0.04	0.07	0.00	0.09	0.02	0.05	0.10	0.03
Earnings per share - diluted	0.04	0.06	0.00	0.08	0.02	0.05	0.09	0.02
Adjusted earnings per share - basic	0.04	0.07	0.11	0.09	0.02	0.05	0.10	0.03
Net cash flow from operations	84.6	28.1	104.9	91.9	38.0	89.1	2.9	46.7
Operating Data								
Waste mined (thousands of wmt)	3,180	3,409	3,572	3,581	3,482	3,847	2,978	3,373
Ore mined (thousands of wmt)	5,413	4,905	5,394	5,105	4,976	4,883	5,205	4,648
Strip ratio	0.6	0.7	0.7	0.7	0.7	0.8	0.6	0.7
Ore milled (thousands of wmt)	4,880	4,639	5,451	4,780	4,754	4,531	4,964	4,244
Head grade (%)	31.7	32.0	32.3	32.5	30.6	32.1	32.0	31.1
Recovery (%)	82.3	81.7	83.9	82.1	80.4	80.7	79.6	77.1
Product Fe (%)	66.5	66.4	66.3	66.2	66.3	66.4	66.6	66.5
Iron ore concentrate produced (thousand wmt)	1,892	1,833	2,190	1,989	1,802	1,791	1,858	1,543
Iron ore concentrate sold (thousands of dmt)	1,888	1,922	1,860	1,907	1,744	1,712	1,932	1,740
Statistics (in dollars per dmt sold)								
Average realized selling price[1]	93.1	89.0	86.2	145.7	104.4	86.2	90.4	86.6
Total cash cost[1]	53.9	54.2	48.3	54.3	48.4	49.4	45.2	55.0
All-in sustaining cost[1]	59.8	62.2	66.2	62.8	55.4	55.5	52.9	59.9
Cash operating margin[1]	33.3	26.8	20.0	82.9	49.0	30.7	37.5	26.7

[1] EBITDA, EBITDA margin, average realized selling price, total cash cost or C1 cash cost, AISC, cash operating margin, cash profit margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19. Adjusted net income, adjusted net income attributable to Champion shareholders and adjusted earnings per share exclude the financial costs related to the refinancing which closed on August 16, 2019.

22. Risk Factors

An investment in securities of the Company is highly speculative and involves significant risks. If any of the events contemplated in the risk factors described below actually occurs, the Company's business may be harmed and its financial condition and results of operation may suffer significantly. In that event, the trading price of the Ordinary Shares could decline and purchasers of Ordinary Shares may lose all or part of their investment. The risks described herein are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

Financial Risks

Iron Ore Prices

The Company's principal business is the exploration, development and production of iron ore. The Company's future profitability is largely dependent on movements in the price of iron ore. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply/demand balance. Given the historical volatility of iron ore prices, there are no assurances that the iron ore price will remain at economically attractive levels. An increase in iron ore supply without a corresponding increase in iron ore demand would be expected to result in a decrease in the price of iron ore. Similarly, a decrease in iron ore demand without a corresponding decrease in the supply of iron ore would be expected to result in a decrease in the price of iron ore. A continued decline in iron ore prices would adversely impact the business of the Company and could affect the feasibility of the Company's projects. As some of the Company's long-term debt is subject to rate fluctuation based on the price of iron ore, a decrease in iron ore could have an adverse impact on the cost of the Company's borrowing. A continued decline in iron ore prices would also be expected to adversely impact the Company's ability to attract financing. Iron ore prices are also affected by numerous other factors beyond the Company's control, including the exchange rate of the United States dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major iron ore producing regions. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and if warranted, could be discontinued.

Fluctuating Mineral Prices

Factors beyond the control of the Company may affect the marketability of any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company's control. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital, and a loss of all or part of an investment in securities of the Company may result.

Liquidity/Financing Risk

The Company may need to obtain additional equity or debt financing in the future through the sale of securities, by optioning or selling its properties, or otherwise. No assurance can be given that additional financing will be available for further exploration and development of the Company's properties when required, upon terms acceptable to the Company or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Global Financial Condition and Capital Markets

As future capital expenditures of the Company will be financed out of funds generated from operations, borrowings and possible future equity sales, the Company's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the Company's securities.

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008, 2009 and the first half of 2020. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2019, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery. Similarly, as a result of the recent outbreak of the novel coronavirus disease (COVID-19), world economies are experiencing a significant slowdown since the first quarter of 2020, and there is no certainty with respect to the timing and strength of recovery.

The impact that the United Kingdom's leaving the European Union on January 31, 2020 may continue to have on global financial markets' challenges and the demand for commodities is uncertain. These conditions have resulted and may continue to result in a reduction in demand for various resources and raw materials. As a result, access to public financing has been negatively impacted.

22. Risk Factors (continued)

Financial Risks (continued)

Global Financial Condition and Capital Markets (continued)

These factors may impact the ability of the Company to obtain equity or debt financing in the future on favourable terms. Additionally, these factors, as well as other related factors, may impair the Company's ability to make capital investments and may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, the Company's operations could be adversely impacted and the trading price of its Ordinary Shares may be adversely affected.

Operating Costs

The Company's financial performance is affected by its ability to achieve production volumes at certain cash operating costs. The Company's expectations with respect to cash operating costs of production are based on the mine plan that reflects the expected method by which the Company will mine Mineral Reserves at the Bloom Lake Mine and the expected costs associated with the plan. Actual iron ore production and cash operating costs may differ significantly from those the Company has anticipated for a number of reasons, including variations in the volume of ore mined and ore grade, which could occur because of changing mining rates, ore dilution, varying metallurgical and other ore characteristics and short-term mining conditions that require different sequential development of ore bodies or mining in different areas of the mine. Mining rates are impacted by various risks and hazards inherent at the operation, including natural phenomena, such as inclement weather conditions, and unexpected labour shortages or strikes or availability of mining fleet. Cash operating costs are also affected by ore characteristics that impacts recovery rates, labour costs, the cost of mining supplies and services, foreign currency exchange rates and stripping costs incurred during the production phase of the mine. In the normal course of operations, the Company manages each of these risks to mitigate, where possible, the effect they have on operating results.

Foreign Exchange

Iron ore is sold in U.S. dollars and the Company is, therefore, subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. Revenue generated by the Company from production on its properties are received in U.S. dollars while operating and capital costs are incurred primarily in Canadian dollars. A decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact the Company's financial performance.

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Company's ability to obtain financing, to achieve production and on its financial performance. See also "*Global Financial Conditions and Capital Markets*" above.

Operational Risks

Mineral Exploration, Development and Operating Risks

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and is frequently non-productive. Resource acquisition, exploration, development and operation involve significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines.

Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Company will result in the establishment or expansion of resources or reserves.

22. Risk Factors (continued)

Operational Risks (continued)

Mineral Exploration, Development and Operating Risks (continued)

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of iron ore and other minerals, including hazards relating to the discharge of pollutants, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls or dams, fire, explosions and natural phenomena and "acts of God" such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Company.

In addition, any current and future mining operations are and will be subject to the risks inherent in mining, including adverse fluctuations in commodity prices, fuel prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, industrial accidents and labour actions or unrest. The occurrence of any of these events could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Company

Uncertainty of Mineral Resource and Mineral Reserve Estimates

Although the Mineral Resource and Mineral Reserve estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of Mineral Resources and Mineral Reserves can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to Mineral Resources and Mineral Reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in Mineral Resources and Mineral Reserves, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral Resources and Mineral Reserves are reported as general indicators of mine life. Mineral Resources and Mineral Reserves should not be interpreted as assurances of potential mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of Mineral Resources and Mineral Reserves and corresponding grades. Until ore is actually mined and processed, Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on mineral prices. Any material change in resources, Mineral Resources or Mineral Reserves, or grades or stripping ratios will affect the economic viability of the Company's projects.

Uncertainties and Risks Relating to Feasibility Studies

Feasibility studies are used to determine the economic viability of a deposit, as are pre-feasibility studies and preliminary assessments. Feasibility studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. Generally accepted levels of confidence are plus or minus 15% for feasibility studies, plus or minus 25-30% for pre-feasibility studies and plus or minus 35-40% for preliminary assessments. There is no certainty that the Phase 2 Feasibility Study will be realized. While the Phase 2 Feasibility Study is based on the best information available to the Company, it cannot be certain that actual costs will not significantly exceed the estimated cost. While the Company incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory Mineral Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future mineral and metal prices.

22. Risk Factors (continued)

Operational Risks (continued)

Uncertainties and Risks Relating to Feasibility Studies (continued)

In addition, ongoing mining operations at the Bloom Lake Mine are dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralization, favourable geological conditions, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. Actual operating results may differ from those anticipated in the Feasibility Study or the Phase 2 Feasibility Study. The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. There is no certainty that metallurgical recoveries obtained in bench scale or pilot plant scale tests will be achieved in ongoing or future commercial operations. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties, and as a result, the Company cannot give any assurance that the Phase 2 Feasibility Study results will not be subject to change and revisions.

Dependence on the Bloom Lake Mine

The Company began generating revenues from the Bloom Lake Mine in April 2018, prior to which its mineral project was at an exploration or pre-production stage. Therefore, the Company is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. The Company had a history of incurring significant losses in the past as it had previously had no sources of revenue (other than interest income).

While the Company may invest in additional mining and exploration projects in the future, the Bloom Lake Mine is currently the Company's sole producing asset providing all of the Company's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Bloom Lake Mine, including with respect to the Company's decision whether or not to proceed with the Phase 2 expansion project, as well as with respect to the realization or timing of the Phase 2 expansion project, would materially and adversely affect the financial condition and financial sustainability of the Company. In addition, the results of operations of the Company could be materially and adversely affected by any events which cause the Bloom Lake Mine to operate at less than optimal capacity, including, among other things, equipment failure, adverse weather, serious environmental, public health and safety issues, any permitting or licensing issues and any failure to produce expected amounts of iron ore. See also "*Liquidity/Financing Risk*" above and "*Public Health Crises*" below.

Replacement of Mineral Reserves

The Bloom Lake Mine is currently the Company's only source or potential source of production. The Company's ability to maintain, past the current life of mine at the Bloom Lake Mine, or increase its annual production will depend on its ability to bring new mines into production and to expand Mineral Reserves at the Bloom Lake Mine. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish Mineral Reserves and to construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current or future exploration programs may be successful. There is a risk that depletion of reserves will not be offset by discoveries. As a result, the reserve base of the Company may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current LOM, based on current production rates, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Government Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters.

22. Risk Factors (continued)

Operational Risks (continued)

Potential First Nations Land Claims

The Company conducts its operations in the Province of Québec and in the Province of Newfoundland and Labrador, which areas are subject to conflicting First Nations land claims. Aboriginal claims to lands, and the conflicting claims to traditional rights between Aboriginal groups, may have an impact on the Company's ability to develop its properties. The boundaries of traditional territorial claims by these groups, if established, may impact the areas which constitute the Company's properties. Mining licences and mineral claims and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Pursuant to section 35 of *The Constitution Act of 1982*, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights or Aboriginal title, and a credible claim to such rights or title has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the proposed project and, in some circumstances, accommodate them.

The development and the operation of the Company's properties requires the conclusion of IBAs or other agreements with the affected First Nations. As a result of the IBAs or other agreements, the Company may incur significant financial or other obligations to affected First Nations.

The Bloom Lake IBA is a LOM agreement and provides for real participation in Bloom Lake for the Uashaunnuat in the form of training, jobs and contract opportunities and ensures that the Innu of Takuaikan Uashat Mak Mani-Utenam receive fair and equitable financial and socio-economic benefits. The Bloom Lake IBA also contains provisions which recognize and support the culture, traditions and values of the Innu of Takuaikan Uashat Mak Mani-Utenam, including recognition of their bond with the natural environment.

The negotiation of any IBAs required in the future for other projects may also significantly delay the advancement of the properties. There can be no assurance that the Company will be successful in reaching an IBA or other agreement with the Innu of Takuaikan Uashat Mak Mani-Utenam or other First Nation groups who may assert Aboriginal rights or Aboriginal title or may have a claim which affects the CFLN project, Quinto Claims or any of the Company's other projects.

No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company or, where applicable, in the name of its joint venture partners, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities which it is currently conducting under applicable laws and regulations, and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

22. Risk Factors (continued)

Operational Risks (continued)

Environmental Risks and Hazards

The operations of the Company are subject to environmental laws and regulations relating to the protection of the environment (including any living things), occupational health and safety or hazardous or toxic substances or wastes, pollutants or contaminants or any prohibited substances or dangerous goods (collectively, "**Environmental Laws**") adopted from time to time. Environmental Laws provide for, among other thing, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of Environmental Laws may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental Laws are evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in Environmental Laws has a potential to reduce the profitability of operations.

The Company's operation is subject to environmental regulation primarily by the Department of Environment and Conservation (Newfoundland and Labrador) and the Ministry of Sustainable Development, Environment and Parks (Québec). In addition, Fisheries and Oceans Canada and Environment and Climate Change Canada have an enforcement role in the event of environmental incidents.

Reclamation Costs and Related Liabilities

The Company is generally required to submit for government approval a reclamation plan and to pay for the reclamation of its mine site upon the completion of mining activities. Any significant increases over the Company's current estimates of future cash outflows for reclamation costs could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Public Health Crises

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a public health event of international concern, and on March 11, 2020, the World Health Organization declared the outbreak a pandemic. On March 13, 2020, the Government of Québec declared a public health emergency. On March 23, 2020, the Government of Québec mandated companies involved in the mining industry to reduce mining activities in the Province of Québec to a minimum, which restriction was in effect until April 14, 2020. As a result, the Company announced on March 24, 2020 that it was ramping down operations. Although the Company announced the gradual resumption of operations on April 23, 2020, there is no certainty as to when the full production will be restored. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity worldwide. The COVID-19 outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Although the Company is actively monitoring the situation and assessing and responding where possible to the potential impact of the COVID-19 pandemic, it cannot estimate whether any additional restrictions will be imposed on its activities and the potential financial and operational impact thereof.

Such public health crises can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. Similarly, the Company's ability to obtain financing and the ability of the Company's vendors, suppliers, consultants and partners to meet their obligations to the Company may be impacted as a result of the COVID-19 outbreak and efforts to contain the virus. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and will depend on the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the length of travel and quarantine restrictions imposed by governments of affected countries and other factors that are beyond the Company's control. Consequently, the COVID-19 outbreak may have a material adverse effect on the Company's business, results of operations and financial condition.

22. Risk Factors (continued)

Operational Risks (continued)

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

Some of the Company's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, the Company has entered into various agreements for various infrastructure requirements, including for rail transportation, power and port access with various industry participants, including external service and utility providers. These are important determinants affecting capital and operating costs. The Company has concluded agreements with the relevant rail companies and port authorities necessary for the transportation and handling of the Company's production of Bloom Lake iron ore, and disruptions in their services could affect the operation and profitability of the Company.

In addition, there is no certainty that the Company will be able to continue to access sources of power on economically feasible terms for all of its projects and requirements and this could have a material adverse effect on the Company's results of operations and financial condition.

Reliance on Small Number of Significant Customers

The Company currently relies on a small number of significant customers in connection with the sale of its iron ore. As a result of this reliance on the limited number of customers, the Company could be subject to adverse consequences if any of these customers breaches their purchase commitments.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Company requires and will continue to require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected. It is also expected that if the Company proceeds with the Phase 2 expansion project at Bloom Lake, such project will require significant financing.

Dependence on Third Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish Mineral Resources and Mineral Reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Reliance on Information Technology Systems

The Company's operations are dependent upon information technology systems. These systems are subject to disruption, damage or failure from a variety of sources. Failures in the Company's information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in the Company's information technology systems could materially adversely affect its financial condition and results of operation. Information technology systems failures could also materially adversely affect the effectiveness of the Company's internal controls over financial reporting.

Cybersecurity Threats

The Company's operations depend, in part, on how well it and its suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyber-attacks. Cybersecurity threats include attempts to gain unauthorized access to data or automated network systems and the manipulation or improper use of information technology systems. A failure of any part of the Company's information technology systems could, depending on the nature of such failure, materially adversely impact the Company's reputation, financial condition and results of operations. Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities.

22. Risk Factors (continued)

Operational Risks (continued)

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company has in the past been, and may in the future be, involved in various legal proceedings. While the Company is not aware of any pending or contemplated legal proceedings the outcome of which could have a material adverse effect on the Company's financial condition and results of operations, the Company may become subject to legal proceedings in the future, the outcome of which is uncertain, and may incur defense costs in connection therewith, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on the Company's financial condition and results of operations.

Other Risks

Volatility of Stock Price

In recent years, the securities markets in Australia and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Ordinary Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings and that the value of the Ordinary Shares will be affected by such volatility.

Internal Controls and Procedures

Management of the Company has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Company do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented thereby, and (ii) the financial statements of the Company fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. The Company files certifications of annual and interim filings, signed by the Company's Chief Executive Officer and Chief Financial Officer, as required by National Instrument 52-109 - Issuers' Annual and Interim Filings. In such certifications, the Company's Chief Executive Officer and Chief Financial Officer certify the appropriateness of the financial disclosure in the Company's filings with the securities regulators, the design and effectiveness of the Company's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting at the respective financial period end. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate.

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. They are not a guarantee of perfection. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statements preparation.

Insurance and Uninsured Risks

The Company currently maintains insurance to protect it against certain risks related to its current operations (including, among others, directors' and officers' liability insurance) in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. However, the Company is unable to maintain insurance to cover all risks at economically feasible premiums, and in certain cases, insurance coverage may not be available or may not be adequate to cover any resulting liability (such as, for example, matters relating to environmental pollution). Consequently, the Company may elect not to insure against certain risks due to high premiums or for various other reasons. Accordingly, insurance maintained by the Company does not cover all of the potential risks associated with its operations. In addition, no assurance can be given that the current insurance maintained by the Company will continue to be available at economically feasible premiums or at all or that it will provide sufficient coverage for any future losses. Should liabilities arise as a result of insufficient or non-existent insurance, any future profitability could be reduced or eliminated and delays, increases in costs and legal liability could result, each of which could have a material adverse impact upon the Company.

22. Risk Factors (continued)

Other Risks (continued)

Potential Conflicts of Interest

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

Dependence on Management and Key Personnel

The Company is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, could have a material adverse impact upon the Company. In addition, the Company may need to recruit and retain other qualified managerial and technical employees to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

Competitive Conditions

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential and for management and technical personnel. The Company's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Company will compete in each of these respects with other parties, many of which have greater financial resources than the Company. Accordingly, there can be no assurance that any of the Company's future acquisition efforts will be successful or that it will be able to attract and retain required personnel. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Dilution and Future Sales

The Company may from time to time undertake offerings of its Ordinary Shares or of securities convertible into Ordinary Shares, and it may also enter into acquisition agreements under which it may issue Ordinary Shares in satisfaction of certain required payments. An increase in the number of Ordinary Shares issued and outstanding and the prospect of issuance of Ordinary Shares upon conversion of convertible securities may have a depressive effect on the price of Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power and equity interests of the Ordinary Shareholders will be diluted. Furthermore, sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Company's ability to raise capital through future sales of Ordinary Shares.

Joint Ventures and Option Agreements

From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also be the case that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program, the structure of its participation and the interest therein to be acquired by it, the directors of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. In some of those arrangements, a failure of a participant to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

From time to time, the Company may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. Any failure of any option or joint venture partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a material adverse effect on such agreements. In addition, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements.

23. Management Responsibility for Financial Statements

Disclosure Controls and Procedures

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

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

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

The CEO and CFO of the Company have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of our DC&P as defined in Regulation 52 -109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings as at March 31, 2020, and have concluded that such DC&P were designed and operating effectively.

Internal Control over Financial Reporting

The CEO and CFO are also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and CFO of the Company have evaluated the design and operating effectiveness of its ICFR as defined in Regulation 52 - 109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings. The evaluation was based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, the CEO and CFO concluded that, as at March 31, 2020, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in our ICFR that occurred during the period beginning on January 1, 2020 and ended on March 31, 2020 which have materially affected or are reasonably likely to materially affect the Company's ICFR.

Limitations of DC&P and ICFR

All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statements preparation and presentation.

24. Approval

The Board oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets quarterly with management and quarterly with the Company's independent auditors to review the scope and results of the annual audit and quarterly reviews, respectively, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board and submitted to the shareholders. The Board has approved the Financial Statements and the disclosure contained in this MD&A as of May 20, 2020. A copy of this MD&A will be provided to anyone who requests it.

25. Nature of Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

26. Additional Information

Additional information related to the Company is available for viewing under the Company's filings on SEDAR at www.sedar.com and at the Company's website at www.championiron.com.

27. Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information and statements, which may be deemed "forward-looking statements" within the meaning of applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements in this MD&A, other than statements of historical fact, that address future events, developments or performance that Champion expects to occur including management's expectations regarding (i) the recovery rates; (ii) the Company's growth; (iii) the Company's or the SFPPN's operational improvement; (iv) the Phase II expansion of the Bloom Lake mine and its expected capital expenditures, NPV and IRR; (v) the estimated future operation capacity of the Bloom Lake Mine; (vi) the Company's cash requirements for the next twelve months; (vii) the completion of the construction for a potential expansion of the Bloom Lake Mine; (viii) the potential job creation related to the Bloom Lake Mine; (ix) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore price; (x) the impact of exchange rate fluctuations; (xi) the impact of iron ore concentrate price fluctuation; (xii) the LoM of Bloom Lake mine; (xiii) the possibility of reconsidering redomiciliation and related future savings; and (xiv) the potential impacts on Champion's business, financial condition and financial results of the outbreak of the COVID-19 pandemic are forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Actual reserves may be greater than or less than the estimates provided herein. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims" "targets", or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved including, without limitation, the results of the feasibility study with regards to the potential expansion of the Bloom Lake Mine. Although Champion believes the expectations expected in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation: the results of feasibility studies; project delays; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, impact of COVID-19 on the global economy, the iron ore market and Champion Iron Limited's operations as well as those factors discussed in the section entitled "*Risk Factors*" of the Company's 2020 Annual Information Form available on SEDAR at www.sedar.com.

The forward-looking statements in this MD&A are based on assumptions management believes to be reasonable and speak only as of the date of this MD&A or as of the date or dates specified in such statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

The forward-looking statements contained herein are made as of the date hereof, or such other date or dates specified in such statements. Champion Iron undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.