Management's Discussion and Analysis

For the Three and Six-Month Periods Ended September 30, 2020

CHAMPION IRON

TSX: CIA - ASX: CIA

As at October 28, 2020

The following Management Discussion and Analysis ("MD&A") of Champion Iron Limited ("Champion" or the "Company") has been prepared as of October 28, 2020. This MD&A is intended to supplement the condensed interim consolidated financial statements for the three and six-month periods ended September 30, 2020 and related notes thereto ("Financial Statements"), which have been prepared in accordance with AASB 134/IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Company's audited annual financial statements and MD&A for the year ended March 31, 2020. The Financial Statements and other information pertaining to the Company are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

Champion's Management team ("Management") is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the Financial Statements and MD&A, is complete and reliable.

Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations 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), tpa (tonnes per annum), M (Million), km (kilometers), m (meters) and EPS (earnings per share). 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.

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 28.

Non-IFRS Financial Performance Measures

Certain financial performance measures with no standard meaning under International Financial Reporting Standards ("IFRS") are included in this MD&A. Champion believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with 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, incremental costs related to COVID-19 per dmt sold, all-in sustaining costs ("AISC"), net 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 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 the Australian Securities Exchange (ASX: CIA).

Champion Iron Limited, through its subsidiary Quebec Iron Ore Inc. ("QIO"), owns and operates the Bloom Lake Mining Complex ("Bloom Lake" or "Bloom Lake Mine"), located on the South end of the Labrador Trough, approximately 13 km North of Fermont, Québec, adjacent to established iron ore producers. Bloom Lake is an open-pit truck and shovel operation with a concentrator, and it ships iron concentrate from the site by rail, initially on the Bloom Lake Railway, to a ship loading port in Sept-Îles, Québec. The Bloom Lake Phase I plant has a nameplate capacity of 7.4M tpa and produces a high-grade 66.2% Fe iron ore concentrate with low contaminant levels, which has proven to attract a premium to the Platts IODEX 62% Fe iron ore benchmark. In addition to the partially completed Bloom Lake Phase II expansion project, Champion also controls a portfolio of exploration and development projects in the Labrador Trough, including the Fire Lake North iron ore project, located approximately 40 km South of Bloom Lake. The Company also owns 100% of the Gullbridge-Powderhorn property located in Northern Central Newfoundland. The Company sells its iron ore concentrate globally, including customers in China, Japan, the Middle East, Europe, South Korea and India.

2. Financial and Operating Highlights

	Three Months Ended September 30,			Six Months Ended September 30,		
	2020	2019	Variance	**2020**	2019	Variance
Iron ore concentrate produced (wmt)	**2,268,800**	2,189,700	4 %	**4,067,600**	4,179,100	(3 %)
Iron ore concentrate sold (dmt)	**2,063,400**	1,860,400	11 %	**3,822,200**	3,767,100	1 %
Financial Data (in thousands of dollars, except per share amounts)						
Revenues	**310,994**	160,370	94 %	**555,568**	438,284	27 %
Gross profit	**199,909**	65,756	204 %	**328,205**	236,449	39 %
EBITDA[1]	**197,829**	62,575	216 %	**325,524**	229,511	42 %
EBITDA margin[1]	**64 %**	39 %	64 %	**59 %**	52 %	13 %
Net income (loss)	**112,164**	(1,726)	(6,598 %)	**187,720**	72,515	159 %
Adjusted net income[1]	**113,759**	49,915	128 %	**191,763**	124,156	54 %
Net income attributable to Champion shareholders	**112,164**	2,140	5,141 %	**187,720**	40,891	359 %
Adjusted net income attributable to Champion shareholders[1]	**113,759**	53,781	112 %	**191,763**	92,532	107 %
Basic earnings per share	**0.24**	0.00	— %	**0.40**	0.09	344 %
Adjusted earnings per share[1]	**0.24**	0.11	118 %	**0.41**	0.20	105 %
Net cash flow from operations	**128,349**	104,923	22 %	**203,637**	196,844	3 %
Cash and cash equivalents	**408,500**	193,753	111 %	**408,500**	193,753	111 %
Short-term investments	**17,291**	17,291	— %	**17,291**	17,291	— %
Total assets	**1,072,906**	773,157	39 %	**1,072,906**	773,157	39 %
Total non-current financial liabilities	**219,965**	244,551	(10 %)	**219,965**	244,551	(10 %)
Statistics (in dollars per dmt sold)						
Gross average realized selling price	**162.8**	140.3	16 %	**156.6**	149.7	5 %
Net average realized selling price[1]	**150.7**	86.2	75 %	**145.4**	116.3	25 %
Total cash cost[1] (C1 cash cost)	**48.5**	48.3	— %	**53.1**	51.4	3 %
All-in sustaining cost[1]	**57.4**	66.2	(13 %)	**60.8**	64.5	(6 %)
Cash operating margin[1]	**93.3**	20.0	367 %	**84.6**	51.8	63 %
Statistics (in US dollars per dmt sold)						
Gross average realized selling price	**122.2**	106.2	15 %	**115.6**	112.8	2 %
Net average realized selling price[1]	**113.2**	65.1	74 %	**107.3**	87.6	22 %
Total cash cost[1] (C1 cash cost)	**36.4**	36.6	(1 %)	**39.1**	38.7	1 %
All-in sustaining cost[1]	**43.1**	50.1	(14 %)	**44.7**	48.5	(8 %)
Cash operating margin[1]	**70.1**	15.0	367 %	**62.6**	39.1	60 %

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

3. Quarterly and Year-to-Date Highlights

Health and Safety

- No known cases of COVID-19 have been confirmed by the Company;
- In close collaboration with its unionized workforce, contractors and local communities, the Company continued to improve operations and implemented measures aligned with the Government of Québec's (the "Government") directives in response to the COVID-19 pandemic;
- The Company implemented and continuously reviews its measures and protocols in order to minimize the risks related to COVID-19, which are expected to remain in place in order to safeguard the health and safety of our employees, partners and local communities;
- The Company established new programs, including: a voluntary screening test in cooperation with the National Institute of Public Health of Québec ("INSPQ"), a monthly health and safety audit to review the effectiveness of adopted COVID-19 measures, and a "COVID-19 focus card", which enables employees to provide feedback on implemented measures and protocols; and
- The Company received and intends to implement a portable and rapid testing solution, approved by Health Canada, to detect and mitigate the COVID-19 related risks by screening employees and contractors working at the Bloom Lake Mine once additional equipment is delivered and the required personnel are hired.

Financial

- Revenues of $311.0M and $555.6M for the three and six-month periods ended September 30, 2020, respectively, compared to $160.4M and $438.3M, respectively, for the same periods in 2019;
- EBITDA[1] of $197.8M for the three-month period ended September 30, 2020, representing an EBITDA margin[1] of 64%, compared to an EBITDA[1] of $62.6M (39%) for the same period in 2019. EBITDA[1] of $325.5M (59%) for the six-month period ended September 30, 2020, compared to $229.5M (52%) for the same period in 2019;
- Record net income of $112.2M for the three-month period ended September 30, 2020 (EPS of $0.24), compared to a net loss of $1.7M for the same period in 2019 (EPS of $0.00). Net income of $187.7M for the six-month period ended September 30, 2020 (EPS of $0.40), compared to a net income of $72.5M for the same period in 2019 (EPS of $0.09);
- Net cash flow from operations of $128.3M for the three-month period ended September 30, 2020, representing an operating cash flow per share[1] of $0.27, compared to $104.9M or $0.24 per share[1] for the same period in 2019. Net cash flow from operations of $203.6M for the six-month period ended September 30, 2020, representing an operating cash flow per share[1] of $0.43, compared to $196.8M or $0.45 per share[1] for the same period in 2019;
- Declaration and payment of $17.0M of accumulated dividends on QIO's preferred shares, which are held by CDP Investissements Inc., a wholly-owned subsidiary of the Caisse de dépôt et placement du Québec; and
- Strong cash on hand[2] balance of $425.8M as at September 30, 2020, despite income and mining taxes payments of $97.0M and dividend payment of $17.0M made during the three-month period ended September 30, 2020, compared to a cash on hand[2] balance of $347.5M as at June 30, 2020, and $298.7M as at March 31, 2020.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.
[2] Cash on hand includes cash and cash equivalents and short-term investments.

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

Operations

- Operations at Bloom Lake resumed full operational capacity in the recently completed quarter, following the Government's announcement to categorize mining activities as a "priority service" and the lifting of specific COVID-19 containment directives issued in the first quarter of the Company's fiscal year ending March 31, 2021;
- Record production of 2,268,800 wmt of high-grade 66.1% Iron ore ("Fe") concentrate for the three-month period ended September 30, 2020, compared to 2,189,700 wmt of high-grade 66.3% Fe concentrate for the same period in 2019. Production of 4,067,600 wmt of high-grade 66.3% Fe concentrate for the six-month period ended September 30, 2020, compared to 4,179,100 wmt for the same period in 2019;
- Recovery rate of 85.2% and 83.8% for the three and six-month periods ended September 30, 2020, respectively, compared to a recovery rate of 83.9% and 83.1%, respectively, for the same periods in 2019; and
- Total cash cost[1] of $48.5/dmt (US$36.4/dmt) (C1) and $53.1/dmt (US$39.1/dmt) for the three and six-month periods ended September 30, 2020, respectively, compared to $48.3/dmt (US$36.6/dmt) and $51.4/dmt (US$38.7/dmt), respectively, for the same periods in 2019.

Other Developments

- In connection with Bloom Lake's Phase II expansion project, which proposes to double Bloom Lake's nameplate capacity to 15 Mtpa, the Company increased the Phase II cumulative budget by an additional $22M, for a total budget of $120M, in order to prudently advance the project and preserve key timelines ahead of the deferred final Board of Directors (the "Board") decision on the Phase II expansion. The Company will communicate its development plans with regards to the Phase II expansion project by the end of the current calendar year;
- Appointment of Alexandre Belleau as Chief Operating Officer on July 22, 2020;
- Appointment of Louise Grondin to the Board at the Annual General Meeting of the Company's shareholders on August 27, 2020; and
- Completed a virtual platform presenting a 360 degree view of the Company's mining operations and related infrastructure, currently available on the Company's website at www.championiron.com.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

4. Response to the COVID-19 Pandemic

The COVID-19 pandemic continues to impact the global economy, creating significant economic uncertainty and disruption to financial markets. The health and safety of the Company's employees, partners and the local communities continues to be a priority. In response to the COVID-19 pandemic, the Company continuously reviews its measures and protocols, with operations adapted in line with Government guidelines and the recommendations of an executive committee assembled for the purpose of monitoring and adapting to the ongoing COVID-19 pandemic. To date, no known cases of COVID-19 have been confirmed by the Company. Further to the Government's announcement that effective April 15, 2020, mining activities were considered a "priority service", operations at the Bloom Lake Mine have now returned to full operational capacity.

Since the beginning of the pandemic, the Company consistently and proactively deployed several measures in its efforts to mitigate risks related to COVID-19, all in line with the Government guidelines. Implemented safety precautions included: additional monitoring of employees' health, temperature control prior to traveling 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, disinfection and distancing protocols at the mine site, a mandatory disease management protocol for suspected cases, a traceability employees' register in response to a possible infection and a mandatory information session for new contractors and employees. Recently, the Company has deployed additional measures, such as the monitoring of COVID-19 related measures adopted by its contractors, a monthly audit to review the effectiveness of adopted measures, a "COVID-19 focus card" enabling employees to provide feedback on the implemented measures and protocols, and a voluntary screening test program in cooperation with the INSPQ.

In addition, several communication channels have been created to ensure adequate supervision and communication of newly implemented measures. Subsequently to September 30, 2020, the Company received a portable and rapid testing solution approved by Health Canada, aimed at detecting individuals infected with COVID-19. Pending the delivery of additional equipment and the hiring of required personnel, the Company expects to commission the rapid testing solution in the near-term in order to screen employees and contractors working at Bloom Lake. The Company's COVID-19 plan is currently available on its website at www.championiron.com.

To date, the Company's risk mitigating actions have proven successful at minimizing the pandemic's impact, with Bloom Lake resuming full operational capacity and delivering strong net cash flow from operations with record production and net income for the three-month period ended September 30, 2020. Investments made in the mining equipment rebuild program since the start of operations in February 2018 and the implementation of operational improvements designed to increase plant capacity and reliability in the first half of the previous fiscal year enabled the Company to maximize its productivity despite the COVID-19 pandemic.

As the Company implemented best practices while managing its response to the COVID-19 pandemic, substantial direct and incremental operating costs were incurred during the three and six-month periods ended September 30, 2020, which totalled $2.7M or $1.3/dmt[1] and $7.2M or $1.9/dmt[1], respectively. COVID-19 specific costs could continue to be incurred in the foreseeable future. The Company's motivated workforce demonstrated their commitment towards collective success while navigating the pandemic with no significant absenteeism during the period, which allowed the Company to compensate for certain operational sector delays experienced in the previous period, namely with waste mining activities. Due to the ongoing testing and preventive screening for COVID-19, some temporary workers were unavailable when they were suspected of having symptoms of the virus until testing results confirmed otherwise, which required the retention of other temporary workers, leading to additional operational costs.

The Company benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. During the three-month period ended September 30, 2020, the Company paid $97.0M in income and mining taxes, including the deferred portions, for the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, inclusively.

Despite the economic impact of the COVID-19 pandemic, iron ore prices remained robust throughout the three and six-month periods ended September 30, 2020, providing an attractive operating margin environment. Although the Company is managing its operations and liquidity to mitigate risks related to COVID-19, the extent to which the pandemic could impact 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 and the demand for iron ore concentrate.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

5. Bloom Lake Phase II Update

On June 20, 2019, the Company announced the findings of the Bloom Lake Feasibility Study (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, the ASX at www.asx.com.au and 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 expansion project, as detailed in the Feasibility Study, aims to double Bloom Lake's nameplate capacity 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 proposed 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, 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 June 20, 2019, the Company also announced the approval of an initial budget of $68M to fund and advance the Phase II expansion project during 2019 and into 2020, in order to secure the project timeline proposed by the Feasibility Study. Given the global uncertainty resulting from the COVID-19 pandemic, on March 24, 2020, the Company announced that its intentions to address the Phase II expansion plans, initially expected in the middle of the current calendar year, were postponed to a later time and that discretionary capital expenditures had been suspended. With measures in place to mitigate the risks related to COVID-19, the Company resumed some discretionary spending, mainly consisting of detailed engineering, and expanded the initial budget of $68M by $30M and then by an additional $22M on October 5, 2020, for a total budget of $120M. The increases to the Phase II initial budget are to be funded from cash on hand[2]. These additional expenditures allow to prudently advance the project and preserve key timelines ahead of the deferred final Board decision on the Phase II expansion. The Company will communicate its development plans with regards to the Phase II expansion project by the end of the current calendar year.

During the three-month period ended September 30, 2020, the Phase II expansion project activities consisted of the fabrication of spiral banks, the coordination of equipment transportation on-site for spiral installation and detailed engineering work, which was 57% completed as at September 30, 2020. In the three-month period ended September 30, 2020, additional work programs were completed, including the foundation work for the train load-out facility, and the installation of permanent heating, lighting and elevator systems. The cumulative budget approved to date also allowed the Company to initiate other work programs, including modifications to the gravimetric recovery circuit and work on the ore storage area near the concentrator plant. The work completed to date significantly de-risked the project timeline by completing cement and civil engineering projects, removing seasonality risks for the project's completion.

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

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.
2 Cash on hand includes cash and cash equivalents and short-term investments.

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, net cash flow from operations and the Company's development may, in the future, be significantly and adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by several industry and macroeconomic factors beyond the control of the Company.

Due to the high-quality properties of its 66.2% 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 P65. The premium captured by the P65 index is attributable to two main factors: steel mills recognizing that higher iron ore grades offer the benefit of optimizing output while also significantly decreasing CO_2 emissions in the steel making process.

Subsequent to its robust economic recovery, China has now reached new record steel production levels, and when this is coupled with the weak iron ore supply response, it likely contributed to the rise in iron ore prices during the three-month period ended September 30, 2020. Robust Chinese steel production is believed to be primarily driven by China's economic rebound, following the COVID-19 outbreak and economic stimulus programs, which included steel intensive infrastructure expenditures. As China's economic rebound took hold, other important steel making countries and regions, namely India, Europe, the Middle East and the Far East, have reduced outputs throughout the first half of 2020. During the three-month period ended September 30, 2020, China not only achieved new steel production records, but it also became a net importer of steel for the first time since 2009. The iron ore material, normally consumed by several steel makers who were adversely impacted by the pandemic, continued to be diverted to China, where a strong increase in iron ore product arrivals could be witnessed.

During the three-month period ended September 30, 2020, Japan experienced a significant drop in steel production, stemming from the repercussions of the COVID-19 pandemic. Despite this substantial decrease, the Company's shipments to Japan have not been adversely impacted. Even though Japan's Ministry of Economy, Trade and Industry ("METI") is expecting the country's crude steel output this year to be the lowest in about half a century, METI noted that business conditions in the automotive and industrial machinery conditions are improving, which could forecast a substantial gain in special steel demand in the domestic industry that could outweigh the weakening consumption in the construction sector. This expected improvement in the automotive and industrial machinery sectors is a positive development for high-end steel and high-grade iron ore product demands.

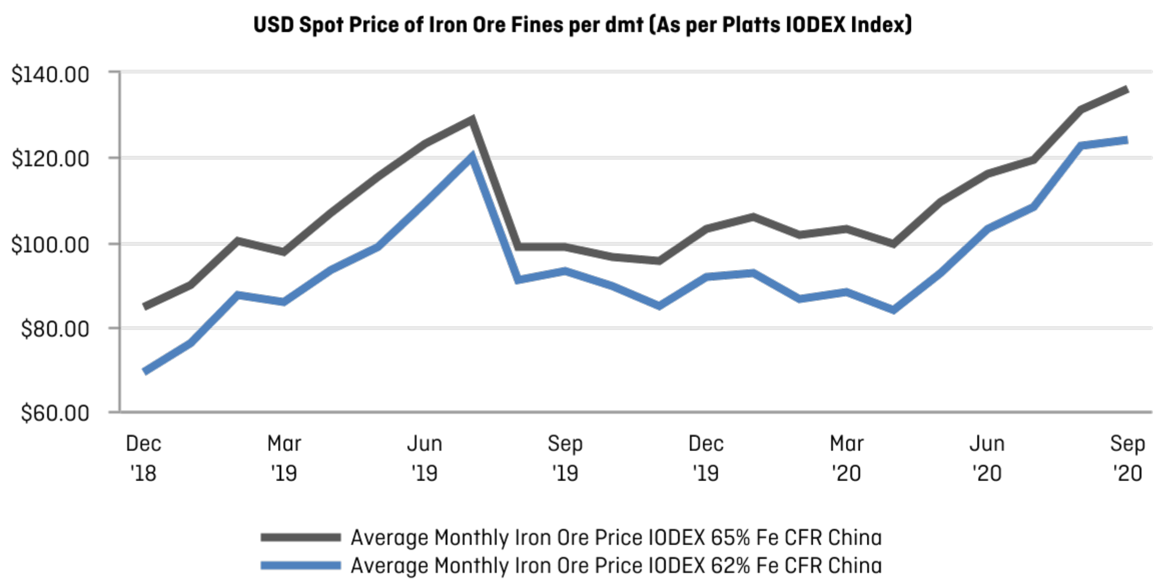
During the three-month period ended September 30, 2020, the premium captured by the P65 index decreased in the first half of the period and eventually rebounded to levels similar to those at the beginning of the period. The initial decline in the premium can be attributed to the rapid rise in iron ore prices, often associated with a short-term premium contraction for P65, a relaxation of environmental restrictions by the Chinese government, in order to promote economic growth, increased exports from Brazil, which is primarily producing high-grade iron ore products, and a decline in steel makers profitability, contributing to a short-term shift for lower quality iron ore products in the steel making process. In order to manage profit margins, steel manufacturers can elect to change raw material input for lower quality material at the expense of higher emissions and loss of productivity in the steel making process. In addition to increased shipments from Brazil, this change in product mix utilized by steel makers likely contributed to a lower premium early in the period. In the second half of the period, several factors contributed to a rebound in the premium captured by the P65 index, including: a recovery of steel makers' profitability, stabilized exports from Brazil and the announcement of environmental restrictions by the Chinese government, leading to an increased demand for higher quality iron ore in the steel making process.

6. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

During the three-month period ended September 30, 2020, the P65 price of high-grade iron ore fluctuated from a low of US$112.5/dmt to a high of US$143.1/dmt. The average P65 iron ore price for the period was US$128.9/dmt, an increase of 19% from the previous quarter, resulting in a premium of 9.1% over the P62 reference price of US$118.2/dmt. The Company's gross average realized selling price for the quarter was US$122.2/dmt, before adjustments related to provisional sales and ocean freight, resulting in a premium of 3.4%. The lower premium recognized for the three-month period ended September 30, 2020 was primarily attributable to the fact that some products were sold at a discounted selling price in order to compete with the pricing of pellets currently at multi-year lows, and the fact that some of the Company's contracted volumes were sold based on previous months' prices, when P65 prices were significantly lower. As pellet prices stabilize, following the effects of the pandemic on the industry, the Company expects its product pricing to continue to be on track with the P65 index. In addition, the Company should benefit from the current period prices for its contracted volumes based on previous months' P65 prices in the upcoming period ending December 31, 2020. Taking into account sales adjustments and deducting sea freight costs, the Company's net realized FOB price was CA$150.7/dmt (US$113.2/dmt). The Company is well positioned to benefit from higher iron ore prices as it has no hedging contracts in place, and the Bloom Lake Mine is not subject to royalties. Assuming a stable foreign exchange rate, a variation of US$1.00 to the P65 price will impact gross revenues by approximately 1%.

During the six-month period ended September 30, 2020, the P65 price of high-grade iron ore fluctuated from a low of US$96.5/dmt to a high of US$143.1/dmt. The average P65 iron ore price for the period was US$118.8/dmt, an increase of 6% from the same period in 2019, resulting in a premium of 12.1% over the P62 reference price of US$106.0/dmt. The gross average realized selling price year-to-date was US$115.6/dmt, before adjustments related to provisional sales and ocean freight, resulting in a premium of 9.1%, in line with the P65 Index. Taking into account the latter and deducting sea freight costs, the net realized FOB price was CA$145.4/dmt (US$107.3/dmt), compared to CA$116.3/dmt (US$87.6/dmt) for the same period in 2019.



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, where the final sales price is 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 vessel departure. In order to estimate the final sales price as assigned by sales contracts, the Company assigns a provisional price upon vessel departure. The estimated gross consideration in relation to the provisionally priced contracts is accounted for using the 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 fluctuations, compared to the price at the time of departure, is accounted for as a provisional pricing adjustment to revenue. During the three-month period ended September 30, 2020, a final price was established for most of the 1,310,000 tonnes of iron ore that were in transit as at June 30, 2020. Accordingly, during the three-month period ended September 30, 2020, provisional pricing adjustments of $28,980,000 were recorded in additional revenues for the 1,310,000 tonnes, representing a positive impact of US$10.6/dmt. As at September 30, 2020, 1,188,000 tonnes of iron ore sales remained subject to provisional pricing, with the final price to be determined in the subsequent reporting periods (September 30, 2019: 900,000 tonnes).

The following table sets out the Company's exposure, as at September 30, 2020, in relation to the impact of movements in the iron ore price for the provisionally invoiced sales volumes:

(in U.S. dollars)	**As at September 30, 2020**
Tonnes (dmt) subject to provisional pricing adjustments	**1,188,000**
10% increase in iron ore prices	**13,102**
10% decrease in iron ore prices	**(13,102)**

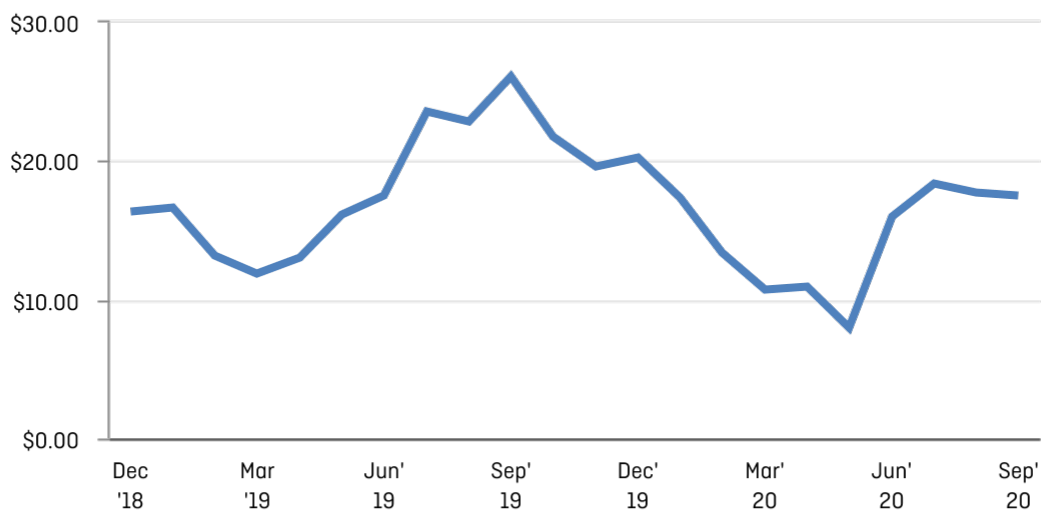
The sensitivities demonstrate the monetary impact on ore sales revenues resulting from a 10% increase and a 10% decrease in the realized selling prices at each reporting date, while holding all other variables, including foreign exchange rates, constant. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact commodity prices. The above sensitivities should therefore be used with caution.

6. Key Drivers (continued)

B. Sea Freight

Sea freight is an important component of the Company’s cost structure as it ships most of its concentrate to China, Japan and the Middle East. The common reference route for dry bulk material from the Americas to Asia is the Tubarao (Brazil) to Qingdao (China) route which encompasses 11,000 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 decade, the industry has identified a relationship between the iron ore price and the freight cost 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 usually 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 cost for the Company, resulting in a natural hedge for one of the largest operating costs.

The Brumadinho dam rupture in Brazil in January 2019 changed this dynamic, as one of the largest producers of iron ore globally experienced a significant production curtailment following the tragic event. The resulting production impact likely contributed to the substantial decline in the C3 index since the first half of 2019, with depressed export volumes from Brazil. In the second half of 2019, some operations affected by these events resumed production, which contributed to an increase in exports and likely contributed to the increase in the C3 route index. Another likely contributor to the C3 index increase in the second half of 2019 was the longer than expected fitting of scrubbers on the global shipping fleet, which reduced available vessel capacity.

In early 2020, the rising C3 index reversed to a declining trajectory and tested historically low levels influenced by several factors, including: the Chinese New Year holidays, which reduced demand for iron ore imports; heavy rains in Brazil, which negatively impacted exports of iron ore; ongoing supply issues related to the 2019 Brumadinho dam rupture; the temporary reduction of activities at several mining operations in Brazil due to the COVID-19 pandemic; and a significant drop in bunker fuel prices, which is a main component of the operating cost for dry bulk vessel operators. While there is a historical correlation between the C3 route index and iron ore prices, recent events in Brazil, in addition to low fuel prices, created an operating environment with a depressed freight index, despite elevated iron ore prices for the three-month period ended September 30, 2020. The depressed C3 index in the period is likely attributable to the low dry bunker fuel prices, increased availability of vessels as several coal producing countries curtailed shipments in response to the COVID-19 pandemic and lastly, depressed Brazilian iron ore exports when compared to levels prior to the Brumadinho dam rupture.

6. Key Drivers (continued)

B. Sea Freight (continued)

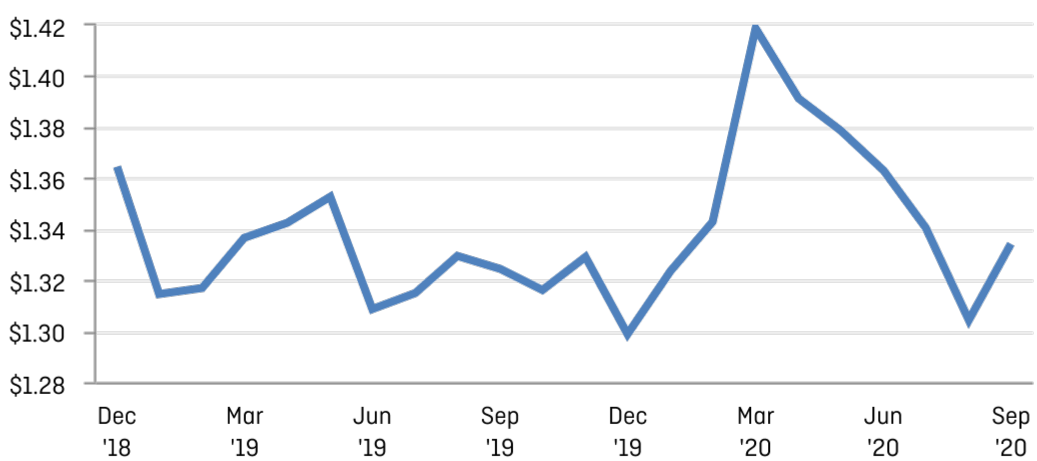
Due to its distance from main shipping hubs, Champion typically books vessels and their prices prior to the desired laycan period. This creates a natural delay between the freight paid and the C3 route index price. The effects of these delays are eventually reconciled since Champion ships its high-grade iron ore concentrate evenly throughout the year. During the six-month period ended September 30, 2020, the Company entered into a freight contract for a portion of its expected volumes. This contract allows for the shipment of one vessel per month until December 2020 at a fixed price of US$15.46 per tonne plus freight commissions.

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 costs and long-term debt are denominated in U.S. dollars. As such, the Company benefits from a natural hedge between its revenues and its sea freight costs and long-term debt. Despite the 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, it is exposed 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 net income and cash flow. Assuming a stable selling price, a variation of CA$0.01 against the U.S. dollar will impact gross revenues by approximately 1%.

Growing concerns about the resurgence of the COVID-19 outbreak and its impact on the global economic recovery, central banks globally implementing unprecedented economic stimulus programs, global trade tensions and an upcoming U.S. presidential election likely contributed to a recent increase in foreign exchange volatility.

Monthly Closing Exchange Rate – CA$/US$



Exchange rates are as follows:

	CA$ / US$			
	FY2021		FY2020	
	Average	**Closing**	Average	Closing
Q1	**1.3853**	**1.3628**	1.3377	1.3087
Q2	**1.3321**	**1.3339**	1.3204	1.3243
Q3	—	—	1.3200	1.2988
Q4	—	—	1.3449	1.4187
Year-end as at March 31	—	—	1.3308	1.4187

Apart from these key drivers, the potential impact of the COVID-19 pandemic and the risk factors described in the "Risk Factors" section of this MD&A, Management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

7. Bloom Lake Mine Operating Activities

	Three Months Ended September 30,			Six Months Ended September 30,		
	2020	2019	Variance	**2020**	2019	Variance
Operating Data						
Waste mined (wmt)	**4,114,400**	3,572,200	15 %	**6,727,200**	7,153,100	(6 %)
Ore mined (wmt)	**6,070,000**	5,393,900	13 %	**10,752,600**	10,499,000	2 %
Material mined (wmt)	**10,184,400**	8,966,100	14 %	**17,479,800**	17,652,100	(1 %)
Strip ratio	**0.7**	0.7	— %	**0.6**	0.7	(14 %)
Ore milled (wmt)	**5,562,600**	5,450,800	2 %	**10,167,200**	10,230,800	(1 %)
Head grade Fe (%)	**30.9**	32.3	(4 %)	**31.1**	32.4	(4 %)
Recovery (%)	**85.2**	83.9	2 %	**83.8**	83.1	1 %
Product Fe (%)	**66.1**	66.3	— %	**66.3**	66.3	— %
Iron ore concentrate produced (wmt)	**2,268,800**	2,189,700	4 %	**4,067,600**	4,179,100	(3 %)
Iron ore concentrate sold (dmt)	**2,063,400**	1,860,400	11 %	**3,822,200**	3,767,100	1 %
Financial Data (in thousands of dollars)						
Revenues	**310,994**	160,370	94 %	**555,568**	438,284	27 %
Cost of sales	**100,068**	89,921	11 %	**202,844**	193,528	5 %
Cost of sales - incremental costs related to COVID-19	**2,671**	—	— %	**7,233**	—	— %
Other expenses	**10,426**	7,874	32 %	**19,967**	15,245	31 %
Net finance costs	**3,387**	46,433	(93 %)	**2,065**	75,485	(97 %)
Net income (loss)	**112,164**	(1,726)	(6,598 %)	**187,720**	72,515	159 %
EBITDA[1]	**197,829**	62,575	216 %	**325,524**	229,511	42 %
Statistics (in dollars per dmt sold)						
Gross average realized selling price	**162.8**	140.3	16 %	**156.6**	149.7	5 %
Net average realized selling price[1]	**150.7**	86.2	75 %	**145.4**	116.3	25 %
Total cash cost (C1 cash cost)[1]	**48.5**	48.3	— %	**53.1**	51.4	3 %
All-in sustaining cost[1]	**57.4**	66.2	(13 %)	**60.8**	64.5	(6 %)
Cash operating margin[1]	**93.3**	20.0	367 %	**84.6**	51.8	63 %

Operational Performance

On March 24, 2020, the Company announced the ramp down of its operations following directives from the Government in response to the COVID-19 pandemic, which required mining activities to be reduced to a minimum within the province of Québec. As announced by the Company on April 23, 2020, operations gradually ramped up, following the Government's announcement that mining activities were to be considered a "priority service" in Québec. Although the Company was operating at a minimal capacity for a period of time and its activities at the mine were disrupted, early actions implemented by Management in response to the COVID-19 pandemic minimized its impacts on operations. Despite disruptions to operations, the Company produced nearly 4.1 million wmt of high-grade iron ore concentrate during the six-month period ended September 30, 2020, which is approximately 8% above Bloom Lake's current nameplate capacity.

i. Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

During the three-month period ended September 30, 2020, 10,184,400 tonnes of material were mined, compared to 8,966,100 tonnes for the same period in 2019, representing an increase of 14%. This increase in material mined is the result of higher equipment availability and utilization rate, additional equipment and better ore accessibility. The Company benefited from its previous and continuous investments in the mining equipment rebuild program, enabling it to maximize productivity when operational flexibility is required due to ongoing pandemic-related conditions.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

7. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

i. Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020 (continued)

The plant processed 5,562,600 tonnes of ore during the three-month period ended September 30, 2020, compared to 5,450,800 tonnes for the same period in 2019, representing an increase of 2%. The higher throughput resulted from higher mined ore availability and higher mill utilization rate. During the quarter, the Company fully used its two production lines, compared to only one production line for the previous quarter, further to the Government's COVID-19 imposed ramp-down. The improvements and operational innovations implemented during the fiscal year ended March 31, 2020 allowed the Company to increase throughput stability and reach a higher level of mill productivity, despite the inefficiencies created by COVID-19, which allowed the Company to take advantage of the elevated iron ore price.

The iron ore head grade in the three-month period ended September 30, 2020 reached 30.9%, compared to 32.3% for the same period in 2019. The decrease in head grade is attributable to the presence of some lower grade ore being sourced and blended from different pits, when compared to the prior year. This is in line with the mining plan and the life of mine head grade average.

The Company achieved an average recovery rate of 85.2% during the three-month period ended September 30, 2020, compared to a recovery rate of 83.9% for the same period in 2019, which is attributable to higher recovery circuit stability.

Based on the foregoing, Bloom Lake achieved a new quarterly production record with 2,268,800 wmt of 66.1% Fe high-grade iron ore concentrate produced during the three-month period ended September 30, 2020, an increase of 4%, compared to the previous quarterly production record of 2,189,700 wmt for the same period in 2019. The higher production, surpassing nameplate capacity, is mainly a result of higher ore mined and higher throughput, combined with a higher average recovery rate, despite being partially offset by a lower head grade. The variation between iron ore concentrate produced and sold during the quarter is due to the timing of shipments.

ii. First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

The Company mined 17,479,800 tonnes of material during the six-month period ended September 30, 2020, compared to 17,652,100 tonnes for the same period in 2019. The plant processed 10,167,200 tonnes of ore during the six-month period ended September 30, 2020, a decrease of 1% over the same period in 2019, while the recovery rate improved from 83.1% to 83.8%, in line with the Company's target. Based on the foregoing, Bloom Lake produced a total of 4,067,600 wmt of Fe 66.3% high-grade iron ore concentrate during the six-month period ended September 30, 2020, compared to 4,179,100 wmt for the same period in 2019.

During the first quarter of the 2021 fiscal year, the COVID-19 pandemic had a negative impact on several of the Company's activities, including: reduced mining activities due to the compliance with the public health directives issued by the Government; reduced equipment maintenance due to COVID-19-related resource limitations, which had adverse repercussions on equipment availability; the arrival of the seasonal workforce, which required integration and training; and the operation of only one of the Company's two production lines for a period of time stemming from the Government's COVID-19-related directives. Once the governmental restrictions were lifted, the Company accelerated its mining activities and surpassed its plant nameplate capacity for the six-month period ended September 30, 2020. The capital expenditures made in the mining equipment rebuild program along with the improvements and operational innovations accomplished at the plant in the past have maximized current productivity.

During the six-month period ended September 30, 2020, the Company received a confirmation that its initial commercial production test last year qualified as Direct Reduction ("DR") from DR pellet producers and direct reduced iron ("DRI") plant operators. With this confirmed product specification, the Company produced an additional 207,900 wmt of DR quality iron ore concentrate at 67.8% Fe with a combined silica and alumina content of 2.68%, at the request of a customer in the Middle East. This second shipment confirms the ability of the Company to sell its ore to producers of DR pellets, which can be converted by DRI producers and utilized in electric arc furnaces, which represent a growing subset of global steelmaking capacity. This positions the Company to potentially increase its customer base and confirms that Bloom Lake is one of the few producing deposits globally that can transition its product offering in response to potential shifts in steelmaking methods in the coming years.

8. Financial Performance

A. Revenues

	Three Months Ended September 30,			Six Months Ended September 30,		
	2020	2019	Variance	**2020**	2019	Variance
(in U.S. dollars per dmt sold)						
Index P62	**118.2**	102.0	16 %	**106.0**	101.1	5 %
Premium over P62	**4.0**	4.2	(5 %)	**9.6**	11.7	(18 %)
US$ Gross average realized selling price	**122.2**	106.2	15 %	**115.6**	112.8	2 %
Freight and other costs	**(19.6)**	(26.8)	(27 %)	**(18.3)**	(23.1)	(21 %)
Provisional pricing adjustments	**10.6**	(14.3)	(174 %)	**10.0**	(2.1)	(576 %)
US$ Net average realized FOB selling price[1]	**113.2**	65.1	74 %	**107.3**	87.6	22 %
CA$ Net average realized FOB selling price[1]	**150.7**	86.2	75 %	**145.4**	116.3	25 %

During the three-month period ended September 30, 2020, 2,063,400 tonnes of high-grade iron ore concentrate were sold at the CFR China gross realized price of US$122.2/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US$122.2/dmt represents a premium of 3.4% over the benchmark P62 price, compared to a premium of 15.5% for the previous quarter. The gross average realized selling price reflects the sales at a determined price, as well as the forward price at the expected settlement date for 1,188,000 tonnes which were in transit at the end of the period. The difference between the gross average realized selling price of US$122.2/dmt for the recently completed quarter and the average P65 for the quarter of US$128.9/dmt is due to the fact that some sales were made at a discounted price in order to compete with pellet prices which are currently at multi-year lows, and the fact that some contracted volumes were sold based on previous months' prices, when P65 prices were significantly lower.

As pellet prices stabilize, following the effects of the COVID-19 pandemic on the industry, the Company expects its product pricing to continue tracking the P65 index. In addition, the Company should benefit from the current period prices for its contracted volumes, based on previous months' P65 prices in the upcoming period ending December 31, 2020. Other factors influencing the Company's realized price included the increase in production activity by China's domestic miners, offering competitive prices due to their proximity to end customers, and rising levels of iron ore concentrate inventories at certain Chinese ports.

Sea freight costs remained low during the three-month period ended September 30, 2020. During the second quarter of the Company's 2021 fiscal year, low fuel prices and lower shipments from Brazil contributed to sea freight costs remaining at low levels, while during the same period last year, the impact of a major producer's resumption of operations in June 2019 on global freight rates increased the Company's sea freight costs. The freight costs variation with C3 costs during the period is mainly due to the timing of the vessels' booking and the fact that the Company benefited from a freight contract at a fixed price of US$15.46 per tonne plus freight commissions for one vessel per month until December 2020.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

8. Financial Performance

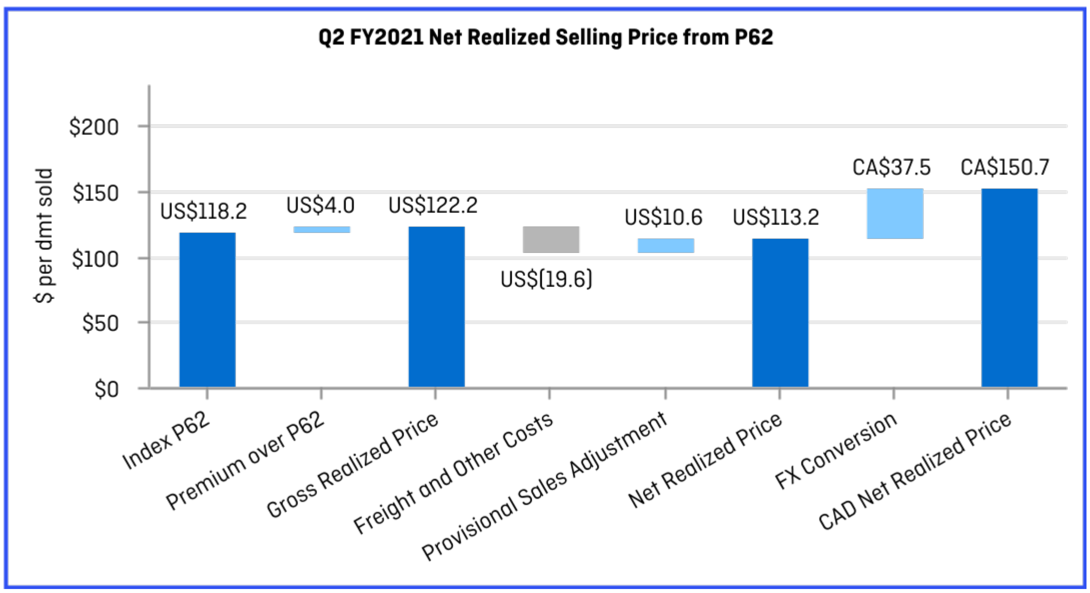
A. Revenues (continued)

During the three-month period ended September 30, 2020, the final price was established for most of the 1,310,000 tonnes of iron ore that were in transit as at June 30, 2020. Accordingly, during the three-month period ended September 30, 2020, provisional pricing adjustments of $28,980,000 were recorded in additional revenues for the 1,310,000 tonnes, representing a positive impact of US$10.6/dmt.

Deducting sea freight costs of US$19.6/dmt and adding the provisional sales adjustment of US$10.6/dmt, the Company obtained a net average realized price of US$113.2/dmt (CA$150.7/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $310,994,000 for the three-month period ended September 30, 2020 compared to $160,370,000 for the same period in 2019. The increase is attributable to a higher net average realized selling price[1], higher volumes sold and the positive impact of foreign exchange rates.

For the six-month period ended September 30, 2020, the Company sold over 3,822,200 tonnes of iron ore concentrate shipped in 22 vessels to customers located in China, Japan, South Korea, Europe and the Middle East. While the high-grade iron ore P65 index price fluctuated between a low of US$96.5/dmt and a high of US$143.1/dmt during the six-month period ended September 30, 2020, the Company sold its product at a gross average realized selling price of US$115.6/dmt. Combining the gross average realized selling price with the provisional sales adjustment of US$10.0/dmt, the Company sold its high-grade iron ore material at a price of US$125.6/dmt during the six-month period ended September 30, 2020, compared to the P65 index average of US$118.8/dmt, demonstrating its ability to benefit from its premium high-grade iron ore material pricing over the P62 index reference price. Deducting sea freight costs of US$18.3/dmt, the Company obtained a net average realized selling price[1] of US$107.3/dmt (CA$145.4/dmt) for its high-grade iron ore delivered to the customer. As a result, revenues totalled $555,568,000 for the six-month period ended September 30, 2020, compared to $438,284,000 for the same period in 2019.

Although the sales increase is mainly attributable to the net average realized selling price[1], the positive volume impact 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.



1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

8. Financial Performance (continued)

B. Cost of Sales

Cost of sales represent mining, processing, and mine site-related general and administrative ("G&A") expenses.

During the three-month period ended September 30, 2020, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific incremental and non-recurring COVID-19 related costs, totalled $48.5/dmt, compared to $48.3/dmt for the same period in 2019. The total cash cost[1] for the period was negatively impacted by the inefficiencies related to the COVID-19 preventive measures, which were offset by operational productivity resulting in record volumes of iron ore concentrate sold. The stability of the total cash cost[1] during the COVID-19 pandemic is a direct benefit of the Company's investments in plant innovation and improvements as well as the mining equipment rebuild program.

For the six-month period ended September 30, 2020, excluding specific incremental and non-recurring COVID-19 related costs, the Company produced high-grade iron ore at a total cash cost[1] of $53.1/dmt compared to $51.4/dmt for the same period in 2019. The C1 cash cost[1] for the period includes the negative impact of the inefficiencies related to the COVID-19 preventive measures associated with social distancing protocols. In the first quarter of the 2021 fiscal year, in line with the Company's founding values to maintain its beneficial partnership with its workforce, the Company opted to maintain the full workforce on its payroll, despite the reduced operating activities imposed in compliance with the Government's public health directives. The increase in total cash cost[1] was partially offset by operational productivity during the second half of the period.

In the three and six-month periods ended September 30, 2020, total cash cost[1] was negatively impacted by Société férroviaire et portuaire de Pointe-Noire's ("SFPPN") operational costs, which were higher than in the comparative periods in 2019. Despite this, the Company is confident that corrective actions implemented by SFPPN will result in future cost savings, and this trend was evident in the most recent quarter.

C. Cost of Sales - incremental costs related to COVID-19

In line with the Government's directives, the Company implemented several measures in its efforts to mitigate the risks related to the COVID-19 pandemic. The Company incurred direct, incremental and non-recurring operating costs of $2,671,000 or $1.3/dmt[1] and $7,233,000 or $1.9/dmt[1] for the three and six-month periods ended September 30, 2020, respectively. These costs do not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. These specific costs are mainly comprised of premiums paid to employees from adjusted work schedules, incremental transportation costs and incremental costs for cleaning and disinfecting facilities. While the work schedules were adapted and related premiums to payroll were paid during the first quarter of the Company's 2021 fiscal year, the Company resumed its normal work schedules at the end of June 2020. Despite the fact that the costs associated with the revised schedules and the related premiums are not recurring, the Company will continue to deploy measures to mitigate the risks from COVID-19 on site and at the local community level. Accordingly, COVID-19 specific costs could continue to be incurred during fiscal year 2021.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

8. Financial Performance (continued)

D. Gross Profit

The gross profit for the three-month period ended September 30, 2020 totalled $199,909,000, compared to $65,756,000 for the same period in 2019. The increase in gross profit is attributable to higher revenues, as a result of a higher net average realized selling price[1] of $150.7/dmt for the three-month period ended September 30, 2020, compared to $86.2/dmt for the same period in 2019, and higher volumes of iron ore concentrate sold. The higher revenues are partially offset by the incremental costs related to COVID-19, which totalled $2,671,000 or $1.3/dmt[1] during the period, higher production costs from higher volume sold and higher depreciation expenses attributable to previous investments which were made to increase throughput and surpass the mine's nameplate capacity.

The gross profit for the six-month period ended September 30, 2020 totalled $328,205,000, compared to $236,449,000 for the same period in 2019. The increase is largely driven by the higher net average realized selling price[1] of $145.4/dmt for the six-month period ended September 30, 2020, compared to $116.3/dmt for the same period in 2019, and higher volumes of iron ore concentrate sold. The higher revenues are partially offset by the incremental costs related to COVID-19, which totalled $7,233,000 or $1.9/dmt[1] during the period, combined with higher depreciation expenses and higher production costs.

E. Other Expenses

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Share-based payments	**489**	642	**1,374**	1,751
General and administrative expenses	**6,209**	3,713	**11,393**	7,899
Sustainability and other community expenses	**3,728**	3,519	**7,200**	5,595
	10,426	7,874	**19,967**	15,245

The decrease in share-based payments for the three and six-month periods ended September 30, 2020 reflects lower stock option costs as no stock options were granted during the three and six-month periods ended September 30, 2020.

The increase in G&A expenses in the three and six-month periods ended September 30, 2020, compared to the same period in 2019, is due to higher salaries and benefits from a higher headcount, higher professional fees and a higher annual premium for the Company's Directors' and Officers' liability insurance.

Sustainability and other community expenses are mainly composed of community taxes such as property and school taxes and expenditures related to the Company's Impact and Benefits Agreement with the First Nations ("IBA"). Higher expenses in the three and six-month periods ended September 30, 2020 reflect the Company's increased focus on sustainability. In addition, in the six-month period ended September 30, 2020, the Company completed its first Sustainability Report, highlighting its alignment with stakeholders regarding its diligence on environmental, social and governance responsibilities. The Sustainability Report is available on the Company's website at www.championiron.com.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

8. Financial Performance (continued)

F. Net Finance Costs

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Loss on debt repayment	**—**	57,274	**—**	57,274
Interest on long-term debt and previous credit facilities	**2,040**	5,209	**3,842**	12,216
Realized and unrealized foreign exchange (gain) loss	**1,424**	(488)	**(350)**	(253)
Change in fair value of derivatives	**—**	(19,534)	**—**	(364)
Change in fair value of non-current investments	**(1,143)**	404	**(3,610)**	429
Other	**1,066**	3,568	**2,183**	6,183
	3,387	46,433	**2,065**	75,485

The main components of the net finance costs include interest on long-term debt, the foreign exchange on accounts receivable, cash on hand and long-term debt, loss on debt repayment of the previous credit facilities, the change in fair value of derivatives associated with the previous credit facilities, which were repaid in August 2019, and the change in the fair value of non-current investments.

Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

Net finance costs totalled $3,387,000 for the three-month period ended September 30, 2020, compared to net finance costs of $46,433,000 for the same period in 2019.

The decrease in net finance costs for the three-month period ended September 30, 2020, when compared to the same period in 2019, is mainly due to the impact of the repayment of the previous credit facilities on August 16, 2019, which triggered the reporting of a loss of $57,274,000. Most of the $57,274,000 loss in the three-month period ended September 30, 2019 were non-cash items, including the write-off of capitalized past transaction fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities.

The decrease in net finance costs is also attributable to the positive impact of the refinancing which the Company completed on August 16, 2019. The new credit facility bears an annualized 3.8% interest rate, compared to a rate of 10% from the previous credit facilities. The capitalization of borrowing costs on qualified assets during the development period of Bloom Lake's Phase II expansion project, which amounted to $562,000 for the three-month period ended September 30, 2020 (2019: nil) also contributed to the variation.

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated term facilities. The appreciation of the Canadian dollar against the U.S. dollar as of September 30, 2020, compared to June 30, 2020, contributed to an unrealized foreign exchange loss on its accounts receivable and cash on hand denominated in U.S. dollars that is partially offset by the unrealized foreign exchange gain on the Company's long-term debt denominated in U.S. dollars.

The previous credit facilities included embedded derivative instruments which had to be revalued on a quarterly basis. Following the refinancing which closed on August 16, 2019, these derivatives were extinguished. As such, non-cash changes in the fair value of derivative financial instruments no longer affect the Company's quarterly results. In the three-month period ended September 30, 2019, the favorable non-cash changes in the fair value of derivative financial instruments amounted to $19,534,000.

Non-current investments in listed common shares are classified as financial assets at fair value through profit or loss. For the three-month period ended September 30, 2020, the net increase in the fair value of non-current investments in common shares represented $1,143,000, resulting from a higher stock price of the investments, while in the comparative period of 2019, the net decrease was $404,000.

(Expressed in Canadian dollars, except where otherwise indicated)

8. Financial Performance (continued)

F. Net Finance Costs (continued)

First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

The decrease in net finance costs for the six-month period ended September 30, 2020, when compared to the same period in 2019, is mainly due to the impact of the repayment of the previous credit facilities on August 16, 2019, which triggered the reporting of a loss of $57,274,000. Lower net finance costs are also attributable to the reduction in interest, following the refinancing transaction closed on August 16, 2019, which reflects the lower cost of debt, in addition to capitalization of borrowing costs related to the Phase II expansion project, which amounted to $1,493,000. Moreover, the Company incurred a gain on the change in fair value of its non-current investments, which is the result of its equity investments' higher share price.

G. Income Taxes

The Company and its 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 against which the losses can be used. QIO is subject to Québec mining taxes at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year. The mining profit margin represents the mining profit, as defined by the *Mining Tax Act* (Québec), divided by revenues. The progressive tax rates based on the mining profit margins 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 26.50% for the three-month period ended September 30, 2020 (2019: 26.68%).

During the three and six-month periods ended September 30, 2020, current income and mining tax expenses totalled $69,305,000 and $112,747,000, respectively, compared to $14,624,000 and $67,986,000, respectively, for the same periods in 2019. The variation is mainly due to higher taxable profit.

During the three and six-month periods ended September 30, 2020, deferred income and mining tax expenses totalled $4,627,000 and $5,706,000, respectively, compared to a recovery of $1,449,000 and an expense of $5,218,000, respectively, for the same periods in 2019. The recovery during the three-month period ended September 30, 2019 is associated with the early debt repayment. The increase for the six-month period ended September 30, 2020 is due to higher accelerated depreciation, resulting from a higher timing difference between the net book value and the tax value of the Company's assets.

Combining the provincial, federal statutory tax rate and mining taxes, the Company's effective tax rate ("ETR") was 40% and 39%, respectively, for the three and six-month periods ended September 30, 2020, compared to 115% and 50%, respectively, for the same periods in 2019. Higher ETR in the comparative periods was related to the 2019 early debt repayment, which was not subject to a tax recovery. For the three and six-month periods ended September 30, 2020, the ETR was higher than expected due to a higher tax rate of 22% on a portion of the Company's mining taxable income, resulting from a higher mining profit margin between 35% and 50% within the progressive mining tax rates schedule.

The Company has benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. During the three-month period ended September 30, 2020, the Company paid $97,042,000 in income and mining taxes, including all of the deferred payments, for the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, inclusively. The Company also recorded income and mining taxes payable of $73,480,000 as at September 30, 2020, which is due in May 2021 and which has contributed to the increase in current liabilities.

8. Financial Performance (continued)

H. Net Income & EBITDA[1]

Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

For the three-month period ended September 30, 2020, the Company generated record net income of $112,164,000 (EPS of $0.24), entirely attributable to the Company's shareholders. In the comparative prior year period, the Company reported a net loss of $1,726,000 (EPS of $0.00) of which $2,140,000 in net income was attributable to the Company's shareholders. The variation is due to higher gross profit for the current period and the 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 for the comparative period.

For the three-month period ended September 30, 2020, excluding the incremental costs related to COVID-19, which totalled $2,671,000 or $1.3/dmt[1], and its related tax impact, the Company generated adjusted net income[1] of $113,759,000 (adjusted EPS[1] of $0.24). For the three-month period ended September 30, 2019, mainly excluding the non-recurring non-cash transactions associated with the repayment of the previous credit facilities on August 16, 2019, the Company would have generated an adjusted net income[1] of $49,915,000 (adjusted EPS[1] of $0.11).

During the three-month period ended September 30, 2020, the Company generated an EBITDA[1] of $197,829,000, representing an EBITDA margin[1] of 64%, compared to an EBITDA[1] of $62,575,000, representing an EBITDA margin[1] of 39% for the same period in 2019. The variation period over period is primarily due to the higher net average realized selling price[1] combined with the higher volume of sales, partially offset by higher production costs from higher volumes sold and incremental costs related to COVID-19.

First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

For the six-month period ended September 30, 2020, the Company generated net income of $187,720,000 (EPS of $0.40), compared to net income of $72,515,000 (EPS of $0.09) for the same period in 2019. The variation is due to higher gross profit and lower interest costs on the long-term debt for the current period. In addition, the increase is attributed to the 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 for the comparative period.

For the six-month period ended September 30, 2020, excluding the incremental costs related to COVID-19, which totalled $7,233,000 or $1.9/dmt[1], and its related tax impact, the Company generated adjusted net income[1] of $191,763,000 (adjusted EPS[1] of $0.41). For the six-month period ended September 30, 2019, mainly excluding the non-recurring non-cash transactions associated with the repayment of the previous credit facilities on August 16, 2019, the Company would have generated an adjusted net income[1] of $124,156,000 (adjusted EPS[1] of $0.20).

For the six-month period ended September 30, 2020, the Company generated an EBITDA[1] of $325,524,000, representing an EBITDA margin[1] of 59%, compared to an EBITDA[1] of $229,511,000, representing an EBITDA margin[1] of 52% for the same period in 2019. This increase in EBITDA[1] is mainly attributable to the increase in the net average realized selling price[1], partially offset by higher production costs and incremental costs related to COVID-19.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

8. Financial Performance (continued)

I. 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 cost 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, divided by the iron ore concentrate sold (in dmt), to arrive at a per dmt figure.

Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

During the three-month period ended September 30, 2020, the Company realized an AISC[1] of $57.4/dmt, compared to $66.2/dmt for the same period in 2019. The variation relates to lower sustaining investments made in property, plant and equipment, which are partially offset by higher G&A expenses per dmt sold. During the three-month period ended September 30, 2019, significant sustaining investments were made to accelerate the construction work related to the raising of the tailings containment dams to ensure safe tailings deposition, and considerable amounts were invested in the mining equipment rebuild program to increase mining equipment fleet availability and performance. Ultimately, these past investments allowed the Company to maximize its current operational productivity while managing the challenges related to the COVID-19 pandemic.

Deducting the AISC[1] of $57.4/dmt from the net average realized selling price[1] of $150.7/dmt, the Company generated a cash operating margin[1] of $93.3/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended September 30, 2020, compared to $20.0/dmt for the same period in 2019. The variation is essentially attributable to a higher net average realized selling price[1].

First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

During the six-month period ended September 30, 2020, the Company realized an AISC[1] of $60.8/dmt compared to $64.5/dmt for the same period in 2019. The variation is due to lower sustaining capital expenditures in the current period. The cash operating margin[1] totalled $84.6/dmt for the six-month period ended September 30, 2020, compared to $51.8/dmt for the same period in 2019. The variation is due to a higher net average realized selling price[1], partially offset by a slightly higher total cash cost[1].

J. Non-Controlling Interest

Following Champion's acquisition of Investissement Québec's 36.8% equity interest in QIO on August 16, 2019, the Non-Controlling Interest ("NCI") in QIO no longer exists. Investissement Québec is a successor to Ressources Québec Inc., which held the equity interest in QIO at the time of the transaction.

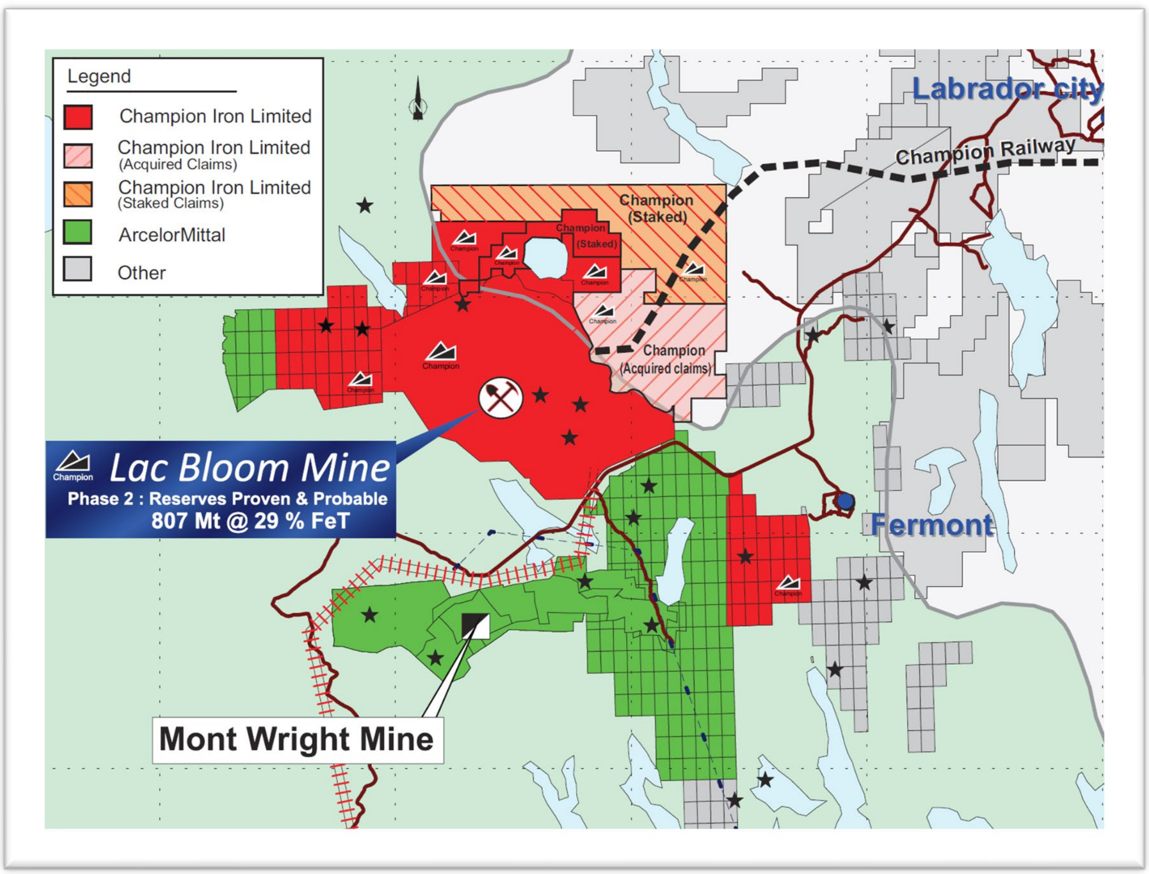
[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

9. Exploration Activities

During the three and six-month periods ended September 30, 2020, the Company continued to maintain all of its properties in good standing and did not enter into farm-in/farm-out arrangements. Accordingly, during the three and six-month periods ended September 30, 2020, $188,000 and $264,000 was incurred, respectively, in exploration and evaluation expenditures, compared to $233,000 and $427,000, respectively, for the same periods in 2019. The exploration expenditures mainly consist of fees required to maintain the Company's exploration properties, exploration expenses related to drilling and geophysical work at the Company's Gullbridge-Powderhorn property located in Northern Central Newfoundland, and the acquisition costs of staking additional exploration claims.

On April 2, 2020, the Company staked a block of claims covering an area of 31.8km^2 directly north of QIO's Bloom Lake mining lease and contiguous to its other claims in this area. Furthermore, the Company acquired additional claims totalling 38km^2, also located directly North of the Bloom Lake operations. Following these transactions, the Company now controls a block of claims totalling 178.2 km^2 situated in the province of Newfoundland and Labrador and in the province of Québec, directly North and West of the Bloom Lake mining lease.

While the current reserves at Bloom Lake are estimated to support mining operations for twenty years, the acquired claims provide the Company with additional opportunities and are in keeping with the Company's strategy to attempt to extend ore deposits in the vicinity of the Bloom Lake operations, where possible.



10. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Operating cash flow before working capital	**126,365**	25,624	**208,885**	127,009
Changes in non-cash operating working capital	**1,984**	79,299	**(5,248)**	69,835
Net cash flow from operating activities	**128,349**	104,923	**203,637**	196,844
Net cash flow from financing activities	**(16,920)**	(54,724)	**(14,502)**	(59,378)
Net cash flow from investing activities	**(28,206)**	(52,068)	**(51,903)**	(78,536)
Net increase (decrease) in cash and cash equivalents	**83,223**	(1,869)	**137,232**	58,930
Effects of exchange rate changes on cash and cash equivalents	**(4,938)**	2,646	**(10,095)**	(601)
Cash and cash equivalent, beginning of the period	**330,215**	192,976	**281,363**	135,424
Cash and cash equivalent, end of the period	**408,500**	193,753	**408,500**	193,753
Operating cash flow per share[1]	**0.27**	0.24	**0.43**	0.45

Operating

During the three-month period ended September 30, 2020, the Company generated operating cash flows of $126,365,000 before working capital items compared to $25,624,000 for the same period in 2019. The variation, period over period is mainly attributable to the higher EBITDA[1], which resulted primarily from a higher net average realized selling price[1] and higher volumes of iron ore concentrate sold.

Changes in working capital for the period were affected by the timing of customer receipts and supplier payments, the change in inventories balance and the deferred tax payment of $97,042,000 in the current period. The latter represented income and mining taxes related to the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, inclusively. The Company has benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. In comparison, during the three-month period ended September 30, 2019, the Company made a mining tax payment of $14,462,000. Based on the foregoing, the operating cash flow per share[1] for the three-month period ended September 30, 2020 was $0.27, compared to $0.24 for the same period in 2019.

During the six-month period ended September 30, 2020, the Company's operating cash flows before working capital items totalled $208,885,000, compared to $127,009,000 for the same period in 2019. The variation is mainly attributable to a higher gross profit, largely driven by a higher net average realized selling price[1] and higher volumes of iron ore concentrate sold. After working capital items, the operating cash flow per share[1] for the period totalled $0.43, compared to $0.45 for the same period in 2019, despite higher gross profits. The decrease is due to the payment of income and mining taxes of $97,042,000, which was initially deferred under the temporary governmental tax relief programs offered by the Federal and Provincial Governments in Canada.

Assuming the iron ore concentrate price remains at a high level during the Company's remaining fiscal year 2021, the Company expects a higher taxable income in the current fiscal year. As the monthly tax installments are based on the previous fiscal year's taxable income, the estimated amount of income and mining taxes payable for the period from April 1, 2020 to September 30, 2020, which are due in May 2021, totalled $73,480,000 as currently reflected in the Company's Statements of Financial Position.

Financing

i. Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020

During the three-month period ended September 30, 2020, 300,000 stock options were exercised for proceeds totalling $307,000. The Company also declared and paid the accumulated dividends on QIO's preferred shares, which are held by the Caisse de dépôt et placement du Québec, for the period from August 17, 2019 to July 31, 2020, inclusively, for a total disbursement of $16,980,000, representing the current dividend rate of 9.25%. During the three-month period ended September 30, 2019, compensation options and warrants were exercised for proceeds totalling $710,000.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

10. Cash Flows (continued)

Financing (continued)

i. Second Quarter of Fiscal Year 2021 vs Second Quarter of Fiscal Year 2020 (continued)

During the three-month period ended September 30, 2019, the Company completed the re-financing of the previous credit facilities. The previous debt facilities consisted of two term loans with CDP Investissements Inc. ("CDPI") (US$ 100,000,000) and Sprott Private Resource Lending (Collector), LP ("Sprott") (US$ 80,000,000), both of which were fully repaid for CA$226,972,000 on August 16, 2019. A drawdown on the new US$180,000,000 (CA$239,148,000) term credit facility was also completed. Transaction costs of $8,296,000 were incurred for this transaction for which $1,663,000 were paid in previous periods, resulting in a net payment of $6,633,000 for the three-month period ended September 30, 2019. The new term facility significantly reduced the Company's debt costs from 10.0% to 4.8% and provides the Company with more flexibility and less covenants. Currently, the credit facility interest rate is LIBOR + 2.85%.

During the three-month period ended September 30, 2019, the Company also completed the acquisition of Investissement Québec's 36.8% equity interest in QIO for consideration of $211,000,000. Investissement Québec is a successor to Ressources Québec Inc., which held the equity interest in QIO at the time of the transaction. Following the acquisition, the Company is no longer subject to an NCI in its flagship asset, the Bloom Lake Mine. The Company also issued new preferred shares in QIO to CDPI for proceeds of $182,003,000, net of transaction costs, and reimbursed the unsecured subordinated convertible debenture ("Debenture") with Glencore International AG ("Glencore") for a total cost of $31,980,000.

ii. First Six Months of Fiscal Year 2021 vs First Six Months of Fiscal Year 2020

During the six-month period ended September 30, 2020, 5,453,000 stock options were exercised for proceeds totalling $2,958,000. The Company also declared and paid the accumulated dividends on the QIO preferred shares for the period from August 17, 2019 to July 31, 2020, inclusively, for a total disbursement of $16,980,000. For the same period in 2019, 2,000,000 compensation options and 2,709,000 warrants were exercised for proceeds totalling $3,548,000. During the six-month period ended September 30, 2019, in addition to the transactions detailed previously in the second quarter, such as the re-financing of the previous credit facilities, the acquisition of Investissement Québec's equity interest in QIO and the issuance of preferred shares to CDPI, the Company's financing activities included previous term loan repayments in the first quarter totalling $7,492,000.

Investing

The Company's investments relate to capital expenditures.

Purchase of property, plant and equipment

During the three and six-month periods ended September 30, 2020, the Company invested $28,018,000 and $51,639,000, respectively, in additions to property, plant and equipment, compared to $52,248,000 and $78,725,000, respectively, for the same periods in 2019. The following table summarizes the investments made:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Tailings lifts	**6,349**	15,525	**6,903**	20,894
Stripping and mining activities	**4,415**	2,996	**7,045**	6,263
Mining equipment rebuild	**1,413**	10,927	**4,175**	14,241
Sustaining capital expenditures	**12,177**	29,448	**18,123**	41,398
Phase II	**13,328**	16,260	**19,167**	18,573
Other capital development expenditures at Bloom Lake	**2,513**	6,540	**14,349**	18,754
Purchase of property, plant and equipment as per cash flow	**28,018**	52,248	**51,639**	78,725

10. Cash Flows (continued)

Investing (continued)

Purchase of property, plant and equipment (continued)

The decrease in tailings related investments for the three and six-month periods ended September 30, 2020, compared to the same periods in 2019, was anticipated. In 2019, the Company announced an accelerated $30M work program for the raising of the tailings containment dam to ensure safe tailings deposition, which was completed on time and on budget. The expenditures related to the raising of the tailings dam for the first quarter of the 2021 fiscal year were associated with a new coarse tailing line. During the three-month period ended September 30, 2020, the construction work on the dykes project was completed after being shortly delayed as a result of the COVID-19 pandemic.

Stripping and mining activities were reduced in the first quarter of the 2021 fiscal year due to the ramp down of operations as mandated by the Government's COVID-19 containment directives, but resumed during the three-month period ended September 30, 2020.

The Company's mining equipment rebuild program is in line with the work planned during the three-month period ended September 30, 2020 despite a slowdown during the first quarter of the 2021 fiscal year. Lower investments in the mining equipment rebuild program during the three and six-month periods ended September 30, 2020, compared to the same periods in 2019, is attributable to the Company's decision to invest in capital expenditures to increase mining equipment fleet availability and performance, whereby the need of required expenditures was greater for the same periods in 2019.

The investment in the Bloom Lake Phase II expansion project during the three and six-month periods ended September 30, 2020, consists of detailed engineering work, the production of spirals and the transportation of equipment on-site for the spiral installation. All expenditures were funded from the cumulative $120,000,000 approved budget funded from current cash on hand[1]. In the three and six-month periods ended September 30, 2019, expenditures were related to detailed engineering work, civil works on the silo and associated conveyors, as well as mechanical and electrical works inside the plant in order to secure winter works. In the three-month period ended September 30, 2020, additional work programs were completed, including the foundation work for the train load-out facility, and the installation of permanent heating, lighting and elevator systems. The cumulative budget approved to date also allowed the Company to initiate other work programs including modifications to the gravimetric recovery circuit and work on the ore storage area near the concentrator plant. The work completed to date significantly de-risked the project timeline by completing cement and civil engineering projects, removing seasonality risks for the project's completion.

During the three and six-month periods ended September 30, 2020, other capital development expenditures at Bloom Lake totalled $2,513,000 and $14,349,000, respectively. During the six-month period ended September 30, 2020, the investments consisted of infrastructure upgrades at the mine, the commissioning of new equipment required to maintain a strip ratio in line with the Phase II mine plan and the acquisition of 100 additional used rail cars at a cost of $5,500,000. During the three and six-month periods ended September 30, 2019, other capital development expenditures at Bloom Lake totalled $6,540,000 and $18,754,000, respectively, related to the completion of the Phase II Feasibility Study, as well as infrastructure upgrades at the mine and service equipment capacity improvements.

Exploration and evaluation

For the three and six-month periods ended September 30, 2020, $188,000 and $264,000 were invested, respectively, in exploration and evaluation compared to $233,000 and $427,000, respectively, for the same periods in 2019.

During three-month period ended September 30, 2020, the exploration expenditures mainly consisted of drilling and geophysical work at the Company’s Gullbridge-Powderhorn property located in Northern Central Newfoundland.

During the six-month period ended September 30, 2020, the Company acquired 152 claims (38 km^2), and staked 127 claims (31.75 km^2), directly north of Bloom Lake's operations. Following these transactions, the Company now controls a block of claims totalling 178.16 km^2 situated in the province of Newfoundland and Labrador and in the province of Québec, directly north and west of the Bloom Lake Mining lease. During the six-month period ended September 30, 2020, the Company incurred fees required to maintain all its exploration properties.

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

11. Financial Position

As at September 30, 2020, the Company held $408,500,000 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;
- Discretionary expenditures in relation to the initial budget approved for the Phase II expansion project;
- Capital repayment of the long-term debt starting June 30, 2021; and
- Payment of mining and income taxes.

Dividends on QIO preferred shares may be accumulated on a quarterly basis at the Company's discretion.

	As at September 30, 2020	As at March 31, 2020	Variance
(in thousands of dollars)			
Cash and cash equivalents	**408,500**	281,363	45 %
Short-term investments	**17,291**	17,291	— %
Cash on hand	**425,791**	298,654	43 %
Other current assets	**124,547**	102,895	21 %
Total Current Assets	**550,338**	401,549	37 %
Property, plant and equipment	**407,669**	371,540	10 %
Exploration and evaluation assets	**75,789**	75,525	— %
Other non-current assets	**39,110**	33,984	15 %
Total Assets	**1,072,906**	882,598	22 %
Total Current Liabilities	**174,765**	112,919	55 %
Long-term debt	**219,965**	275,968	(20 %)
Rehabilitation obligation	**46,972**	42,836	10 %
Other non-current liabilities	**79,440**	74,253	7 %
Total Liabilities	**521,142**	505,976	3 %
Equity attributable to Champion shareholders	**551,764**	376,622	47 %
Total Equity	**551,764**	376,622	47 %
Total Liabilities and Equity	**1,072,906**	882,598	22 %

The Company's total current assets as at September 30, 2020 increased by $148,789,000 since March 31, 2020. The increase was mainly attributable to cash flow from operations and higher trade receivables impacted by a favorable price adjustment.

The long-term assets consist primarily of capitalized stripping activities, mining equipment overhaul, the acquisition of 100 additional used rail cars, investments made in the Bloom Lake Phase II expansion project and other investments made towards the property, plant and equipment.

Total current liabilities increased due to the classification of the first two payments of the long-term debt due on June 30, 2021 and September 30, 2021, totalling US$30,000,000, as current liabilities. The classification of these capital repayments as current liabilities and the unrealized foreign exchange gain on the long-term debt denominated in U.S. dollars contributed to the decrease of the long-term debt. During the three-month period ended September 30, 2020, the Company paid $97,042,000 in taxes, including all deferred amounts, which represented the income and mining taxes related to the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, inclusively. Despite the tax payment made, the Company recorded an income and mining taxes payable of $73,480,000 as at September 30, 2020, which is due in May 2021 and also contributed to the increase in current liabilities.

The increase in equity is attributable to the Company's net income of $187,720,000 for the six-month period ended September 30, 2020, partially offset by the payment of the accumulated dividends on QIO's preferred shares, for the period from August 17, 2019 to July 31, 2020, inclusively, totalling $16,980,000.

12. Financial Instruments

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

13. Contingent Liabilities

The Company is and may be from time to time subject to legal actions, including arbitrations and class actions, arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Company. However, based on information presently known, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Company.

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 September 30, 2020:

(in thousands of dollars)	**Less than a year**	**1 to 5 years**	**More than 5 years**	**Total**
Accounts payable and other	**60,364**	**—**	**—**	**60,364**
Long-term debt, including capital and future interest payment	**50,046**	**238,201**	**—**	**288,247**
Lease liabilities, including interest	**997**	**1,127**	**614**	**2,738**
Commitments	**53,153**	**57,125**	**175,194**	**285,472**
	164,560	**296,453**	**175,808**	**636,821**

Commitments are off-balance sheet arrangements, which are mainly composed of various obligations related to take-or-pay features of the Company's logistics contracts and other commitments with the Innu community related to the IBA. In addition, included in the above commitments is $24,075,000 relating to the purchase of property, plant and equipment as at September 30, 2020.

15. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 of the Company's audited annual financial statements for the year ended March 31, 2020 and in note 2 of the Financial Statements for the three and six-month periods ended September 30, 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 three and six-month periods ended September 30, 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 three and six-month periods ended September 30, 2020.

18. Related Party Transactions

The related party transactions consist of transactions with key management personnel. The Company considers its directors and senior officers to be key management personnel.

Related party transactions include any financial transaction between a director or officer and the Company and will be reported in writing at each Board meeting.

In general, the Corporations Act (Cth) requires related party transactions to be approved by the shareholders; the Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a director is a partner, is given on arm's length terms, the process outlined below will be followed. The Board has also resolved that where applications are made by a related party to a director or officer of the Company, then the director or officer shall exclude himself or herself from the approval process.

Related party for this process means:
- a spouse or de facto spouse of the director or officer; or
- a parent, son or daughter of the director or officer or their spouse or de facto spouse; or
- an entity in which the director or officer or a related party defined in (a) or (b) has a controlling interest.

Transactions with key management personnel are disclosed in note 30 of the Company's audited annual financial statements for the year ended March 31, 2020. No significant changes occurred during the period beginning on April 1, 2020 and ended on September 30, 2020 in connection with the nature of the related party transactions.

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 with 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 cost, or C1 cash cost, is a common financial performance measure in the iron ore mining industry but it has 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 flows from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison to other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. Total cash cost includes production costs such as mining, processing and site administration and excludes depreciation to arrive at total cash cost per dmt sold. Other companies may calculate this measure differently.

The total cash cost excludes the "cost of sales - incremental costs related to COVID-19" totalling $2,671,000 or $1.3/dmt for the three-month period ended September 30, 2020 and $7,233,000 or $1.9/dmt for the six-month period ended September 30, 2020.

	Three Months Ended September 30,		**Six Months Ended September 30,**	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,063,400**	1,860,400	**3,822,200**	3,767,100
(in thousands of dollars except per tonne)				
Cost of sales	**100,068**	89,921	**202,844**	193,528
Total cash cost (per dmt sold)	**48.5**	48.3	**53.1**	51.4

B. Incremental Costs related to COVID-19 (per dmt sold)

The Company incurred direct, incremental and non-recurring costs resulting from its COVID-19 safety measures that are mainly comprised of premium payroll costs from adjusted work schedules, higher transportation costs and additional costs for cleaning and disinfecting facilities. The incremental costs related to COVID-19 exclude inefficiency costs related to the COVID-19 preventive measures. The incremental costs related to COVID-19 per dmt sold allow Management to assess the impact of the incremental COVID-19 costs on the operating cost performance of the Company.

	Three Months Ended September 30,		**Six Months Ended September 30,**	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,063,400**	1,860,400	**3,822,200**	3,767,100
(in thousands of dollars except per tonne)				
Cost of sales - Incremental Costs related to COVID-19	**2,671**	—	**7,233**	—
Incremental Costs related to COVID-19 (per dmt sold)	**1.3**	—	**1.9**	—

19. Non-IFRS Financial Performance Measures (continued)

C. All-In Sustaining Cost

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

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 and mining taxes expenses, working capital, defined as current assets less current liabilities, or interest costs. The AISC excludes the "cost of sales - incremental costs related to COVID-19" totalling $2,671,000 or $1.3/dmt for the three-month period ended September 30, 2020 and $7,233,000 or $1.9/dmt for the six-month period ended September 30, 2020.

The following table below sets forth the calculation of AISC per tonne:

	Three Months Ended September 30,		**Six Months Ended September 30,**	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,063,400**	1,860,400	**3,822,200**	3,767,100
(in thousands of dollars except per tonne)				
Cost of sales	**100,068**	89,921	**202,844**	193,528
Sustaining capital expenditures	**12,177**	29,448	**18,123**	41,398
General and administrative expenses	**6,209**	3,713	**11,393**	7,899
	118,454	123,082	**232,360**	242,825
AISC (per dmt sold)	**57.4**	66.2	**60.8**	64.5

19. Non-IFRS Financial Performance Measures (continued)

D. Net Average Realized Selling Price, Cash Operating Margin and Cash Profit Margin

Net average realized selling 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. Net average realized selling price is calculated as revenues per the consolidated statement of income divided by iron ore concentrate sold (in dmt). Cash operating margin represents the net average realized selling price per dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin per dmt sold divided by the net average realized selling price per dmt sold.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**2,063,400**	1,860,400	**3,822,200**	3,767,100
(in thousands of dollars except per tonne)				
Revenues	**310,994**	160,370	**555,568**	438,284
Net average realized selling price (per dmt sold)	**150.7**	86.2	**145.4**	116.3
AISC (per dmt sold)	**57.4**	66.2	**60.8**	64.5
Cash operating margin (per dmt sold)	**93.3**	20.0	**84.6**	51.8
Cash profit margin	**62%**	23%	**58%**	45%

E. 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 net finance (income) costs, taxes and depreciation 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 September 30,		Six Months Ended September 30,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Income before income and mining taxes	**186,096**	11,449	**306,173**	145,719
Net finance costs	**3,387**	46,433	**2,065**	75,485
Depreciation	**8,346**	4,693	**17,286**	8,307
EBITDA	**197,829**	62,575	**325,524**	229,511
Revenues	**310,994**	160,370	**555,568**	438,284
EBITDA margin	**64%**	39%	**59%**	52%

(Expressed in Canadian dollars, except where otherwise indicated)

19. Non-IFRS Financial Performance Measures (continued)

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

Management uses adjusted net income and adjusted EPS to evaluate the Company's operating performance and for planning and forecasting future business operations. The Company believes the use of adjusted net income and adjusted EPS allows investors and analysts to understand the results of operations of the Company by excluding certain items that have a disproportionate impact on the results for a period. The tax effect of adjustments is presented in the Tax effect of adjustments line and is calculated using the applicable tax rate. Management's determination of the components of adjusted net income and adjusted EPS is evaluated periodically and is based, in part, on its review of non-IFRS financial measures used by mining industry analysts.

For the three and six-month periods ended September 30, 2020, the Company believes that identifying certain costs directly resulting from the impact of the COVID-19 pandemic and excluding these amounts from the calculation of the non-IFRS measures described below helps Management, analysts and investors assess the direct and incremental impact of COVID-19 on the business as well as the general economic performance during the periods. During the three and six-month periods ended September 30, 2020, the Company incurred direct, incremental and non-recurring costs of $2,671,000 and $7,233,000, respectively, resulting from the COVID-19 safety measures that are mainly comprised of premium payroll costs from adjusted work schedules, higher transportation costs and additional costs for cleaning and disinfecting facilities.

	Three Months Ended September 30, 2020		Six Months Ended September 30, 2020	
	Net Income	**EPS**	**Net Income**	**EPS**
Unadjusted	**112,164**	0.24	**187,720**	0.40
Cash item				
Cost of sales - incremental costs related to COVID-19	**2,671**	—	**7,233**	0.02
	2,671	—	**7,233**	0.02
Tax effect of adjustment listed above	**(1,076)**	—	**(3,190)**	(0.01)
Adjusted	**113,759**	0.24	**191,763**	0.41

(Expressed in Canadian dollars, except where otherwise indicated)

19. Non-IFRS Financial Performance Measures (continued)

F. Adjusted Net Income, Adjusted Net Income attributable to Champion Shareholders and Adjusted EPS (continued)

The refinancing of the Sprott and CDPI credit facilities completed in the three-month period ended September 30, 2019, 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.

	Three Months Ended September 30, 2019			Six Months Ended September 30, 2019		
	Net Income	**Net Income attributable to Champion Shareholders**	**EPS**	**Net Income**	**Net Income attributable to Champion Shareholders**	**EPS**
Unadjusted	**(1,726)**	**2,140**	—	**72,515**	**40,891**	0.09
Non-cash items						
Write-off - book value of Debenture	**18,837**	**18,837**	0.04	**18,837**	**18,837**	0.04
Write-off - book value of CDPI debt facility	**15,976**	**15,976**	0.04	**15,976**	**15,976**	0.04
Write-off - book value of Sprott debt facility	**5,966**	**5,966**	0.01	**5,966**	**5,966**	0.01
Write-off - Glencore derivative asset	**1,336**	**1,336**	—	**1,336**	**1,336**	—
Write-off - CDPI derivative asset	**5,603**	**5,603**	0.01	**5,603**	**5,603**	0.01
Write-off - Sprott derivative asset	**5,768**	**5,768**	0.01	**5,768**	**5,768**	0.01
	53,486	**53,486**	0.11	**53,486**	**53,486**	0.11
Cash items						
Debt prepayment penalty fees	**3,788**	**3,788**	0.01	**3,788**	**3,788**	0.01
	3,788	**3,788**	0.01	**3,788**	**3,788**	0.01
Tax impact of adjustments listed above	**(5,633)**	**(5,633)**	(0.01)	**(5,633)**	**(5,633)**	(0.01)
Adjusted	**49,915**	**53,781**	0.11	**124,156**	**92,532**	0.20

G. 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. This measure does not have a standard meaning and is intended to provide additional information. It 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 ordinary shares outstanding used in the calculation of basic earnings per share.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	**2020**	2019
Net cash flow from operating activities	**128,349**	104,923	**203,637**	196,844
Weighted average number of ordinary shares outstanding - Basic	**473,120,000**	434,409,000	**472,179,000**	433,339,000
Operating cash flow per share	**0.27**	0.24	**0.43**	0.45

20. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of October 27, 2020, there are 473,142,452 ordinary shares issued and outstanding.

In addition, there are 3,785,846 ordinary shares issuable on the exercise of options, restricted share units, deferred share units and 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 for the three and six-month periods ended September 30, 2020 and for the previous quarters as well as with the audited annual financial statements for the year ended March 31, 2020.

The Company's fiscal year ends on March 31. All amounts are stated in millions of dollars except for the earnings per share.

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Financial Data ($ millions)								
Revenues	311.0	244.6	175.7	171.1	160.4	277.9	182.2	147.5
Operating income	189.5	118.8	52.1	53.3	57.9	163.3	83.1	62.8
EBITDA[1]	197.8	127.7	61.1	57.9	62.6	166.9	86.5	65.4
Net income (loss)	112.2	75.6	18.4	30.2	(1.7)	74.2	28.2	31.2
Adjusted net income[1]	113.8	78.0	18.4	30.2	49.9	74.2	28.2	31.2
Net income attributable to Champion shareholders	112.2	75.6	18.4	30.2	2.1	38.8	8.8	21.7
Earnings per share - basic	0.24	0.16	0.04	0.07	0.00	0.09	0.02	0.05
Earnings per share - diluted	0.22	0.15	0.04	0.06	0.00	0.08	0.02	0.05
Adjusted earnings per share - basic[1]	0.24	0.17	0.04	0.07	0.11	0.09	0.02	0.05
Net cash flow from operations	128.3	75.3	84.6	28.1	104.9	91.9	38.0	89.1
Operating Data								
Waste mined (thousands of wmt)	4,114	2,613	3,180	3,409	3,572	3,581	3,482	3,847
Ore mined (thousands of wmt)	6,070	4,683	5,413	4,905	5,394	5,105	4,976	4,883
Strip ratio	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.8
Ore milled (thousands of wmt)	5,563	4,605	4,880	4,639	5,451	4,780	4,754	4,531
Head grade Fe (%)	30.9	31.3	31.7	32.0	32.3	32.5	30.6	32.1
Recovery (%)	85.2	82.3	82.3	81.7	83.9	82.1	80.4	80.7
Product Fe (%)	66.1	66.5	66.5	66.4	66.3	66.2	66.3	66.4
Iron ore concentrate produced (thousand wmt)	2,269	1,799	1,892	1,833	2,190	1,989	1,802	1,791
Iron ore concentrate sold (thousands of dmt)	2,063	1,759	1,888	1,922	1,860	1,907	1,744	1,712
Statistics (in dollars per dmt sold)								
Gross average realized selling price	162.8	149.2	130.5	140.1	140.3	158.9	131.1	118.3
Net average realized selling price[1]	150.7	139.1	93.1	89.0	86.2	145.7	104.4	86.2
Total cash cost[1]	48.5	58.4	53.9	54.2	48.3	54.3	48.4	49.4
All-in sustaining cost[1]	57.4	64.8	59.8	62.2	66.2	62.8	55.4	55.5
Cash operating margin[1]	93.3	74.3	33.3	26.8	20.0	82.9	49.0	30.7

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 19.

22. Risk Factors

Champion is subject to several risks and uncertainties which could have a material adverse impact on its operations, its financial condition and the trading price of its shares. This section presents information about the Company's exposure to each of the described risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

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

Refer to the Company's 2020 Annual Information Form available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com to see the principal risk factors that apply to the Company and that may have a material adverse effect on its financial condition, results of operations or the trading price of the Company's Shares.

23. Management Responsibility for Financial Statements

Disclosure Controls and Procedures

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

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

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

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.

There have been no changes in the Company's ICFR that occurred during the period beginning on July 1, 2020 and ended on September 30, 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 that are 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 its Audit Committee. The Audit 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 October 28, 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, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

27. Qualified Person and Data Verification

Mr. Nabil Tarbouche (P.Geo.), Senior Geologist at the Company is a "qualified person" as defined by NI 43-101 and has reviewed and verified the scientific and technical information contained in this MD&A. Mr. François Lavoie (P.Eng.), Technical Marketing Manager at the Company is a "qualified person" as defined by NI 43-101 and has reviewed and verified the scientific and technical information in relation to the technical parameters underpinning the Feasibility Study contained in this MD&A. Mr. Lavoie's review and approval does not include scientific and technical information in relation to the Company's reserves and resources contained in this MD&A. Mr. Tarbouche's and Mr. Lavoie's reviews and approvals do not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Feasibility Study.

28. Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain information and statements, which may constitute or be deemed “forward-looking information” 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; the increase of the plant capacity and reliability; (iv) the Company's operational improvement; (v) the Phase II expansion of the Bloom Lake Mine and its expected construction timeline, capital expenditures, NPV and IRR; (vi) the new product test and its impact on securing new customers and expanding product offering; (vii) the improvement of SFPPN’s operational efficiency and associated reduction in port operation costs; (viii) the estimated future operation capacity of the Bloom Lake Mine; (ix) the Company's cash requirements for the next twelve months; (x) the completion of the construction for a potential expansion of the Bloom Lake Mine; (xi) the potential job creation related to the Bloom Lake Mine; (xii) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore prices; (xiii) the impact of exchange rate fluctuations; (xiv) the impact of iron ore prices fluctuations; (xv) the LoM of the Bloom Lake Mine; and (xvi) measures, and the effectiveness thereof, implemented or expected to be implemented to mitigate the risk and contain COVID-19 and 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 and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein. 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. Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those expressed in forward-looking statements include, without limitation: the results of feasibility studies; changes in the assumptions used to prepare feasibility studies; project delays; 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; the effects of catastrophes and public health crises, including impact of COVID-19 on the global economy, the iron ore market and Champion’s operations, as well as those factors discussed in the section entitled “Risk Factors” of the Company’s 2020 Annual Information Form and the risks and uncertainties discussed in the Company’s quarterly activities report for the fiscal year ended March 31, 2020 and MD&A for the fiscal year ended March 31, 2020, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com

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 risks 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 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.