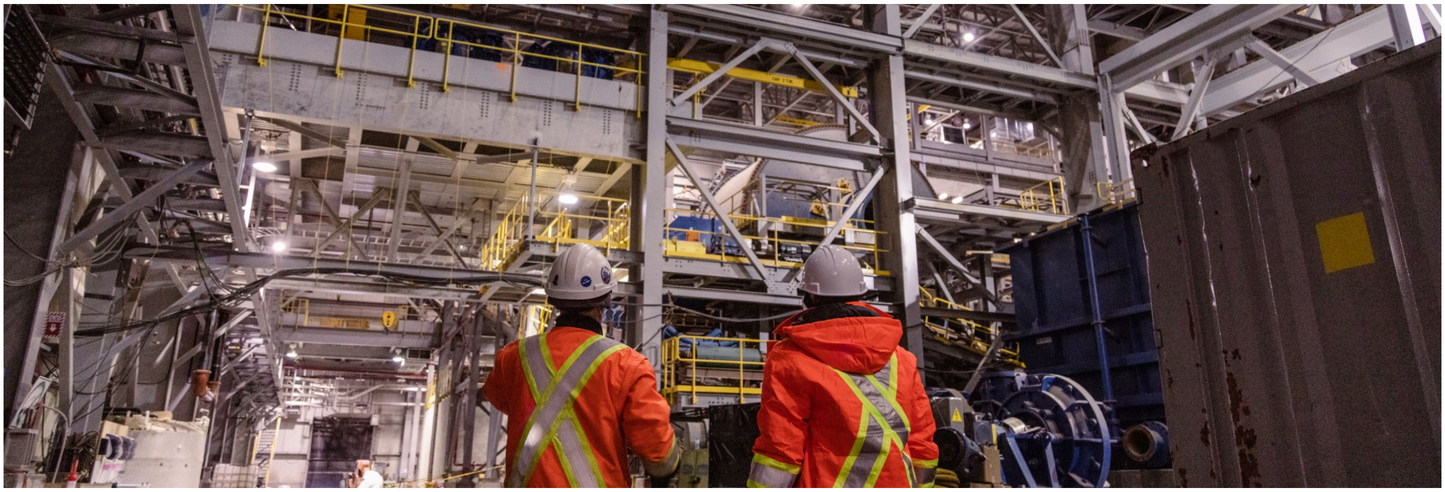


Management's Discussion and Analysis

For the Three-Month Period Ended June 30, 2021

CHAMPION IRON

TSX: CIA - ASX: CIA

As at July 29, 2021

The following Champion Iron Limited ("Champion" or the "Company") Management Discussion and Analysis ("MD&A") has been prepared as of July 29, 2021. This MD&A is intended to supplement the condensed interim consolidated financial statements for the three-month period ended June 30, 2021 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, 2021. 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: US$ (United States dollar), CA$ (Canadian dollar), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometres), m (metres) and EPS (earnings per share). The terms "Champion" or the "Company" refer to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" sections of the Company's 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021 and to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

Non-IFRS Financial Performance Measures

Certain financial performance measures with no standard meaning under IFRS are included in this MD&A. Champion believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors 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, 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 EPS, operating cash flow (outflow) per share and cash on hand. 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.

1. Description of Business

Champion was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA), the Australian Securities Exchange (ASX: CIA) and the OTCQX Best Market (OTCQX: CIAFF).

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 ships iron ore 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 7.4 Mtpa 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 ("P62") iron ore benchmark. In addition to the partially completed Bloom Lake Phase II project ("Phase II"), Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset iron ore project (the "Kami Project") located a few kilometres south-east of Bloom Lake, and the Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake. The Company sells its iron ore concentrate globally, including customers in China, Japan, the Middle East, Europe, South Korea, India and Canada.

2. Financial and Operating Highlights

	Three Months Ended June 30,	
	2021	2020
Iron ore concentrate produced (wmt)	**1,936,000**	1,798,800
Iron ore concentrate sold (dmt)	**1,974,700**	1,758,800
Financial Data (in thousands of dollars, except per share amounts)		
Revenues	**545,408**	244,574
Gross profit	**414,603**	128,296
EBITDA[1]	**405,739**	130,162
EBITDA margin[1]	**74 %**	53 %
Net income	**224,339**	75,556
Adjusted net income[1]	**225,110**	78,004
Basic earnings per share	**0.44**	0.16
Adjusted earnings per share[1]	**0.44**	0.17
Net cash flow (used in) from operations	**(12,629)**	75,288
Cash and cash equivalents	**393,557**	330,215
Short-term investments	**29,775**	17,291
Total assets	**1,657,646**	1,002,307
Total non-current financial liabilities	**225,875**	244,830
Statistics (in dollars per dmt sold)		
Gross average realized selling price	**279.7**	149.2
Net average realized selling price[1]	**276.2**	139.1
Total cash cost[1] (C1 cash cost)	**60.1**	58.4
All-in sustaining cost[1]	**72.6**	64.8
Cash operating margin[1]	**203.6**	74.3
Statistics (in US dollars per dmt sold)		
Gross average realized selling price	**228.3**	107.8
Net average realized selling price[1]	**225.5**	100.3
Total cash cost[1] (C1 cash cost)	**48.9**	42.2
All-in sustaining cost[1]	**59.1**	46.8
Cash operating margin[1]	**166.4**	53.5

[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 MD&A included in note 20.

3. Quarterly Highlights

Health & Safety

- An employee recordable injury frequency rate of 2.7, which is in line with Québec's open-pit industry standards; and
- Fully operational COVID-19 laboratory and measures maintained in line with the Government of Québec (the "Government") directives to mitigate risks related to COVID-19.

Financial

- Revenues of $545.4M for the three-month period ended June 30, 2021, compared to $244.6M for the same period in 2020;
- Record EBITDA[1] of $405.7M for the three-month period ended June 30, 2021, compared to $130.2M for the same period in 2020;
- Record net income of $224.3M for the three-month period ended June 30, 2021 (EPS of $0.44), compared to $75.6M for the same period in 2020 (EPS of $0.16);
- Cash flow from operating activities before change in working capital items of $248.4M for the three-month period ended June 30, 2021, compared to $82.5M for the same period in 2020. Cash used in operating activities totalled $261.1M for the current period and included income and mining taxes payment, resulting in net cash outflow from operations of $12.6M, compared to net cash flow from operations of $75.3M for the same period in 2020;
- Redemption of $60.0M of QIO preferred shares on June 30, 2021 held by Caisse de dépôt et placement du Québec ("CDPI"), expected to reduce future dividend payments and overall cost of capital; and
- Cash on hand[1] and restricted cash of $466.7M and receivables of $283.3M as at June 30, 2021, compared to $680.5M and $98.8M, respectively, as at March 31, 2021.

Operations

- New 3-year collective agreement reached on June 23, 2021, maintaining the Company's strong partnership with its workers;
- Production of 1,936,000 wmt of high-grade 66.3% iron ore ("Fe") concentrate for the three-month period ended June 30, 2021, compared to 1,798,800 wmt of high-grade 66.5% Fe iron ore concentrate for the same period in 2020;
- Fe recovery rate of 82.9% for the three-month period ended June 30, 2021, compared to 82.3% for the same period in 2020; and
- Total cash cost[1] of $60.1/dmt (US$48.9/dmt) (C1) for the three-month period ended June 30, 2021, compared to $58.4/dmt (US$42.2/dmt) for the same period in 2020 mainly due to increased costs of the scheduled and completed semi-annual maintenance program.

[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 MD&A included in note 20.

3. Quarterly Highlights (continued)

Growth and Development

- Acquisition of the Kami Project and commencement of work related to revising the project's scope and its feasibility study; and
- Completion of the acquisition of the Lac Lamêlée property and the 1.5% net smelter return royalty on the Company’s Moiré Lake property and Fermont Properties portfolio.

Phase II Milestones

- Construction work is progressing as planned, with more than 300 individuals actively working on the Phase II project, which is expected to be completed by mid-2022; and
- Capital expenditures of $77.9M and advance payments to Société Ferroviaire et Portuaire de Pointe-Noire (“SFPPN”) and Quebec North Shore and Labrador Railway (“QNS&L”) totalling $40.3M were incurred in the three-month period ended June 30, 2021, with $288.6M invested to date.

4. Response to the COVID-19 Pandemic

Since the beginning of the pandemic, the Company has consistently and proactively deployed several measures in its efforts to mitigate risks related to COVID-19, in line with or exceeding Government guidelines.

In a collective effort to improve immunity against COVID-19, including the Company's ongoing participation in the Côte-Nord Industry Vaccination Center, the Québec vaccination campaign is progressing rapidly. According to daily data published on the website of the Institut National de Santé Publique du Québec, approximately 73% of Québec's population has received a first dose of vaccine and 63% are considered adequately vaccinated as at July 25, 2021.

Although the Company is managing its operations to mitigate risks related to COVID-19, given the significant uncertainty regarding the ultimate impact that the pandemic will have on the overall economy and the demand for iron ore concentrate, the extent to which it could impact operations and cash flows in the future remains uncertain and will depend on future developments, such as the duration of the pandemic, the emergence of variants, the efficacy and availability of vaccines and regulatory actions to contain the virus.

There has been no material change to the estimated impacts of the COVID-19 pandemic on the Company's ongoing and future operations and results since the filing of the 2021 annual MD&A on May 27, 2021. Refer to section 4 of the annual MD&A for the year ended March 31, 2021. The Company's full COVID-19 plan is available on its website at www.championiron.com.

5. Bloom Lake Phase II Update

The Phase II project 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 built 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. On June 20, 2019, the Company announced the findings of the Bloom Lake Feasibility Study (the "Feasibility Study"), including proven and probable mineral reserve estimates of 807.0 Mt (346.0 Mt of proven reserves and 461.0 Mt of probable reserves) at an average grade of 29.0% Fe.

During the three-month period ended June 30, 2021, $77,925,000 in capital expenditures and $40,338,000 in advance payments were incurred for the Phase II project, with $288,580,000 invested to date, including $30,549,000 in advance payments to SFPPN and $25,000,000 to QNS&L.

The Company had total cash on hand[1] and restricted cash of $466,711,000 as at June 30, 2021. In addition, the Company maintains a total undrawn credit facility (the "Senior Debt") of US$220,000,000, a master lease agreement for an amount up to US$75,000,000 in connection with the financing of Phase II mining equipment and a seven-year loan agreement with Fonds de Solidarité des Travailleurs du Québec ("FTQ") of $75,000,000, of which $45,000,000 remains undrawn as at June 30, 2021. Investments of $85,000,000 related to required upgrades at SFPPN, included in the overall Phase II capital expenditures, will be partially financed through a term loan of up to $70,000,000 signed on July 21, 2021 with Fonds du développement économique du Québec. Based on the foregoing and using ongoing operational cash flows, the Company is now fully funded for the construction of the Phase II project which is scheduled for completion by mid-2022.

[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 MD&A included in note 20.

5. Bloom Lake Phase II Update (continued)

Milestones

In connection with the construction work that is progressing as planned, there are currently more than 300 employees, consultants and subcontractors on-site to meet the Bloom Lake Phase II completion objectives. Project milestones that were achieved and related works undertaken during the three-month period ended June 30, 2021 include:

- Commencement of load-out conveyors' installation;
- Mechanical and electrical installation of the mill recirculation conveyors;
- Erection of structure steel in the milling and screening area;
- Excavation of the crushed ore conveyors' bunker;
- Continuation of piping installation inside the plant;
- Continuation of electrical work; and
- Delivery of some major mining equipment.

The progression of construction work accelerated significantly in May and should continue to increase and reach its peak during the second fiscal quarter until October 2021. The ongoing hiring campaign to support the Phase II expansion is progressing as planned and the project is scheduled for completion by mid-2022.

Bloom Lake Phase II reserves are based on the technical report entitled "Bloom Lake Mine – Feasibility Study Phase II", prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI-43-101") and the Joint Ore Reserves Committee ("JORC") Code (2012 edition) by BBA Inc., Soutex and WSP Canada Inc., having an effective date of June 20, 2019 and filed on August 2, 2019. Bloom Lake Phase II mineral reserves include Bloom Lake Phase I mineral reserves as of the effective date of the mineral reserve estimate reported in the Feasibility Study. 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. The Feasibility Study is available under the Company's filings at www.sedar.com, on the ASX at www.asx.com.au or the Company's website at www.championiron.com.

6. Product Research and Development

The Company believes that the steel industry is undergoing a structural shift in its production methods, including an increased focus on reducing greenhouse gas emissions from the iron and steelmaking processes. This dynamic could create a rising demand for higher-grade raw materials and a shift towards reduction technologies used to produce liquid iron, such as the use of direct reduced iron ("DRI") in electric arc furnaces ("EAF") instead of blast furnace-basic oxygen furnace ("BF-BOF") for liquid iron production.

Accordingly, the Company advanced its Research and Development ("R&D") program which aims to develop technologies and products to support the steelmaking transition from the BF-BOF method to the DRI-EAF method, while supporting emissions reduction in the BF-BOF process.

During the three-month period ended June 30, 2021, the Company incurred product R&D expenses of $1,353,000. The program focused on three main areas:

1. Development of an iron ore pellet feed consisting of more than 69% Fe;
2. Optimization of the DR quality 67.7% Fe iron ore concentrate production; and
3. Development of a cold pelletizing technology.

Additionally, in the three-month period ended June 30, 2021, and as part of its commitment to participate in the iron and steel industry's decarbonization, the Company further participated in financing and collaborating with a European-based company which holds a proprietary cold agglomeration technology. The objective of the cold pelletizing technology is to substantially reduce the emissions linked to the agglomeration of its material. Promising laboratory results demonstrated that carbon emissions related to agglomeration could be reduced by more than 95% with this technology. The Company intends to further test the potential of cold pelletizing technologies towards industrial trials, jointly with this European-based company.

7. Key Drivers

A. Iron Ore Concentrate Price

The price of iron ore concentrate is the most significant factor affecting 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 Company's control.

Due to the high-quality properties of its 66.2% iron ore concentrate, the Company's iron ore sales attract a premium over the P62 index, widely used as the reference price in the industry. As such, the Company quotes its products on the high-grade CFR China Index ("P65" or "Platts 65"). 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 per tonne of steel in the steelmaking process.

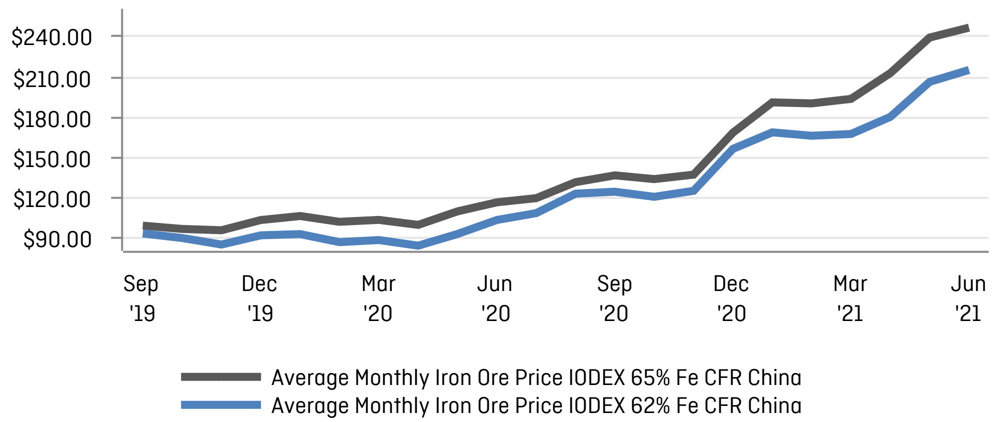
During the three-month period ended June 30, 2021, iron ore prices and high-grade premiums reached new record highs. The positive iron ore pricing momentum can likely be attributed to the continued global economic recovery contributing to the acceleration in global steel demand. Accordingly, robust global steel production had a direct influence on the demand for iron ore, further amplifying iron ore supply shortages. While Chinese steel production growth remained robust, resulting in new domestic production records during the period, the world ex-China also experienced an acceleration in steel output. In fact, the World Steel Association reported a crude steel output increase of 7.0% and 34.5% for China and the world, ex-China, respectively, for the three-month period ended June 30, 2021, compared to the same period of the previous year. In contrast to this acceleration in demand for iron ore is a limited supply response by major iron ore producing hubs, creating upward price momentum pressure in the market. Steel profit margins also improved during the period, incentivizing steelmakers to increase the use of high-grade iron ore in their raw material blends, leading the high-grade P65 index premium over the P62 index to break the US$35/dmt mark for the first time in history. During the period, various production restrictions were also enforced by the government of China, resulting in rising demand for direct charge products such as pellets and lumps, in order to maximize productivity. Higher demand for pellets positively impacted the demand for high-grade concentrates which are commonly used in the pelletizing process, further contributing to the increase in high-grade iron ore price premiums.

During the three-month period ended June 30, 2021, the P65 price for high-grade iron ore fluctuated from a low of US$196.7/dmt to a high of US$264.2/dmt. The P65 index average price for the period was US$232.3/dmt, an increase of 21% from the previous quarter, resulting in a premium of 16.2% over the P62 reference price of US$200.0/dmt. The Company's gross average realized selling price for the quarter was US$228.3/dmt, before adjustments related to provisional sales and ocean freight, resulting in a realized selling price premium of 14.2% over the P62 index. Sixty to seventy-five percent 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 balance of iron ore sales not subject to provisional pricing are based on backward-looking iron ore prices known at the time of the shipment. Accordingly, the gross realized price, for shipments utilizing a provisional pricing mechanism, is estimated using forward iron prices. Historically, forward iron ore prices were in backwardation, where future prices were lower than average market prices prevailing during a quarter, which historically contributed to reducing the gross realized price for the Company. By contrast, the average forward iron ore prices for the period from July 1, 2021 to September 30, 2021 as at June 30, 2021 were in contango, where future prices were slightly higher than the actual average iron ore price for the quarter ended June 30, 2021. While the Company benefited from higher future prices for sales subject to provisional pricing, the lower realized price recognized compared to the P65 index for the three-month period ended June 30, 2021, was attributable to some of the Company's contracted volumes that were sold based on previous months' prices, when the P65 prices were significantly lower. The Company should benefit from the current period prices for its contracted volumes based on previous months' P65 prices in the upcoming quarter ending September 30, 2021. Taking into account sales adjustments and sea freight costs, the Company's net realized FOB price was US$225.5/dmt (CA$276.2/dmt). The Company remains well positioned to benefit from higher iron ore prices as it has no fixed price contracts in place, and the Bloom Lake Mine is not subject to royalties.

7. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

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



As detailed above, a significant portion 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 of discharge. The Company recognizes revenues from iron ore sales contracts upon vessel departure. In order to estimate the final sales price as assigned by sales contracts, the Company assigns a provisional price upon vessel departure. The estimated gross consideration in relation to the provisionally priced contracts is accounted for using the P65 forward iron ore price at the expected settlement date. Once the vessel arrives at its destination, the impact of the iron ore price fluctuations, compared to the estimated price at the time of departure, is accounted for as a provisional pricing adjustment to revenue.

As the Company's sales are subject to freight routes that take up to 55 days before reaching its customers, and since vessels subject to provisional price adjustments are already in transit at quarter end, the final price adjustments to the provisional price are structurally more exposed in the earlier months of each quarter. During the three-month period ended June 30, 2021, a final price of US$232.3 was established for the 1,007,000 tonnes of iron ore that were in transit as at March 31, 2021 and which were previously evaluated using an average expected price of US$182.7. Accordingly, during the three-month period ended June 30, 2021, provisional pricing adjustments of $60,895,000 were recorded as additional revenues for these tonnes, representing a positive impact in the current quarter of US$49.57/dmt. The adjustments represent US$25.3/dmt (CA$30.84/dmt) over the total volume sold during the current period. As at June 30, 2021, 1,156,100 tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods (June 30, 2020: 1,310,000 tonnes). A provisional price of US$245.8/dmt has been used as at June 30, 2021, to estimate the sales of the Company's iron ore that remain subject to final price setting.

7. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

The following table details the Company's exposure, as at June 30, 2021, in relation to the impact of movements in the iron ore price for the provisionally invoiced sales volumes:

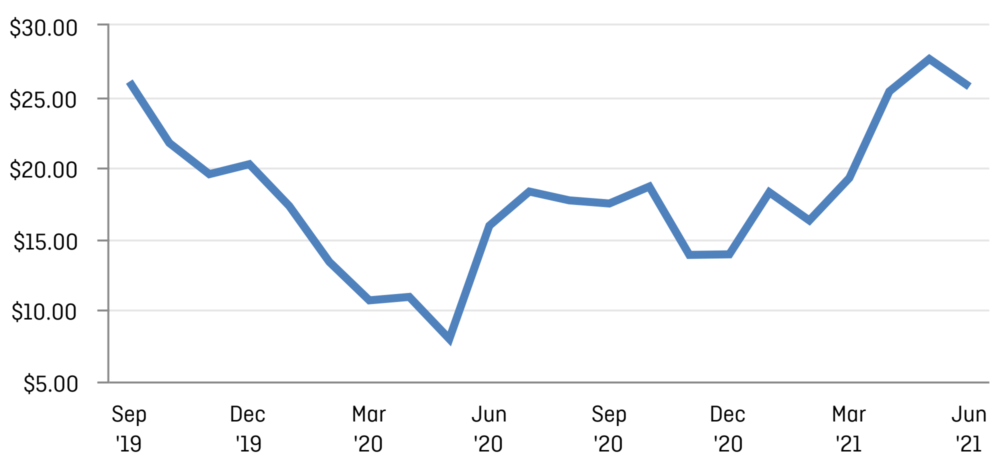
(in U.S. dollars)	As at June 30, 2021
Tonnes (dmt) subject to provisional pricing adjustments	**1,156,100**
10% increase in iron ore prices	**28,420**
10% decrease in iron ore prices	**(28,420)**

The sensitivities demonstrate the monetary impact on ore sales revenues resulting from a 10% increase and a 10% decrease in the realized selling prices as at June 30, 2021, while holding constant all other variables, including foreign exchange rates. 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.

B. Sea Freight

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

US$ 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 freight rate. Based on this observed correlation, when the price of iron ore fluctuates, the ocean freight rate usually fluctuates in tandem. As the freight cost for the ocean transport between Sept-Îles 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 Company's largest operating costs.

7. Key Drivers (continued)

B. Sea Freight (continued)

The tragic event of the Brumadinho dam rupture in Brazil in January 2019 altered the connection between iron ore prices and the C3 freight rate, as one of the largest global producers of iron ore experienced a significant production curtailment, impacting export volumes from Brazil since the first half of calendar 2019. In the second half of calendar 2019, some operations affected by these events resumed production, which contributed to both an increase in exports and the C3 route index. By January 2020, the world freight markets had stabilized, after which the COVID-19 pandemic negatively impacted the industry, with a reduction in global economic activities.

During the three-month period ended June 30, 2021, the C3 index averaged US$26.2/t. The index not only reached record highs since 2011 but also saw increased volatility after nearly one year of being suppressed below US$20/t. A combination of factors contributed to the rising price of the freight index. Notable factors included the global economic recovery positively impacting demand for raw materials, and rising fuel prices returning to near pre-pandemic levels. In addition, demand for Capesize vessels continued to experience the ripple effects from rising demand for small ship freight, where container rates maintained historical highs during the period. Several shippers were reportedly combining parcels to ship in larger size vessels in an attempt to avoid the rising freight costs. This surge in smaller parcel freight cost was likely impacted by rising fuel prices throughout the period, as well as the global economic recovery.

Due to its distance from main shipping hubs, Champion typically contracts vessels three to four weeks 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 uniformly throughout the year.

C. Currency

The Canadian dollar is the Company’s functional and reporting 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 Senior 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 this natural hedge, the Company is exposed to foreign currency fluctuations as its mining operating expenses are mainly incurred in Canadian dollars. During the three-month period ended June 30, 2021, the Company entered into forward foreign exchange contracts to reduce the risk of variability of future cash flows resulting from forecasted sales and comply with its Senior Debt covenants.

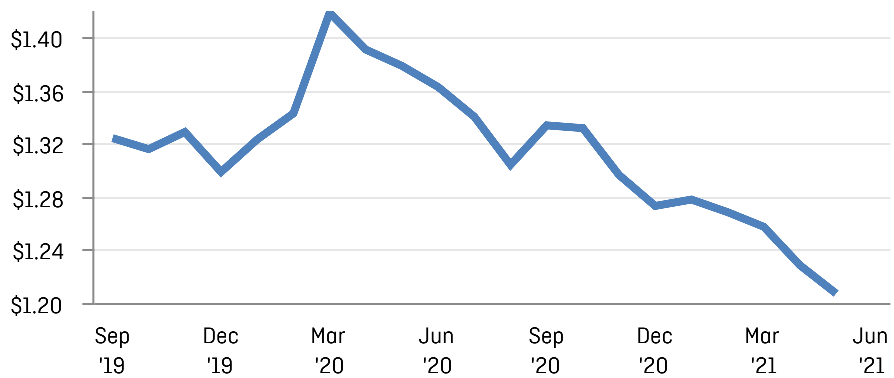
The strengthening of the U.S. dollar would positively impact the Company’s net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the majority of the Company's long-term debt is denominated in U.S. dollars, the Company is subject to ongoing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

(Expressed in Canadian dollars, except where otherwise indicated)

7. Key Drivers (continued)

C. Currency (continued)

Monthly Closing Exchange Rate – CA$/US$



Exchange rates are as follows:

	CA$ / US$					
	Average			Closing		
	FY2022	FY2021	Variance	**FY2022**	FY2021	Variance
Q1	**1.2282**	1.3853	(11)%	**1.2394**	1.3628	(9)%
Q2	**—**	1.3321	— %	**—**	1.3339	— %
Q3	**—**	1.3030	— %	**—**	1.2732	— %
Q4	**—**	1.2660	— %	**—**	1.2575	— %
Year-end as at March 31	**—**	1.3219	— %	**—**	1.2575	— %

Apart from these key drivers, the potential impact of the COVID-19 pandemic and the risk factors are described in the “Risk Factors” sections of the Company's 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021. Management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations.

8. Bloom Lake Mine Operating Activities

	Three Months Ended June 30,		
	2021	2020	Variance
Operating Data			
Waste mined and hauled (wmt)	**4,699,500**	2,612,800	80%
Ore mined and hauled (wmt)	**5,643,900**	4,682,600	21%
Material mined and hauled (wmt)	**10,343,400**	7,295,400	42%
Strip ratio	**0.83**	0.56	48%
Ore milled (wmt)	**5,227,200**	4,604,600	14%
Head grade Fe (%)	**29.6**	31.3	(5%)
Fe recovery (%)	**82.9**	82.3	1%
Product Fe (%)	**66.3**	66.5	—%
Iron ore concentrate produced (wmt)	**1,936,000**	1,798,800	8%
Iron ore concentrate sold (dmt)	**1,974,700**	1,758,800	12%
Financial Data (in thousands of dollars)			
Revenues	**545,408**	244,574	123%
Cost of sales	**120,846**	107,338	13%
Other expenses	**14,560**	9,541	53%
Net finance costs	**4,387**	1,145	283%
Net income	**224,339**	75,556	197%
EBITDA[1]	**405,739**	130,162	212%
Statistics (in dollars per dmt sold)			
Gross average realized selling price	**279.7**	149.2	87%
Net average realized selling price[1]	**276.2**	139.1	99%
Total cash cost (C1 cash cost)[1]	**60.1**	58.4	3%
All-in sustaining cost[1]	**72.6**	64.8	12%
Cash operating margin[1]	**203.6**	74.3	174%

Operational Performance

On March 24, 2020, the Company announced the ramp down of its operations following Government directives in response to the COVID-19 pandemic. Operations gradually ramped up following the Government's announcement in April 2020 that mining activities were to be considered a "priority service" in Québec. Early actions implemented by the Company in response to the COVID-19 pandemic minimized impacts on the Company and its operations.

During the three-month period ended June 30, 2021, operational activities were impacted by a scheduled and completed semi-annual maintenance program. The next semi-annual maintenance is scheduled for the third quarter of the 2022 fiscal year.

In the current period, the Company and its mine site workers agreed on the terms of a new 3-year collective agreement on June 23, 2021, maintaining the Company's strong mutually beneficial partnership with its workers. The negotiation process did not affect the Company's operations.

[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 MD&A included in note 20.

8. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

In the three-month period ended June 30, 2021, 10,343,400 tonnes of material were mined and hauled, compared to 7,295,400 tonnes for the same period in 2020, an increase of 42%. This increase in material mined and hauled is attributable to the negative impact of the COVID-19 pandemic on several of the Company's other activities in the comparative period and to a higher strip ratio as per the mine plan in connection with the preparation for the Phase II project operations. The increase in material movement was enabled by the Company's ongoing mining equipment rebuild program, which provided a higher equipment utilization rate and additional equipment availability, and the commissioning of an additional haul truck during the second quarter of the 2021 fiscal year.

The strip ratio increased to 0.83 for the three-month period ended June 30, 2021, compared to 0.56 for the same period in 2020. The strip ratio is consistent with the mine plan for this period of the year.

The iron ore head grade for the three-month period ended June 30, 2021 was 29.6%, compared to 31.3% for the same period in 2020. 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, which was anticipated and is in line with the mining plan and the LoM head grade average.

The Bloom Lake plant processed 5,227,200 tonnes of ore during the three-month period ended June 30, 2021, compared to 4,604,600 tonnes for the same period in 2020, representing an increase of 14%. The higher throughput is attributable to the combination of the COVID-19 imposed ramp-down in the comparative period and the higher mill throughput rate for the recently completed quarter. The continuous improvements and operational innovations saw the Company increase throughput stability and reach a higher level of mill productivity, enabling the Company to capitalize on elevated iron ore prices.

Bloom Lake produced 1,936,000 wmt of 66.3% Fe high-grade iron ore concentrate during the three-month period ended June 30, 2021, an increase of 8%, compared to 1,798,800 wmt of 66.5% Fe for the same period in 2020. The higher production is attributable to the mining of higher ore tonnages, and both higher throughput and recovery performance at the plant.

9. Financial Performance

A. Revenues

	Three Months Ended June 30,		
	2021	2020	Variance
(in U.S. dollars per dmt sold)			
Index P62	**200.0**	93.3	114%
Index P65	**232.3**	108.3	114%
US$ Gross average realized selling price	**228.3**	107.8	112%
Freight and other costs	**(28.1)**	(16.8)	67%
Provisional pricing adjustments	**25.3**	9.3	172%
US$ Net average realized FOB selling price[1]	**225.5**	100.3	125%
FX conversion	**50.7**	38.8	31%
CA$ Net average realized FOB selling price[1]	**276.2**	139.1	99%

During the three-month period ended June 30, 2021, 1,974,700 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price of US$228.3/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US$228.3/dmt represents a premium of 14.2% over the benchmark P62 price, compared to a premium of 15.5% for the same period in 2020. The gross average realized selling price reflects the sales at a determined price, as well as the forward price of US$232.3 at the expected settlement date for 1,156,100 tonnes which were in transit at the end of the period. The gross average realized selling price of US$228.3/dmt is lower for the quarter, compared to the average P65 of US$232.3/dmt. The difference is due to the fact that 25% to 40% of iron ore sales are not subject to provisional pricing and are based on backward-looking iron ore prices, which were approximately US$40/dmt lower than the current spot price.

Further to recent discounting, required to compete with low pellet pricing and Chinese domestic concentrates priced lower than seaborne ones, the Company now has the ability to fully benefit from the premium pricing of its high-grade product and, in some cases, realizing a supplementary premium to the index. The Company believes that global carbon emissions reduction efforts will support the demand for high-grade raw materials including concentrates and pellets. As such, the Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term. In addition, the Company should continue to benefit from the current period prices for its contracted volumes based on previous months' P65 prices in the upcoming fiscal period ending September 30, 2021. Other factors influencing the Company's realized price included the increasing demand for low silica and alumina products, due to rising coking coal prices and falling levels of iron ore inventories at Chinese ports, further tightening iron ore availability.

During the three-month period ended June 30, 2021, the global economic recovery, rising fuel prices and decreased vessel availability contributed to the rising sea freight index, when compared to the previous quarter. As a result, the Company paid higher freight costs in the three-month period ended June 30, 2021, compared to the same period in 2020. The freight costs variation relative to the Baltic Exchange C3 index during the period is mainly due to the timing of the vessels' booking.

During the three-month period ended June 30, 2021, the final price was established for the 1,007,000 tonnes of iron ore that were in transit as at March 31, 2021. Accordingly, during the three-month period ended June 30, 2021, provisional pricing adjustments of $60,895,000 were recorded as additional revenues for the 1,007,000 tonnes, representing a positive impact of US$25.3/dmt for the period.

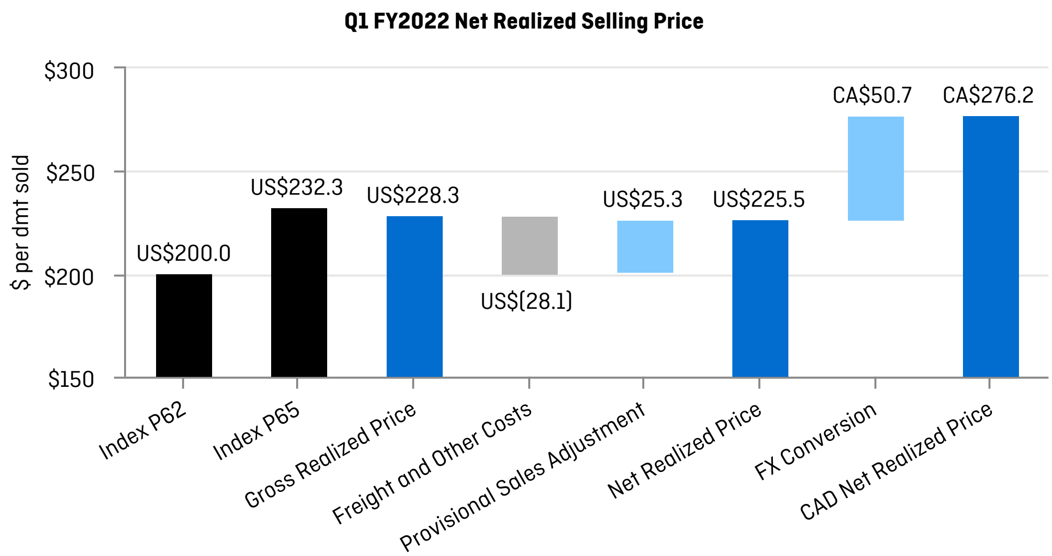
After taking into account sea freight costs of US$28.1/dmt and the provisional sales adjustment of US$25.3/dmt, the Company obtained a net average realized selling price[1] of US$225.5/dmt (CA$276.2/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $545,408,000 for the three-month period ended June 30, 2021 compared to $244,574,000 for the same period in 2020. The increase is attributable to a higher net average realized selling price[1] and higher tonnages of iron ore concentrate being sold.

For the three-month period ended June 30, 2021, the Company sold 1,974,700 tonnes of iron ore concentrate shipped to 6 customers located in China, Japan and South Korea.

[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 MD&A included in note 20.

9. Financial Performance (continued)

A. Revenues (continued)



B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related general and administrative ("G&A") expenses. For the three-month period ended June 30, 2021, the cost of sales totalled $120,846,000, compared to $107,338,000 for the same period in 2020.

During the three-month period ended June 30, 2021, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific and incremental costs related to COVID-19, totalled $60.1/dmt, compared to $58.4/dmt for the same period in 2020. The total cash cost[1] for the period was higher mainly due to increased costs of the scheduled and completed maintenance program.

C. Gross Profit

The gross profit for the three-month period ended June 30, 2021 totalled $414,603,000, compared to $128,296,000 for the same period in 2020. The increase in gross profit is mainly attributable to higher revenues, as a result of a higher net average realized selling price[1] of $276.2/dmt for the three-month period ended June 30, 2021, compared to $139.1/dmt for the same period in 2020.

D. Other Expenses

	Three Months Ended June 30,		
	2021	2020	Variance
(in thousands of dollars)			
Share-based payments	**1,289**	885	46 %
General and administrative expenses	**7,804**	5,184	51 %
Product research and development expenses	**1,353**	—	— %
Sustainability and other community expenses	**4,114**	3,472	18 %
	14,560	9,541	53 %

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 MD&A included in note 20.

9. Financial Performance (continued)

D. Other Expenses (continued)

The variation in other expenses, compared to the same period in 2020, is due to higher salaries and benefits from a higher headcount and higher administration costs.

Also, during the three-month period ended June 30, 2021, the Company incurred R&D expenses of $1,353,000, which aim to develop technologies and products supporting emissions reduction. R&D expenses are mainly comprised of consultant fees and salaries and benefits. Refer to section 6 — Product Research and Development.

In addition, higher sustainability and other community expenses in the three-month period ended June 30, 2021 reflected the Company's increased focus on sustainability.

E. Net Finance Costs

Net finance costs increased and totalled $4,387,000 for the three-month period ended June 30, 2021, compared to $1,145,000 for the same period in 2020 mainly as a result of an increased foreign exchange loss, partially offset by lower interest on long-term debt.

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated Senior Debt. During the three-month period ended June 30, 2021, the foreign exchange loss amounted to $2,027,000, compared to a foreign exchange gain of $1,774,000 in the same period in 2020. Higher realized and unrealized foreign exchange loss is due to the revaluation of its net monetary assets denominated in U.S. dollars, following an appreciation of the Canadian dollar against the U.S. dollar as at June 30, 2021, compared to March 31, 2021. The appreciation of the Canadian dollar contributed to an unrealized foreign exchange loss on its accounts receivable and cash on hand[1] denominated in U.S. dollars, partially offset by a foreign exchange gain on the Company's Senior Debt.

The interest on long-term debt amounted to $508,000 in the three-month period ended June 30, 2021, compared to $1,802,000 for the same period in 2020, due to the progress on the Phase II project and the build-up of qualifying assets, resulting in a higher capitalization rate being used to determine the amount of borrowing costs eligible for capitalization.

F. Other Income (Expense)

During the three-month period ended June 30, 2021, other expense amounted to $4,263,000 and is mainly comprised of the non-cash unrealized loss on derivative liabilities as the Company entered into forward foreign exchange contracts to reduce the variability risk of future cash flows resulting from forecasted sales and to comply with its Senior Debt covenants. The Company did not apply hedge accounting on these contracts. For the same period in 2020, other income of $2,467,000 represents the change in fair value of non-current investments resulting from a share price increase of its equity investments during the period.

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 are based on the mining profit margins as follows:

Mining Profit Margin Range	**Tax Rate**
Mining profit between 0% to 35%	**16 %**
Incremental mining profit over 35%, up to 50%	**22 %**
Incremental mining profit over 50%	**28 %**

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the three-month period ended June 30, 2021 (2020: 26.50%).

[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 MD&A included in note 20.

9. Financial Performance (continued)

G. Income Taxes (continued)

During the three-month period ended June 30, 2021, current income and mining tax expenses totalled $160,754,000, compared to $43,442,000 for the same period in 2020. The variation is mainly due to higher taxable profit associated with higher iron ore prices and higher iron ore concentrate sold.

During the three-month period ended June 30, 2021, deferred income and mining tax expenses totalled $6,300,000, compared to $1,079,000 for the same period in 2020. The increase for the three-month period ended June 30, 2021 is mainly due to the application of a higher tax rate of 20% on the temporary differences, as per the progressive mining tax rates schedule detailed above, resulting from the Company's higher mining profit.

Combining the provincial, federal statutory tax rates and mining taxes, the Company's effective tax rate ("ETR") was 43% for the three-month period ended June 30, 2021, compared to 37%, for the same period in 2020. The ETR of 43% was due to the Company's higher mining profit resulting in the application of a higher mining tax rate of 20%, as per the progressive mining tax rates schedule detailed above.

During the three-month period ended June 30, 2021, the Company paid $261,733,000 in income and mining taxes, of which $191,542,000 was for mining and income taxes for the period of April 1, 2020 to March 31, 2021, and $70,191,000 was for tax installments. Since monthly tax installments are based on the previous fiscal year's taxable income, which was lower due to the iron ore concentrate price increase during the three-month period ended June 30, 2021, the current income and mining taxes of $160,754,000 exceed the tax installments paid of $70,191,000, resulting in an income and mining taxes payable of $90,563,000 as at June 30, 2021.

H. Net Income & EBITDA[1]

For the three-month period ended June 30, 2021, the Company generated a record net income of $224,339,000 (EPS of $0.44), compared to $75,556,000 (EPS of $0.16) for the same period in 2020. The increase in net income is mainly due to higher gross profit and improved production resulting in more iron ore concentrate sold, partially offset by higher income and mining taxes from increased taxable income.

For the three-month period ended June 30, 2021, the Company generated record EBITDA[1] of $405,739,000, including non-cash share-based payments, representing an EBITDA margin[1] of 74%, compared to $130,162,000, representing an EBITDA margin[1] of 53% for the same period in 2020. The variation in EBITDA[1] period over period is primarily due to the greater revenue from higher net average realized selling price[1].

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

During the three-month period ended June 30, 2021, the Company realized an AISC[1] of $72.6/dmt, compared to $64.8/dmt for the same period in 2020. The variation is due to higher total cash cost[1] and higher sustaining capital expenditures related to higher stripping and mining activities and higher investments made in tailings lifts. Stripping and mining activities were negatively impacted by the reduced level of operations at the onset of the COVID-19 pandemic in the three-month period ended June 30, 2020. During the three-month period ended June 30, 2021, the Company performed preventive work on the dykes. Refer to section 11 - Cash Flows (Investing - i. Purchase of Property, Plant and Equipment).

Deducting the AISC[1] of $72.6/dmt from the net average realized selling price[1] of $276.2/dmt, the Company generated a cash operating margin[1] of $203.6/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended June 30, 2021, compared to $74.3/dmt for the same period in 2020. The variation is essentially attributable to a higher net average realized selling price[1].

[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 MD&A included in note 20.

10. Exploration Activities and Regional Growth

Exploration Activities

During the three-month period ended June 30, 2021, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three-month period ended June 30, 2021, the Company incurred $743,000 in exploration and evaluation expenditures, compared to $76,000 for the same period in 2020. During the three-month period ended June 30, 2021, the exploration expenditures mainly consisted of costs associated with minor exploration work and preliminary work related to updating the Kami Project feasibility study. In the comparative period, exploration expenditures related to the acquisition costs of staking additional exploration claims and the fees required to maintaining all of the Company's properties.

Acquisition of the Kami Project

On April 1, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. The Kami Project and the related mining properties are located in the Labrador Trough geological belt in southwestern Newfoundland, near the Québec border. Refer to note 5 - Acquisition of the Kami Project of the Financial Statements.

The Kami Project is a high-grade iron ore project near available infrastructure, situated only a few kilometers south-east of the Company's operating Bloom Lake Mine. Alderon Iron Ore Corp. ("Alderon"), the Kami Project's former owner, previously disclosed historical resources estimated at 1,274.5 Mt of measured and indicated resources (536.9 Mt measured and 737.6 Mt indicated) and proven and probable reserves of 517.2 Mt (392.7 Mt proven and 124.5 Mt probable). The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition), and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves[1].

Alderon completed an updated feasibility study on the Kami Project in September 2018. The Company is currently revising the Kami Project's scope and has initiated work intended to update the feasibility study, which is expected to be completed in the second half of 2022, as part of the Company's strategy to evaluate its growth alternatives within its property portfolio.

1 The historical Kami Project resource estimates are based on the NI 43-101 technical report entitled "Feasibility Study of the Rose Deposit and Resource Estimate for the Mills Lake Deposit of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Stantec and Watts, Griffis and McOuat Ltd. dated January 9, 2013 and having an effective date of December 17, 2012. The historical Kami Project reserve estimates are based on the NI 43-101 technical report entitled "Updated Feasibility Study of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon Iron Ore Corp. by BBA Inc., Gemtec Ltd., Watts, Griffis and McOuat Ltd. and Golder Associates Ltd. dated October 31, 2018 and having an effective date of September 26, 2018. Kami Project mineral resources include Kami Project mineral reserves. The historical mineral resources and reserves mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules. As stated above, the Company has initiated work to revise the Kami Project's scope and update the feasibility study.

10. Exploration Activities and Regional Growth (continued)

Acquisition of Exploration Property from Fancamp Exploration Ltd. ("Fancamp")

On July 12, 2021, the Company completed the acquisition of the Lac Lamêlée property and a 1.5% net smelter royalty interest on the Company's Moiré Lake property and the Company's Fermont property portfolio, including the O'Keefe-Purdy, Harvey-Tuttle, and Consolidated Fire Lake North properties from Fancamp.

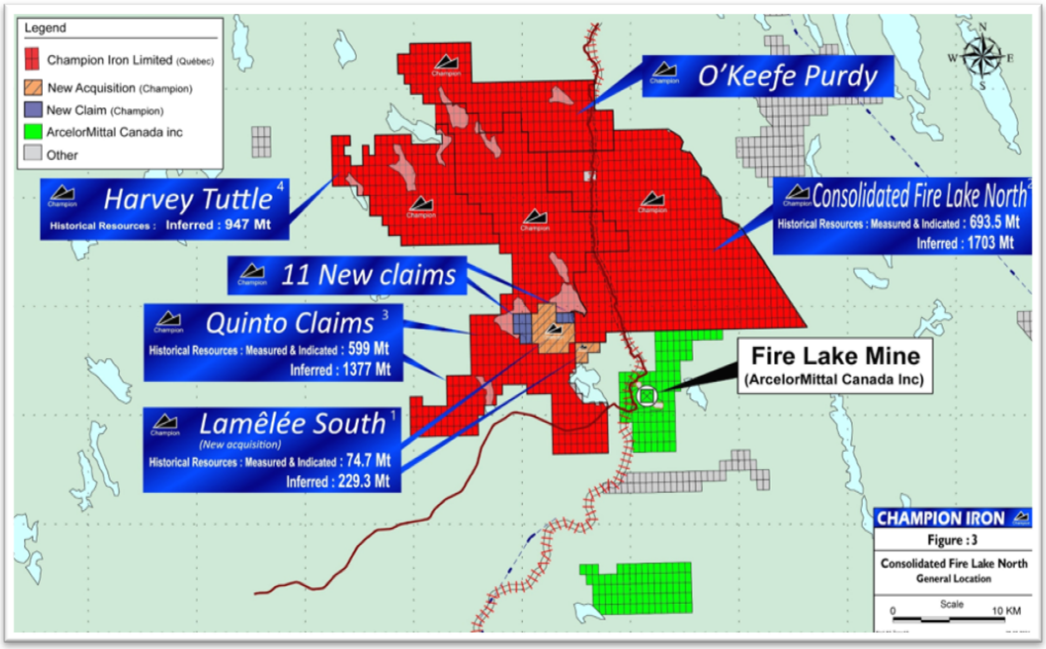
The Lac Lamêlée property adds an additional 74.7 Mt[1] of historical indicated resources and 229.3 Mt[1] of historical inferred resources, with the project located adjacent to the Company's existing development properties south of Bloom Lake. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves.

Consideration paid to Fancamp included $1,300,000 in cash, an undertaking in favour of Fancamp to make future finite production payments on a fixed amount of future iron ore production payable once certain production thresholds have been reached with respect to the Lac Lamêlée, Moiré Lake and Fermont property portfolio properties.

Concurrently with the transaction, the Company also staked 11 additional claims directly adjacent to the Lac Lamêlée property.

[1] The historical Lac Lamêlée resource estimates are based on the NI 43-101 technical report entitled "NI 43-10 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralizations have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.

10. Exploration Activities and Regional Growth (continued)



Notes

1. The historical Lac Lamêlée resource estimates are based on the NI 43-101 technical report entitled "NI 43-10 Technical Report and Mineral Resource Estimate on the Lac Lamêlée South Resources Quebec - Canada" by Met-Chem, a division of DRA Americas Inc. dated July 28, 2017 and having an effective date of January 26, 2017. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near the Company's existing mining tenements and therefore the reports on these mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
2. The historical Consolidated Fire Lake resource estimates are based on the NI 43-101 technical report entitled "Preliminary Feasibility Study of the West and East Pit Deposits of the Fire Lake North Project" by BBA Inc., P&E Mining Consultants Inc. and Rail Cantech Inc. dated February 22, 2013 and having an effective date of January 25, 2013. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion Iron Limited is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion Iron Limited's existing mining tenements and therefore the reports on these mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
3. The historical Quinto Claims resource estimates are based on the NI 43-101 technical reports entitled "Mineral Resource Technical Report, Peppler Project, Quebec" (as regards Peppler Lake), "Mineral Resource Technical Report, Lamelee Project, Quebec" (as regards Lamêlée) and "Mineral Resource Technical Report, Hobdad Project, Quebec" (as regards Hobdad), each prepared by G H Wahl & Associates Consulting dated February 15, 2013 and having an effective date of December 31, 2012. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion Iron Limited is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion Iron Limited's existing mining tenements and therefore the reports on these mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
4. The historical Harvey Tuttle resource estimates are based on the NI 43-101 technical report entitled "Technical Report and Resource Estimate on the Harvey-Tuttle Property Québec, Canada" by P&E Mining Consultants Inc. dated April 13, 2011 and having an effective date of February 25, 2011. The historical mineral resources mentioned are strictly historical in nature, are non-compliant with NI 43-101 and the JORC Code (2012 edition) and should therefore not be relied upon. A qualified person or competent person has not done sufficient work to upgrade or classify the historical estimates as current "mineral resources", "mineral reserves" or "ore reserves", as such terms are defined in NI 43-101 and the JORC Code (2012 edition), and it is uncertain whether, following evaluation and/or further exploration work, the historical estimates will be able to be reported as mineral resources, mineral reserves or ore reserves in accordance with NI 43-101 or the JORC Code (2012 edition). Champion Iron Limited is not treating the historical estimates as current mineral resources, mineral reserves or ore reserves. These reserves and resources are not material mining projects and are for properties adjacent to or near Champion Iron Limited's existing mining tenements and therefore the reports on these mineralization have not been prepared in accordance with the JORC Code (2012 edition) and the ASX Listing Rules.
5. Certain resources mentioned are foreign estimates from an Australian perspective.

11. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended June 30,	
	2021	2020
(in thousands of dollars)		
Operating cash flows before working capital	**248,448**	82,520
Changes in non-cash operating working capital	**(261,077)**	(7,232)
Net cash flow (used in) from operating activities	**(12,629)**	75,288
Net cash flow used in investing activities	**(163,788)**	(23,697)
Net cash flow (used in) from financing activities	**(35,006)**	2,418
Net increase (decrease) in cash and cash equivalents	**(211,423)**	54,009
Effects of exchange rate changes on cash and cash equivalents	**(4,336)**	(5,157)
Cash and cash equivalents, beginning of period	**609,316**	281,363
Cash and cash equivalents, end of period	**393,557**	330,215
Operating cash flow (outflow) per share[1]	**(0.02)**	0.16

Operating

During the three-month period ended June 30, 2021, the Company generated operating cash flows of $248,448,000 before working capital items, compared to $82,520,000 for the same period in 2020. 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 tonnes of iron ore concentrate shipped. In addition to the payment of $191,542,000 for mining and income taxes for the period of April 1, 2020 to March 31, 2021, changes in working capital items for the period were affected by the timing of supplier payments and customer receipts. Higher trade receivables as at June 30, 2021 were impacted by the fact that iron concentrate shipped on three vessels was sold during the quarter but not yet collected. Based on the foregoing, the operating cash outflow per share[1] for the three-month period ended June 30, 2021 was $0.02, compared to operating cash flow per share[1] of $0.16 for the same period in 2020.

As the iron ore concentrate price remained elevated during the 2021 fiscal year, it resulted in a higher taxable income in the current fiscal year. Since monthly tax installments are based on the previous fiscal year's taxable income, the amount of income and mining taxes payable for the period from April 1, 2021 to June 30, 2021 totalled $90,563,000, as currently reflected in the Company's statements of financial position.

[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 MD&A included in note 20.

11. Cash Flows (continued)

Investing

i. Purchase of Property, Plant and Equipment

During the three-month period ended June 30, 2021, the Company invested $109,939,000 in property, plant and equipment, compared to $22,796,000 for the same period in 2020. The following table summarizes the investments made:

	Three Months Ended June 30,	
	2021	2020
(in thousands of dollars)		
Tailings lifts	**6,338**	554
Stripping and mining activities	**8,534**	2,630
Mining equipment rebuild	**1,895**	2,762
Sustaining capital expenditures	**16,767**	5,946
Phase II	**77,925**	5,839
Other capital development expenditures at Bloom Lake	**15,247**	11,011
Purchase of property, plant and equipment as per cash flows	**109,939**	22,796

The increase in tailings-related investments for the three-month period ended June 30, 2021, compared to the same period in 2020, is due to preventive work performed on the dykes. As part of the Company's ongoing and thorough monitoring and inspections of its tailings infrastructure, the Company continues to invest in its safe tailings strategy. Accordingly, some preventive and corrective interventions on two specific dykes are scheduled for the 2022 fiscal year, with an estimated cost of approximately $23,000,000.

The variance in the costs related to stripping and mining activities is attributable to the ramp-down of operations in the first quarter of the 2021 fiscal year, mandated by the Government's COVID-19 containment directives, whereby operations were negatively affected in the comparable period. The stripping activities for the three-month period ended June 30, 2021 were higher, as anticipated, compared to the same period in 2020 as a result of the mine plan. Refer to Section 8 - Bloom Lake Mine Operating Activities.

The Company's mining equipment rebuild program reflects the work planned and undertaken during the three-month period ended June 30, 2021.

Following the Board's final approval on November 12, 2020, to complete the Phase II project, the Company accelerated its expenditures related to the Phase II project and expects to continue to do so over the coming quarters. During the three-month period ended June 30, 2021, the Phase II project advanced considerably and totalled $77,925,000 in capital expenditures and $40,338,000 in advance payments to SFPPN and QNS&L. Major milestones achieved during the three-month period ended June 30, 2021 include the commencement of the load-out conveyors' installation, structural steel erection in the milling and screening area, continuation of piping installation inside the plant and mechanical and electrical installation of the mill recirculation conveyors, whereas in the same period in 2020, the work consisted of detailed engineering and the production of spirals.

During the three-month period ended June 30, 2021, other capital development expenditures at Bloom Lake totalled $15,247,000 and include an additional investment of $3,800,000 in lodging infrastructure at the mine site to accommodate the increasing workforce, deposits of $4,500,000 for production equipment to be commissioned and financed through the master lease agreement with Caterpillar Finance Services in the future and an investment of $4,100,000 to increase mill capacity and other infrastructure improvements. During the three-month period ended June 30, 2020, other capital development expenditures at Bloom Lake totalled $11,011,000 and consisted of infrastructure upgrades at the mine, the commissioning of new service equipment and the acquisition of 100 additional used railcars at a cost of $5,500,000.

11. Cash Flows (continued)

Investing (continued)

ii. Acquisition of the Kami Project

During the three-month period ended June 30, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. Refer to note 5 - Acquisition of the Kami Project in the Financial Statements. The consideration included a cash payment of $15,000,000 in addition to transaction costs of $444,000.

iii. Other Investing Activities

During the three-month period ended June 30, 2021, the Company partially disposed some of its marketable securities investment for proceeds of $7,060,000, which is partially offset by the acquisition of the common shares of a private entity in connection with its R&D activities related to cold pelletizing, resulting in net proceeds on disposal of non-current investments of $5,821,000.

Finally, during the three-month period ended June 30, 2021, the Company made advance payments totalling $40,338,000 to SFPPN and QNS&L for infrastructure upgrades required to accommodate the anticipated increased Phase II production volumes and for Phase II rail access.

Financing

On May 21, 2021, the Company signed a loan agreement with FTQ for an amount up to $75,000,000. During the three-month period ended June 30, 2021, the Company made a drawdown of $30,000,000 related to this financing agreement.

During the three-month period ended June 30, 2021, 100,000 stock options were exercised for proceeds totalling $500,000, compared to 5,153,000 stock options exercised for proceeds totalling $2,651,000 during the same period in 2020.

Finally, during the three-month period ended June 30, 2021, the Company redeemed 60,000,000 QIO preferred shares held by CDPI, at par value, for a consideration of $60,000,000. QIO also declared and paid the accumulated dividends on its preferred shares, for the period from April 1, 2021 to June 30, 2021, inclusively, for a total disbursement of $4,266,000, pursuant to the current 9.25% dividend rate. The redemption of the QIO preferred shares is expected to reduce future dividend payments and overall cost of capital for the Company and will be beneficial to the Company's shareholders.

12. Financial Position

As at June 30, 2021, the Company held $466,711,000 in cash on hand[1] and restricted cash. The Company is well positioned to fund all its cash requirements for the next 12 months with its existing cash balance, its forecasted cash flows from operations, its available portion of the undrawn Senior Debt of US$220,000,000, its master lease agreement with SMBC Rail Services Canada ULC to finance Phase II railcars, its master lease agreement with Caterpillar Financial Services Limited of US$75,000,000 and its loan with FTQ of which $45,000,000 was undrawn as at June 30, 2021. Moreover, on July 21, 2021, Investissement Québec, a member of the Senior Debt syndicate, and the Fonds du développement économique signed a financial agreement to partially fund up to $70,000,000 of QIO's $85,000,000 investment required to upgrade SFPPN's existing infrastructure.

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

- Mine operating costs;
- Remaining expenditures in relation to the Phase II expansion project;
- Sustaining capital expenditures;
- Payment of mining and income taxes; and
- First capital repayment of the Senior Debt, scheduled for June 30, 2022.

Dividends on QIO's preferred shares may be accumulated on a quarterly basis at the Company's discretion. As at June 30, 2021, the Company had no capitalized, undeclared and unpaid dividends on QIO's preferred shares.

The following table details the changes to the statement of financial position as at June 30, 2021 compared to March 31, 2021:

	As at June 30, 2021	As at March 31, 2021	Variance
(in thousands of dollars)			
Cash and cash equivalents	**393,557**	609,316	(35%)
Short-term investments	**29,775**	27,200	9%
Cash on Hand[1]	**423,332**	636,516	(33%)
Receivables	**283,336**	98,755	187%
Other current assets	**80,827**	72,268	12%
Total Current Assets	**787,495**	807,539	(2%)
Restricted cash	**43,379**	44,012	(1%)
Property, plant and equipment	**607,248**	504,985	20%
Exploration and evaluation assets	**104,842**	76,106	38%
Other non-current assets	**114,682**	64,264	78%
Total Assets	**1,657,646**	1,496,906	11%
Total Current Liabilities	**252,198**	293,767	(14%)
Long-term debt	**225,875**	214,951	5%
Rehabilitation obligation	**46,406**	45,074	3%
Other non-current liabilities	**96,288**	90,097	7%
Total Liabilities	**620,767**	643,889	(4%)
Total Equity	**1,036,879**	853,017	22%
Total Liabilities and Equity	**1,657,646**	1,496,906	11%

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 MD&A included in note 20.

12. Financial Position (continued)

The Company's cash and cash equivalents balance on June 30, 2021 decreased from the amount held on March 31, 2021 and is attributable to the timing of the sale of iron ore concentrate shipped on three vessels which has not yet been collected, the payment of $191,542,000 in mining and income taxes for the period of April 1, 2020 to March 31, 2021, investments related to Phase II project capital expenditures and the redemption of 60,000,000 QIO preferred shares for $60,000,000. Higher trade receivables were impacted by the sale of iron ore concentrate shipped on three vessels which has not yet been collected as at June 30, 2021 and a favourable price adjustment, which also impacted the receivables balance. Subsequent to the quarter-end, the Company collected $140,151,000 of its trade receivables.

The increase in non-current assets is mainly attributable to the significant progress made on the Phase II expansion project, the acquisition of assets related to the Kami Project as well as deposits and advance payments made in connection with Phase II.

Lower total current liabilities are mainly due to lower income and mining taxes payable of $90,563,000 as at June 30, 2021, as the income and mining taxes payable for the 2021 fiscal year were paid in May 2021. The variation is also impacted by increased accounts payable balances as the Phase II project continues to advance substantially, and by the change in classification of the Senior Debt's first capital payment of US$12,000,000 into a current liability due on June 30, 2022.

The increase in long-term debt is mainly due to the $30,000,000 drawdown in relation to the loan agreement with FTQ during the three-month period ended June 30, 2021, partially offset by the classification of the first capital payment of its Senior Debt as a current liability.

The increase in total equity is mainly attributable to the issuance of shares related to the acquisition of the Kami Project and the Company's net income of $224,339,000 for the three-month period ended June 30, 2021. The increase in total equity is partially offset by the payment of the accumulated dividends on QIO's preferred shares for the period from April 1, 2021 to June 30, 2021, inclusively, totalling $4,266,000, and the redemption of 60,000,000 QIO preferred shares for $60,000,000.

13. Financial Instruments

The nature and the extent of risks arising from the Company's financial instruments are summarized in note 25 of the annual financial statements for the year ended March 31, 2021.

14. Contingencies

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 currently available information, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Company.

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

Contractual Obligations and Commitments

The following are the contractual maturities of the Company's liabilities, with estimated future interest payments, segmented by period, and the future minimum payments of the commitments, as at June 30, 2021:

(in thousands of dollars)	Less than a year	1 to 5 years	More than 5 years	Total
Accounts payable and other	**141,254**	**—**	**—**	**141,254**
Long-term debt, including capital and future interest payment	**23,592**	**220,136**	**—**	**243,728**
Lease liabilities, including future interest	**362**	**1,161**	**374**	**1,897**
Commitments as per note 18 of the Financial Statements	**285,364**	**76,013**	**250,642**	**612,019**
	450,572	**297,310**	**251,016**	**998,898**

In relation to the acquisition of the Kami Project and contingent upon it advancing to commercial production, the Company is subject to:

- 3% gross sales royalty to Altius on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products;
- Production payment royalty to the Receiver of $1/dmt limited to the first 10,000,000 tonnes of iron ore sold;
- Education and training fund of $1,000,000 per year for 7 years starting at commercial production; and
- Special tax payment to the Minister of Finance of Newfoundland and Labrador.

Other Off-Balance Sheet Arrangements

The undrawn portion of the Senior Debt totalled US$220,000,000, which is composed of a term facility of US$170,000,000 that is only available during the pre-completion period of Phase II, and a revolving credit facility of US$50,000,000; both are subject to standby commitment fees.

The undrawn portion of the FTQ loan amounted to $45,000,000 as at June 30, 2021 and is subject to standby commitment fees.

The master lease agreement with Caterpillar Financial Services has not yet been drawn down and the undrawn amount is US$75,000,000 as at June 30, 2021, which may be increased by Caterpillar Financial Services at its discretion up to an amount no greater than US$125,000,000. The master lease agreement is subject to standby commitment fees.

16. 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, 2021.

17. 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-month period ended June 30, 2021.

18. 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-month period ended June 30, 2021.

19. Related Party Transactions

Related party transactions consist of transactions with key management personnel. The Company considers its members of the Board and senior officers to be key management personnel.

Transactions with key management personnel are disclosed in note 27 of the Company's audited annual financial statements for the year ended March 31, 2021. No significant changes occurred during the period beginning on April 1, 2021 and ended on June 30, 2021 in connection with the nature of related party transactions.

20. Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures in this MD&A. 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 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 incremental costs related to COVID-19 totalling $2,068,000 for the three-month period ended June 30, 2021, compared to $4,562,000 for the same period in 2020.

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 and incremental costs. These specific costs are mainly comprised of on-site COVID-19 testing and laboratory costs and incremental costs for cleaning and disinfecting facilities, premiums paid to employees from adjusted work schedules and incremental transportation costs, and do not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. The Company will continue to deploy measures to mitigate the risks from COVID-19 on site and at the local community level.

	Three Months Ended June 30,	
	2021	2020
Per tonne sold		
Iron ore concentrate sold (dmt)	**1,974,700**	1,758,800
(in thousands of dollars except per tonne)		
Cost of sales	**120,846**	107,338
Less: Incremental costs related to COVID-19	**(2,068)**	(4,562)
Total cash cost (per dmt sold)	**60.1**	58.4

20. Non-IFRS Financial Performance Measures (continued)

B. All-In Sustaining Cost

The Company believes that AISC defines the total cost associated with producing iron ore concentrate more accurately as this measure reflects all the sustaining expenditures incurred 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 is intended to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions that would increase production capacity or mine life, including economic evaluations for such projects. It also excludes product research and development expenses and 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 incremental costs related to COVID-19 totalling $2,068,000 for the three-month period ended June 30, 2021, compared to $4,562,000 for the same period in 2020.

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

	Three Months Ended June 30,	
	2021	2020
Per tonne sold		
Iron ore concentrate sold (dmt)	**1,974,700**	1,758,800
(in thousands of dollars except per tonne)		
Cost of sales	**120,846**	107,338
Less: Incremental costs related to COVID-19	**(2,068)**	(4,562)
Sustaining capital expenditures	**16,767**	5,946
General and administrative expenses	**7,804**	5,184
	143,349	113,906
AISC (per dmt sold)	**72.6**	64.8

20. Non-IFRS Financial Performance Measures (continued)

C. 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 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 June 30,	
	2021	2020
Per tonne sold		
Iron ore concentrate sold (dmt)	**1,974,700**	1,758,800
(in thousands of dollars except per tonne)		
Revenues	**545,408**	244,574
Net average realized selling price (per dmt sold)	**276.2**	139.1
AISC (per dmt sold)	**72.6**	64.8
Cash operating margin (per dmt sold)	**203.6**	74.3
Cash profit margin	**74%**	53%

D. EBITDA and EBITDA Margin

The following table sets forth the calculation of EBITDA, a non-IFRS measure which the Company believes to be relevant to assess the Company's ability to generate liquidity by producing operating cash flows to fund working capital needs and capital expenditures, as well as service debt obligation. EBITDA margin represents EBITDA divided by 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 flows from operations as determined under IFRS. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments or COVID-19-related expenditures. Other companies may calculate EBITDA differently.

	Three Months Ended June 30,	
	2021	2020
(in thousands of dollars)		
Income before income and mining taxes	**391,393**	120,077
Net finance costs	**4,387**	1,145
Depreciation	**9,959**	8,940
EBITDA	**405,739**	130,162
Revenues	**545,408**	244,574
EBITDA margin	**74%**	53%

(Expressed in Canadian dollars, except where otherwise indicated)

20. Non-IFRS Financial Performance Measures (continued)

E. Adjusted Net Income and Adjusted EPS

Management uses adjusted net income and adjusted EPS to evaluate the Company's operating performance and for planning and forecasting future business operations. The Company believes that 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.

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 period. The COVID-19 safety measures are mainly comprised of premium payroll costs from adjusted work schedules, higher transportation costs, on-site COVID-19 testing and laboratory costs, and additional costs for cleaning and disinfecting facilities.

During the three-month period ended June 30, 2021, the Company reported a gain on disposal of non-current investments of $408,000. Management is of the opinion that by excluding these non-recurring items, it presents the results related directly to the Company's recurring business.

	Three Months Ended June 30, 2021	
	Net Income	**EPS**
Unadjusted	**224,339**	0.44
Cash items		
Gain on disposal of non-current investments	**(408)**	—
Incremental costs related to COVID-19	**2,068**	—
	1,660	—
Tax effect of adjustments listed above	**(889)**	—
Adjusted	**225,110**	0.44

	Three Months Ended June 30, 2020	
	Net Income	**EPS**
Unadjusted	**75,556**	0.16
Cash items		
Incremental costs related to COVID-19	**4,562**	0.01
	4,562	0.01
Tax effect of adjustment listed above	**(2,114)**	—
Adjusted	**78,004**	0.17

(Expressed in Canadian dollars, except where otherwise indicated)

20. Non-IFRS Financial Performance Measures (continued)

F. Operating Cash Flow (Outflow) 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 June 30,	
	2021	2020
Net cash flow (used in) from operating activities	**(12,629)**	75,288
Weighted average number of ordinary shares outstanding - Basic	**506,271,000**	471,228,000
Operating (outflow) cash flow per share	**(0.02)**	0.16

G. Cash on Hand

Cash on hand is defined as accessible cash or which can be converted quickly into cash, and includes cash held in financial institutions, short-term deposits that mature within twelve months and all other cash equivalents. The Company uses cash on hand to measure its liquidity to meet the requirement of lenders, fund capital expenditures and support operations. This measure is also monitored by Management to prudently manage its liquidity.

	As at June 30,	**As at March 31,**
	2021	2021
Cash and cash equivalents	**393,557**	609,316
Short-term investments	**29,775**	27,200
Cash on hand	**423,332**	636,516

21. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of July 28, 2021, there are 506,416,164 ordinary shares issued and outstanding.

In addition, there are 5,948,841 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units and 25,281,250 ordinary shares issuable pursuant to warrants.

22. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the three-month period ended June 30, 2021 and the unaudited interim consolidated financial statements for the previous quarters as well as with the audited annual financial statements for the year ended March 31, 2021.

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

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Financial Data ($ millions)								
Revenues	545.4	396.7	329.5	311.0	244.6	175.7	171.1	160.4
Operating income	400.0	262.5	203.3	189.5	118.8	52.1	53.3	57.9
EBITDA[1]	405.7	275.8	214.6	199.0	130.2	60.7	57.7	62.2
Net income (loss)	224.3	155.9	120.8	112.2	75.6	18.4	30.2	(1.7)
Adjusted net income[1]	225.1	155.5	123.4	113.8	78.0	18.4	30.2	49.9
Net income attributable to Champion shareholders	224.3	155.9	120.8	112.2	75.6	18.4	30.2	2.1
Earnings per share - basic	0.44	0.32	0.25	0.24	0.16	0.04	0.07	0.00
Earnings per share - diluted	0.43	0.30	0.24	0.22	0.15	0.04	0.06	0.00
Adjusted earnings per share - basic[1]	0.44	0.31	0.26	0.24	0.17	0.04	0.07	0.11
Net cash flow (used in) from operations	(12.6)	228.6	188.2	131.4	75.3	84.6	28.1	104.9
Operating Data								
Waste mined and hauled (thousands of wmt)	4,700	3,796	4,958	4,114	2,613	3,180	3,409	3,572
Ore mined and hauled (thousands of wmt)	5,644	5,636	5,183	6,070	4,683	5,413	4,905	5,394
Strip ratio	0.83	0.67	0.96	0.68	0.56	0.59	0.70	0.66
Ore milled (thousands of wmt)	5,227	5,238	5,194	5,563	4,605	4,880	4,639	5,451
Head grade Fe (%)	29.6	30.7	29.7	30.9	31.3	31.7	32.0	32.3
Fe recovery (%)	82.9	82.6	83.6	85.2	82.3	82.3	81.7	83.9
Product Fe (%)	66.3	66.5	66.4	66.1	66.5	66.5	66.4	66.3
Iron ore concentrate produced (thousand wmt)	1,936	2,011	1,922	2,269	1,799	1,892	1,833	2,190
Iron ore concentrate sold (thousands of dmt)	1,975	1,971	1,891	2,063	1,759	1,888	1,922	1,860
Statistics (in dollars per dmt sold)								
Gross average realized selling price	279.7	220.0	194.8	162.8	149.2	130.5	140.1	140.3
Net average realized selling price[1]	276.2	201.3	174.2	150.7	139.1	93.1	89.0	86.2
Total cash cost[1]	60.1	54.4	56.2	48.5	58.4	53.9	54.2	48.3
All-in sustaining cost[1]	72.6	65.1	65.0	57.4	64.8	59.8	62.2	66.2
Cash operating margin[1]	203.6	136.2	109.2	93.3	74.3	33.3	26.8	20.0
Statistics (in US dollars per dmt sold)								
Gross average realized selling price	228.3	173.9	150.3	122.2	107.8	96.9	106.2	106.2
Net average realized selling price[1]	225.5	159.3	134.5	113.2	100.3	69.7	67.4	65.1
Total cash cost[1] (C1 cash cost)	48.9	43.0	43.1	36.4	42.2	40.1	41.1	36.6
All-in sustaining cost[1]	59.1	51.4	49.9	43.1	46.8	44.5	47.1	50.1
Cash operating margin[1]	166.4	107.9	84.6	70.1	53.5	25.2	20.3	15.0

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 MD&A included in note 20.

23. Risk Factors

Champion is subject to several risks and uncertainties which could have a material adverse impact on its operations, its financial condition and the trading price of its shares. 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 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021, 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.

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

Disclosure Controls and Procedures

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

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

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

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 April 1, 2021 and ended on June 30, 2021 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.

25. 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 July 29, 2021. A copy of this MD&A will be provided to anyone who requests it.

26. Nature of Securities

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

27. 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.

28. Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in this MD&A. Mr. Blanchet's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Feasibility Study. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

29. Cautionary Note Regarding Forward-Looking Statements

This MD&A includes certain information and statements that may constitute “forward-looking information” under applicable Canadian securities legislation. All statements other than statements of historical facts included in this MD&A that address future events, developments or performance that Champion expects to occur, including Management’s expectations regarding (i) future dividend payments and cost of capital; (ii) the revision of the Kami Project scope and feasibility study; (iii) the Company's ability to advance the Phase II expansion project and its construction and completion timeline, funding, impact on nameplate capacity, expected capital expenditures and production volume; (iv) the mitigation of risks related to COVID-19 and the impact of COVID-19 on the overall economy, the demand for iron ore concentrate and operations and cash flows of Champion; (v) upgrades at SFPPN and their funding; (vi) rising demand for higher grade raw materials and shift towards reduction technologies used to produce liquid iron, such as the use of DRI in EAFs instead of BF-BOF for liquid iron production and the related R&D program of the Company to develop technologies and products to support the steelmaking transition from the BF-BOF method to the DRI-EAF method, while supporting emissions reduction in the BF-BOF process; (vii) the reduction of carbon emission from the cold pelletizing technology; (viii) the impact of iron ore prices fluctuations on net cash flow from operation and the Company’s development; (ix) global macroeconomics and iron ore industry conditions; (x) the relationship between iron ore prices and exchange rates; (xi) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore prices; (xii) the impact of exchange rate fluctuations on the Company and its financial results; (xiii) the Company’s growth; (xiv) interventions on the dykes and estimated costs thereof; (xv) legal actions; (xvi) the LoM of the Bloom Lake Mine; and (xvii) the Company's cash requirements for the next twelve months 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; future transportation costs, failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; 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 2021 Annual Information Form and the MD&A for the fiscal year ended March 31, 2021, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

All of Champion's forward-looking information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. 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.