Management's Discussion and Analysis

For the Three-Month Period Ended June 30, 2022

CHAMPION IRON

TSX: CIA - ASX: CIA

As at July 28, 2022

The following Champion Iron Limited ("Champion" or the "Company") Management's Discussion and Analysis ("MD&A") has been prepared as of July 28, 2022. This MD&A is intended to supplement the condensed interim consolidated financial statements for the three-month period ended June 30, 2022 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, 2022. 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 and definitions are used throughout this MD&A: US$ (United States dollar), CA$ (Canadian dollar), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Fe (iron ore), Mtpa (million tonnes per annum), M (million), km (kilometres), m (metres), FOB (free on board), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), Phase II (Phase II expansion project), Kami Project (Kamistiatusset project), EBITDA (earnings before interest, tax, depreciation and amortization), AISC (all-in sustaining costs) and EPS (earnings per share). The terms "Champion" or the "Company" refer to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. The term "QIO" refers to Quebec Iron Ore Inc., the Company's subsidiary and operator of Bloom Lake. IFRS refers to the International Financial Reporting Standards.

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 2022 Annual Information Form and the MD&A for the financial year ended March 31, 2022 and to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

Non-IFRS and Other Financial Measures

Certain financial measures used by the Company to analyze and evaluate its results are non-IFRS financial measures or ratios and supplementary financial measures. Each of these indicators is not a standardized financial measure under the IFRS and might not be comparable to similar financial measures used by other issuers. These indicators are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS and other financial measures included in this MD&A are: EBITDA, adjusted net income, available liquidity, EBITDA margin, adjusted EPS, total cash cost or C1 cash cost, AISC per dmt sold, cash operating margin, cash profit margin, net average realized selling price per dmt sold or net average realized FOB selling price per dmt sold, gross average realized selling price per dmt sold or gross average realized FOB selling price per dmt sold and operating cash flow per share. When applicable, a quantitative reconciliation to the most directly comparable IFRS measures is provided in section 18 - Non-IFRS and Other Financial Measures of this MD&A.

Cautionary Note Regarding Forward-Looking Statements

Forward-Looking Statements

This MD&A includes certain information and statements that may constitute "forward-looking information" under applicable Canadian securities legislation. 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. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

Cautionary Note Regarding Forward-Looking Statements (continued)

Specific Forward-Looking Statements

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) the Company's Phase II expansion project and its milestones;

(ii) organic growth projects and the intent of the Company to position itself as a market leader in the green steel supply chain;

(iii) the conservation and biodiversity management program aimed at preserving the local salmon population;

(iv) increased financial flexibility from the refinanced Credit Facility;

(v) the feasibility study to evaluate the reprocessing and infrastructure required for the commercial production of a 69% Fe DR pellet feed product and its completion timeline;

(vi) the Kami Project's feasibility study, its purpose and completion timeline;

(vii) the potential acquisition of the Pellet Plant and the memorandum of understanding with a major international steelmaking partner to evaluate the Pellet Plant's recommissioning and its ability to produce DR grade pellets;

(viii) the shift in the steel industry production methods and expected rising demand for higher-grade iron ore products, with a shift towards using reduction technologies to produce liquid iron and the related R&D program of the Company and its results and transition of its product offering;

(ix) the Company's intent to test the potential of cold pelletizing technologies towards industrial trials;

(x) GHG and CO_2 emission reduction initiatives, objectives, targets and expectations;

(xi) the impact of iron ore prices fluctuations on net cash flow from operating activities and the Company's development and the occurrence of certain events and their impact on iron ore prices and high-grade iron ore products demand;

(xii) the impact of exchange rates on commodity prices and the Company's financial results;

(xiii) benefits from low freight index;

(xiv) the future declaration and payment of dividends and the timing thereof;

(xv) the mitigation of risks related to COVID-19;

(xvi) the Company's cash requirements for the next twelve months, the Company's positioning to fund such cash requirements and estimated future interest payments; and

(xvii) legal actions, including arbitrations and class actions, and their potential outcome on the consolidated financial position of the Company are forward-looking statements.

Deemed 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.

Cautionary Note Regarding Forward-Looking Statements (continued)

Risks

Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause 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; and
- the effects of catastrophes and public health crises, including the 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 2022 Annual Report and Annual Information Form for the financial year ended March 31, 2022, 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.

Additional Updates

All of Champion's forward-looking information contained in this MD&A is given as of the date hereof or such other date or dates specified in such statements 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. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

1. Description of Business

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

Champion Iron Limited, through its subsidiary Quebec Iron Ore Inc., owns and operates the Bloom Lake Mining Complex, located on the south end of the Labrador Trough, approximately 13 km north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentrators that primarily source energy from renewable hydroelectric power. The Bloom Lake Phase I and Phase II plants have a combined nameplate capacity of 15 Mtpa and produce a low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality concentrate. Bloom Lake's high-grade and low contaminant iron ore products have attracted a premium to the Platts IODEX 62% Fe iron ore benchmark. The Company ships iron ore concentrate from Bloom Lake by rail, to a ship loading port in Sept-Îles, Québec, and sells its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to the Bloom Lake Mining Complex, Champion owns a portfolio of exploration and development projects in the Labrador Trough, including the Kamistiatusset Project located a few kilometres south-east of Bloom Lake, and the Consolidated Fire Lake North iron ore project, located approximately 40 km south of Bloom Lake.

2. Financial and Operating Highlights

	Three Months Ended June 30,		
	2022	2021	Variance
Iron ore concentrate produced (wmt)	**2,282,600**	1,936,000	18%
Iron ore concentrate sold (dmt)	**2,013,900**	1,974,700	2%
Financial Data (in thousands of dollars, except per share amounts)			
Revenues	**279,321**	545,408	(49%)
Gross profit	**90,122**	414,603	(78%)
EBITDA[1]	**94,930**	405,739	(77%)
EBITDA margin[1]	**34 %**	74 %	(54%)
Net income	**41,554**	224,339	(81%)
Adjusted net income[1]	**54,150**	225,110	(76%)
Basic EPS	**0.08**	0.44	(82%)
Adjusted EPS[1]	**0.10**	0.44	(77%)
Net cash flow used in operating activities	**(32,247)**	(12,629)	155%
Dividend per ordinary share declared and paid	**0.10**	—	—%
Cash and cash equivalents	**155,924**	393,557	(60%)
Total assets	**2,014,813**	1,657,646	22%
Total non-current financial liabilities	**339,065**	225,875	50%
Statistics (in dollars per dmt sold)			
Gross average realized selling price[1]	**190.4**	279.7	(32%)
Net average realized selling price[1]	**138.7**	276.2	(50%)
Total cash cost (C1 cash cost)[1]	**74.0**	60.1	23%
All-in sustaining cost[1]	**93.5**	72.6	29%
Cash operating margin[1]	**45.2**	203.6	(78%)
Statistics (in U.S. dollars per dmt sold)[2]			
Gross average realized selling price[1]	**149.6**	228.3	(34%)
Net average realized selling price[1]	**108.8**	225.5	(52%)
Total cash cost (C1 cash cost)[1]	**58.0**	48.9	19%
All-in sustaining cost[1]	**73.2**	59.1	24%
Cash operating margin[1]	**35.6**	166.4	(79%)

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

[2] See the "Currency" section of this MD&A included in section 5 - Key Drivers.

3. Quarterly Highlights

Health & Safety and Sustainability

- No serious injuries or major environmental issues reported during the period;
- COVID-19 prevention measures reduced in line with the Government of Québec's health directives, including ceasing to operate the COVID-19 testing laboratory at the mine site, which remains on standby should it be required in the future;
- In collaboration with First Nations communities and in accordance with the framework of the Towards Sustainable Mining ("TSM") certification, initiated a conservation and biodiversity management program aimed at preserving the local salmon population;
- Completed the Company's 2021 Sustainability Report, including the Task Force on Climate-Related Financial Disclosure, available on the Company's website at www.championiron.com; and
- Declared that National Indigenous Peoples Day will be treated as an occasion for its employees to recognize and honour the culture of First Nations communities.

Financial

- Financial results for the three-month period ended June 30, 2022 were negatively impacted by decreasing iron ore index prices, transitional and expected upfront start-up costs to support the Phase II commercial production, and increased costs caused by global inflationary pressures. The economic benefits of the upfront preparation costs should be progressive as Phase II operations gradually ramp up to reach Bloom Lake's revised nameplate capacity of 15 Mtpa;
- Revenues of $279.3M for the three-month period ended June 30, 2022, compared to $545.4M for the same period in 2021, were attributable to significantly lower iron ore index prices;
- EBITDA[1] of $94.9M for the three-month period ended June 30, 2022, compared to $405.7M for the same period in 2021;
- Net income of $41.6M for the three-month period ended June 30, 2022 (EPS of $0.08), compared to $224.3M for the same period in 2021 (EPS of $0.44);
- Cash flow from operating activities, before changes in working capital items of $79.1M for the three-month period ended June 30, 2022, mainly reflected the lower gross average realized selling price, compared to $248.4M for the same period in 2021. Net cash flow used in operating activities totalled $32.2M for the three-month period ended June 30, 2022, representing an operating cash outflow per share[1] of $0.06, compared to a net cash flow used in operating activities of $12.6M or $0.02 per share for the same period in 2021;
- Available liquidity[1] of $571.0M as at June 30, 2022, including $187.1M of cash and cash equivalents and short-term investments, compared to $746.0M as at March 31, 2022, attributable to working capital build-up in preparation for Phase II operations, mining and income taxes paid which exceeded the actual expense and the dividend payment on June 28, 2022;
- US$400.0M general purpose revolving facility agreement signed on May 24, 2022 (the "Revolving Facility"), used to refinance the previous Phase II credit facility (the "Credit Facility"), providing increased financial flexibility, enabling the Company to lift the restricted cash covenant of $43.7M as at March 31, 2022 and reducing its cost of capital; and
- Dividend of $0.10 per ordinary share paid on June 28, 2022, in connection with the results for the financial year ended March 31, 2022. Additional details on the dividends and related tax information can be found on the Company's website at www.championiron.com under the section Investors – Dividend Information.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

3. Quarterly Highlights (continued)

Operations

- Record production of 2,282,600 wmt of high-grade 66.1% Fe concentrate for the three-month period ended June 30, 2022, despite the negative impact of unplanned third-party shutdowns and planned maintenance, positively impacted by Phase II's commissioning, compared to 1,936,000 wmt of high-grade 66.3% Fe concentrate for the same period in 2021;
- Fe recovery rate of 80.2% for the three-month period ended June 30, 2022, compared to 82.9% for the same period in 2021, due to the commissioned Phase II concentrator's anticipated lower recovery circuit rate before commercial production; and
- Total cash cost[1] of $74.0/dmt (US$58.0[2]/dmt) (C1) for the three-month period ended June 30, 2022, compared to $60.1/dmt (US$48.9[2]/dmt) for the same period in 2021. Higher total cash cost[1] was impacted by transitional and expected upfront preparation expenditure in anticipation of the Phase II commercial production; unplanned third-party shutdowns and planned maintenance of additional facilities reported over iron ore sales volumes below nameplate capacity during ramp-up of Phase II; and global inflationary pressures.

Growth and Development

- Nearing the completion of the feasibility study evaluating the reprocessing and infrastructure required to commercially produce a 69% Fe Direct Reduction ("DR") pellet feed product, which is scaled to convert approximately half of Bloom Lake's increased nameplate capacity of 15 Mtpa;
- Advancing the Kami Project's feasibility study, expected to be completed in the first half of calendar 2023, whereby the project is being evaluated for its capability to produce DR grade pellet feed product;
- Entered into an acquisition agreement, upon satisfaction of certain conditions, for the Pointe-Noire Iron Ore Pelletizing Facility located in Sept-Îles, Québec (the "Pellet Plant") on May 17, 2022, and announced that the Company has entered into a memorandum of understanding with a major international steelmaking partner to evaluate the Pellet Plant's recommissioning and its ability to produce DR grade pellets; and
- Appointment of Mr. Donald Tremblay as the Company's Chief Financial Officer, effective September 12, 2022.

Phase II Milestones

- The Phase II project's first production line was commissioned ahead of schedule in late April 2022, despite pandemic-related challenges, with the commissioning of the second production line in June 2022;
- Completed the first rail shipments of iron ore concentrate from Phase II on May 3, 2022, with cumulative production to date comparing favourably with the scheduled ramp-up of production; and
- Actively working to remove bottlenecks and optimize systems to achieve commercial production as scheduled by the end of calendar 2022[3].

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.
[2] See the "Currency" section of this MD&A included in note 5 - Key Drivers.
[3] See the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

4. Decarbonization Initiatives

Product Research and Development

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 is expected to create a rising demand for higher-grade iron ore products, with a shift towards using reduction technologies to produce liquid iron, such as the use of direct reduced iron ("DRI") in electric arc furnaces ("EAF") instead of blast furnaces-basic oxygen furnaces ("BF-BOF").

Accordingly, the Company advanced its research and development program aimed at developing technologies and products to support the steelmaking transition from the BF-BOF method to the DRI-EAF method, while supporting emission reductions in the BF-BOF process. During the three-month period ended June 30, 2022, the Company incurred innovation and growth initiative expenses of $2,420,000, compared to $1,353,000 for the same period in 2021. The expenses were mainly comprised of consultant fees related to the development of an iron ore pellet feed consisting of more than 69% Fe, together with salaries and benefits.

As part of its commitment to participate in the iron and steel industry's decarbonization, the Company invested and actively collaborated with a European-based company which holds a proprietary cold pelletizing technology. The objective of the cold pelletizing technology is to substantially reduce emissions linked to the agglomeration of iron ore. Promising laboratory results demonstrated that carbon emissions related to agglomeration could be reduced by more than 95% with this technology. Jointly with this European-based company, Champion intends to further test the potential of cold pelletizing technologies, towards industrial trials.

Direct Reduction Pellet Feed > 69% Fe

Since the 2021 financial year's fourth quarter, the Company completed laboratory work and testing to produce a DR grade pellet feed iron ore concentrate higher than 69% Fe with an average combined silica and alumina content below 1%. Preliminary results indicate that the Company could upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants by using additional processes, including mild regrinding and a silica flotation stage. This new DR pellet feed product is expected to be finer than the Company's existing products and would rank as one of the highest-quality DR pellet feed products available on the seaborne market.

As commercial production of DR pellet feed products would require additional reprocessing and infrastructure, the Company initiated a feasibility study to evaluate the investments required to convert half of Bloom Lake's nameplate capacity of 15 Mtpa. Achieving DR pellet feed commercial production would enable the Company to further engage with DRI-EAF based iron and steel producers to participate further in reducing emissions in the steelmaking process and potentially benefit from higher product pricing.

During the three-month period ended June 30, 2022, the Company continued advancing the feasibility study, which is nearing completion.

Emissions Reduction Initiatives

As part of its ongoing efforts to minimize the environmental impact of its operations, the Company committed to a GHG emission reductions of 40% by 2030, based on combining its 2014 emissions intensity together with Bloom Lake's targeted nameplate capacity of 15 Mtpa. The Company further committed to becoming carbon neutral by 2050. This GHG target is in line with the Paris Agreement 2 degrees Celsius scenarios, the Canadian government's GHG reduction plan and in line with the Science Based Targets initiative ("SBTi") framework. Towards this effort, the Company implemented a working group mandated to identify emissions reduction initiatives and evaluate resources required to deploy a program to reach its GHG emissions reduction objectives.

Acquisition of an Iron Ore Pelletizing Facility

On May 17, 2022, the Company entered into a definitive purchase agreement (the "Purchase Agreement") to acquire, via a wholly-owned subsidiary, the Pointe-Noire iron ore pelletizing facility located in Sept-Îles, adjacent to the port facilities. The Company also entered into a Memorandum of Understanding (the "MOU") with a major international steelmaker (the "FS Partner") to complete a feasibility study to evaluate the re-commissioning of the Pellet Plant and produce DR grade pellets. The feasibility study will evaluate the investments required to re-commission the Pellet Plant while integrating up-to-date pelletizing and processing technologies.

The MOU sets out a framework for Champion and the FS Partner to collaborate in order to complete the feasibility study, anticipated to occur at the end of calendar 2023. Subject to the feasibility study's positive findings and results, the MOU outlines a framework for a joint venture to produce DR grade iron ore pellets to sell to third parties, including the FS Partner (the "Project"). Pursuant to the Purchase Agreement, Champion is required to comply with various undertakings in connection with the Pellet Plant, including a commitment to design and operate the Project using exclusively green energy as main power sources, including electricity, natural gas, biofuels or renewable energy.

5. Key Drivers

A. Iron Ore Concentrate Price

The price of iron ore concentrate is one of the most significant factors affecting the Company's financial results. As such, net cash flow from operating activities 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% Fe iron ore concentrate, the Company's iron ore product has proven to attract a premium over the IODEX 62% Fe CFR China Index ("P62"), widely used as the reference price in the industry. As such, the Company quotes its products based on the high-grade CFR China Index ("P65"). The premium captured by the P65 index is attributable to two main factors: steel mills recognizing that higher iron ore grades offer the benefit of optimizing output, while also significantly decreasing CO_2 emissions in the steelmaking process.

During the three-month period ended June 30, 2022, the average iron ore price contracted quarter-on-quarter, likely a result of the reoccurring lockdowns and increasing numbers of blast furnaces being scheduled for maintenance in China. The COVID-19 situation in China impacted its economic activity and related steel consumption. Despite several economic stimulus announcements, China's economic output continues to trail below targets set by the government. On the supply side, improved shipping performance was observed from Brazil and Australia, further pressuring iron ore prices. The high-grade iron ore, lump, and pellet premiums remained elevated amid supply disruptions caused by the conflict in Ukraine, but declined from recent record levels due to low steel mill profit margins shifting preference for lower-grade material.

Although on an uptrend over the last two quarters, the Chinese steel industry reported lower crude steel production for the three-month period ended June 30, 2022, compared to the prior-year period, attributed to the COVID-19-related lockdowns and blast furnaces maintenance. The World Steel Association[1] reported that China's crude steel production totalled 280.1 million tonnes for the period, an 4.0% decrease from 2021. The world ex-China similarly witnessed lower crude steel production as the global economy decelerates, with a fragile automotive market and lower steel mill profit margins. In fact, the world ex-China posted 209.5 million tonnes of crude steel production for the three-month period ended June 30, 2022, a decrease of 6.2% from the same period in 2021.

During the three-month period ended June 30, 2022, the P65 index for high-grade iron ore fluctuated from a low of US$127.9/dmt to a high of US$185.0/dmt. The P65 index average price for the period was US$160.3/dmt, a decrease of 6% from the previous quarter, resulting in an average premium of 16.2% over the P62 reference price of US$137.9/dmt.

During the three-month period ended June 30, 2022, the Company's gross average realized selling price[2] was US$149.6/dmt, before sea freight and other costs and provisional pricing adjustments on tonnes in transit at the end of the previous quarter. The gross average realized selling price[2] of US$149.6/dmt was lower than the P65 index average price for the period of US$160.3/dmt due to the negative impact of sales in transit as at June 30, 2022, provisionally priced using an average forward price of US$138.4/dmt, which is significantly lower than the P65 index average price for the period. The lower gross average realized selling price[2] compared to the P65 index average price for the period is also attributable to sales based on fixed backward-looking iron ore prices, when prices were slightly lower compared to the P65 index average for the current period. Taking into account sea freight and other costs and sales adjustments, the Company's net realized FOB selling price[2] was US$108.8/dmt compared to US$225.5/dmt for the same period in 2021.

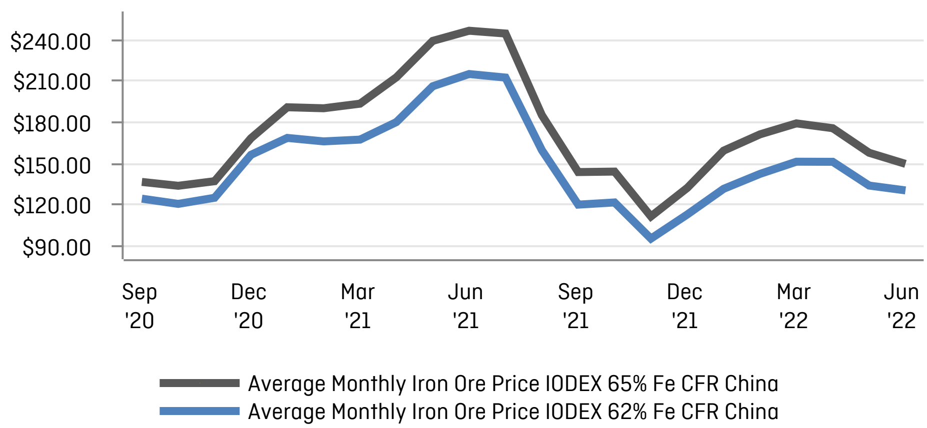
1 https://www.worldsteel.org/

2 This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

5. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

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



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 at 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 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, 2022, a final price of US$167.0/dmt was established for the 691,100 tonnes of iron ore that were in transit as at March 31, 2022, and which were previously evaluated using an average expected price of US$185.7/dmt. Accordingly, during the three-month period ended June 30, 2022, negative pricing adjustments were recorded for tonnes subject to provisional prices as at March 31, 2022, negatively impacting revenues in the current quarter by US$18.7/dmt for the 691,100 tonnes of iron ore that were in transit as at March 31, 2022. Over the total volume of 2,013,900 dmt sold during the current period, the negative adjustments represent US$6.4/dmt. As at June 30, 2022, 667,600 tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting period (June 30, 2021: 1,156,100 tonnes). A gross forward provisional price of US$138.4/dmt has been used as at June 30, 2022, to estimate the sales of the Company that remain subject to final price setting.

The following table details the Company's exposure, as at June 30, 2022, to the movements in the iron ore price for the provisionally invoiced sales volume:

(in thousands of U.S. dollars)	**As at June 30, 2022**
Tonnes (dmt) subject to provisional pricing adjustments	**667,600**
10% increase in iron ore prices	**9,239**
10% decrease in iron ore prices	**(9,239)**

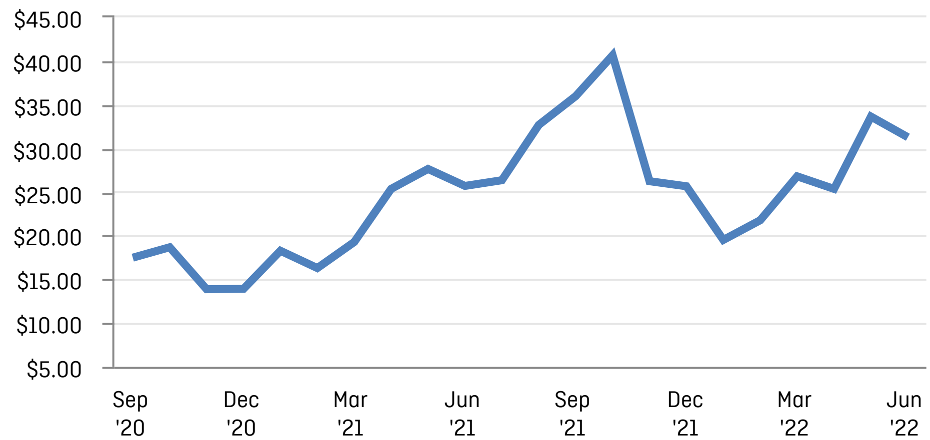
The sensitivities demonstrate the monetary impact on ore sales revenues resulting from a 10% increase and 10% decrease in realized selling prices as at June 30, 2022, while holding all other variables constant, including foreign exchange rates. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact commodity prices. The above sensitivities should therefore be used with caution.

5. Key Drivers (continued)

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 several regions overseas, including historical sales to China, Japan, Europe, the Middle East and South Korea. The common reference route for dry bulk material from the Americas to Asia is the Tubarao (Brazil) to Qingdao (China) route which encompasses 11,000 nautical miles. The freight cost per tonne associated with this route is captured in the C3 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)



During the three-month period ended June 30, 2022, the C3 index averaged US$30.2/t, a 32% increase from the previous three-month period. The elevated freight rates can partially be attributed to rising fuel prices experienced since the beginning of the conflict in Ukraine. Simultaneously, increased iron ore exports from Brazil and port congestions in China caused by COVID-19 lockdowns further contributed to rising freight rates. Following this rising trend in freight rates, the C3 index corrected late in the period in tandem with fuel prices due to global economic weakness.

The industry has identified a historical 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 over time. As the freight cost for ocean transport between Sept-Îles and China is largely influenced by the C3 cost, a decrease in iron ore prices typically results in lower ocean freight costs for the Company, resulting in a natural hedge for one of the Company's largest cost components. With recent events impacting fuel prices, the seaborne iron ore supply and other freight rates, this historical relationship has experienced a disconnect.

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.

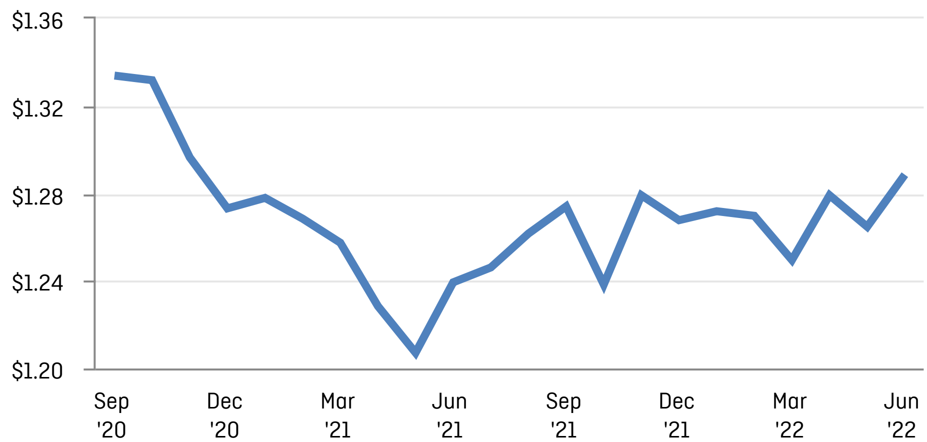
5. Key Drivers (continued)

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 the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. As such, the Company benefits from a natural hedge between its revenues, sea freight costs, long-term debt and lease liabilities. Despite this natural hedge, the Company is exposed to foreign currency fluctuations as its mining operating expenses are mainly incurred in Canadian dollars.

The strengthening of the U.S. dollar would positively impact the Company's net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the majority of the Company's long-term debt and lease liabilities are denominated in U.S. dollars, the Company is 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%.

Monthly Closing Exchange Rate – CA$/US$



Exchange rates were as follows:

	CA$ / US$					
	Average			Closing		
	FY2023	FY2022	Variance	**FY2023**	FY2022	Variance
Q1	**1.2768**	1.2282	4 %	**1.2886**	1.2394	4 %
Q2		1.2600	— %		1.2741	— %
Q3		1.2603	— %		1.2678	— %
Q4		1.2662	— %		1.2496	— %
Year-end as at March 31		1.2536	— %		1.2496	— %

Apart from these key drivers, the potential impact of the COVID-19 pandemic and the risk factors that are described in the "Risk Factors" sections of the Company's 2022 Annual Information Form and the MD&A for the financial year ended March 31, 2022, 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.

6. Bloom Lake Mine Operating Activities

	Three Months Ended June 30,		
	2022	2021	Variance
Operating Data			
Waste mined and hauled (wmt)	**5,606,000**	4,699,500	19%
Ore mined and hauled (wmt)	**6,193,100**	5,643,900	10%
Material mined and hauled (wmt)	**11,799,100**	10,343,400	14%
Strip ratio	**0.91**	0.83	10%
Ore milled (wmt)	**6,022,200**	5,227,200	15%
Head grade Fe (%)	**31.0**	29.6	5%
Fe recovery (%)	**80.2**	82.9	(3%)
Product Fe (%)	**66.1**	66.3	—%
Iron ore concentrate produced (wmt)	**2,282,600**	1,936,000	18%
Iron ore concentrate sold (dmt)	**2,013,900**	1,974,700	2%
Financial Data (in thousands of dollars)			
Revenues	**279,321**	545,408	(49%)
Cost of sales	**169,407**	120,846	40%
Other expenses	**15,605**	14,560	7%
Net finance costs	**4,190**	4,387	(4%)
Net income	**41,554**	224,339	(81%)
EBITDA[1]	**94,930**	405,739	(77%)
Statistics (in dollars per dmt sold)			
Gross average realized selling price[1]	**190.4**	279.7	(32%)
Net average realized selling price[1]	**138.7**	276.2	(50%)
Total cash cost (C1 cash cost)[1]	**74.0**	60.1	23%
All-in sustaining cost[1]	**93.5**	72.6	29%
Cash operating margin[1]	**45.2**	203.6	(78%)

Phase II Commissioning

During the three-month period ended June 30, 2022, the Company initiated and advanced the commissioning of Phase II. At the end of April 2022, the Company commissioned the first of two production lines of the Phase II plant and completed its first rail shipments on May 3, 2022. In June 2022, the Company successfully started the second line, reflecting the normal commissioning curve of a new facility. As at June 30, 2022, both lines were in service, positioning the Company to achieve commercial production as scheduled by the end of calendar 2022[2].

Operational Performance

In the three-month period ended June 30, 2022, 11,799,100 tonnes of material were mined and hauled, compared to 10,343,400 tonnes during the same period in 2021, an increase of 14%. The increase in material movement was enabled through the utilization of additional equipment compared to the same prior-year period, offset by a longer haul cycle as material sourced from different pits, including those that deepened with mining activities over time, contributed to a longer haul cycle year-over-year. The current strip ratio is in line with the mine plan.

The iron ore head grade for the three-month period ended June 30, 2022, was 31.0%, compared to 29.6% for the same period in 2021. The variation in head grade is attributable to the presence of some higher-grade ore being sourced and blended from different pits, which was anticipated and is in line with the mining plan and the LoM head grade average.

1 This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

2 See the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

6. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

The Company's average Fe recovery rate for the three-month period ended June 30, 2022 was negatively impacted by the anticipated lower recoveries during the commissioning of the Phase II concentrator. The global Fe recovery rate is in line with Management's expectations at this stage of the Phase II commissioning. The Company expects to reach a stable Fe recovery circuit when Phase II achieves commercial production, anticipated to occur by the end of calendar 2022.

During the three-month periods ended June 30, 2022 and 2021, operational activities were impacted by a scheduled semi-annual maintenance program. During the three-month period ended June 30, 2022, Bloom Lake produced 2,282,600 wmt of 66.1% Fe high-grade iron ore concentrate, an increase of 18%, compared to 1,936,000 wmt of 66.3% Fe during the same period in 2021. The Company achieved record production despite semi-annual scheduled maintenance, in connection with the commissioning of the second plant at the mine site. While the newly commissioned Phase II project's production compares favourably to the scheduled production volumes, production in the period was negatively impacted by unplanned third-party shutdowns. Higher throughput and head grade also contributed to higher production volumes, despite a lower global recovery. The plants processed 6,022,200 tonnes of ore during the three-month period ended June 30, 2022, compared to 5,227,200 for the same prior-year period. The throughput for the period was positively affected by the higher mined ore availability and the commissioning of Phase II operations.

7. Financial Performance

A. Revenues

	Three Months Ended June 30,		
	2022	2021	Variance
(in U.S. dollars per dmt sold)			
Index P62	**137.9**	200.0	(31%)
Index P65	**160.3**	232.3	(31%)
US$ Gross average realized selling price[1]	**149.6**	228.3	(34%)
Freight and other costs	**(34.4)**	(28.1)	22%
Provisional pricing adjustments	**(6.4)**	25.3	(125%)
US$ Net average realized FOB selling price[1]	**108.8**	225.5	(52%)
Foreign exchange rate conversion	**29.9**	50.7	(41%)
CA$ Net average realized FOB selling price[1]	**138.7**	276.2	(50%)

During the three-month period ended June 30, 2022, 2,013,900 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price[1] of US$149.6/dmt, before freight and other costs and provisional pricing adjustments, compared to US$228.3/dmt for the same prior-year period. The decrease in gross average realized selling price[1] reflects lower index prices during the three-month period ended June 30, 2022, compared to the same prior-year period. Despite lower index prices, the gross average realized selling price[1] of US$149.6/dmt represents a premium of 8.5% over the benchmark P62 price for the period, compared to a premium of 14.2% for the same period in 2021.

The gross average realized selling price[1] of US$149.6/dmt was lower than the P65 index average price of US$160.3/dmt for the period due to the negative impact of sales at a determined price based on the average forward price of US$138.4 at the expected settlement date for 667,600 tonnes which were in transit at the end of the period, and due to the negative impact of sales based on backward-looking iron ore prices, when prices were slightly lower than the P65 index average for the period.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

7. Financial Performance (continued)

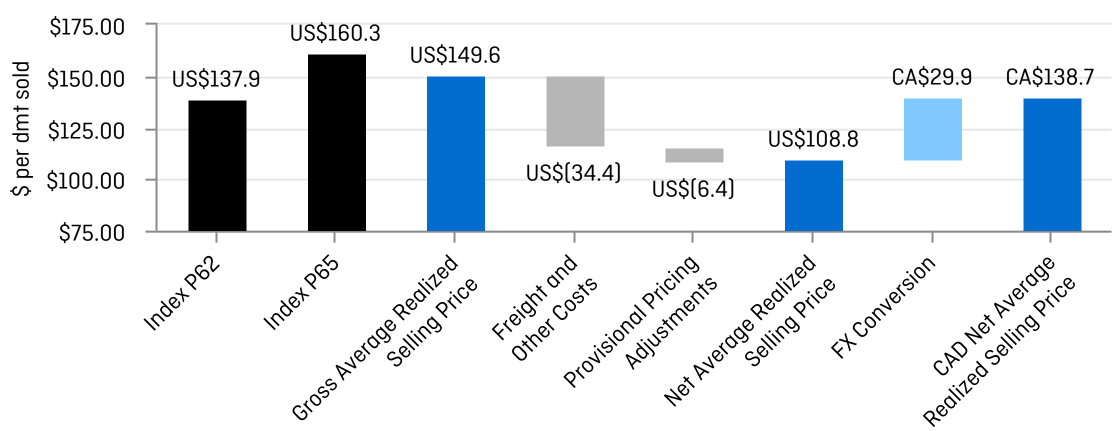
A. Revenues (continued)

The average C3 index for the three-month period ended June 30, 2022, was US$30.2/t compared to US$26.2/t for the same period in 2021, representing an increase of 15%, which contributed to higher freight costs in the three-month period ended June 30, 2022, compared to the same prior-year period. The elevated freight rates for the period can partially be attributed to the rising fuel prices experienced since the beginning of the conflict in Ukraine. Simultaneously, increased iron ore exports from Brazil and port congestions in China caused by COVID-19 lockdowns further influenced rising freight rates.

Provisional pricing adjustments on previous sales, which were directly correlated to the decrease in the P65 index during the quarter contributed to decreasing the net average realized selling price[1]. During the three-month period ended June 30, 2022, the final price was established for the 691,100 tonnes of iron ore that were in transit as at March 31, 2022. Accordingly, during the three-month period ended June 30, 2022, net negative provisional pricing adjustments were recorded as a decrease in revenues for the 691,100 tonnes, representing a negative impact of US$6.4/dmt for the period, compared to a positive impact of US$25.3/dmt for the same period in 2021.

After taking into account sea freight and other costs of US$34.4/dmt and the negative provisional pricing adjustment of US$6.4/dmt, the Company obtained a net average realized selling price[1] of US$108.8/dmt (CA$138.7/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $279,321,000 for the three-month period ended June 30, 2022, compared to $545,408,000 for the same period in 2021, reflecting the lower net average realized selling price[1] partially offset by the positive impact of foreign exchange rates and slightly higher sales volume.

Q1 FY2023 Net Realized Selling Price



B. Cost of Sales

Cost of sales represents mining, processing, and mine site-related general and administrative ("G&A") expenses as well as rail and port operation costs. It also includes specific and incremental costs related to COVID-19 and, starting in April 2022, it includes Bloom Lake Phase II start-up costs incurred after the commissioning. These start-up costs include mainly abnormal operational costs attributable to the facility not having reached the normalized level of output. For the three-month period ended June 30, 2022, the cost of sales totalled $169,407,000, compared to $120,846,000 for the same period in 2021.

During the three-month period ended June 30, 2022, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific and incremental costs related to COVID-19 and Phase II start-up costs, totalled $74.0/dmt, compared to $60.1/dmt for the same period in 2021. The total cash cost[1] for the three-month period ended June 30, 2022, was negatively impacted by global market inflation. The higher cash cost[1] for the period was attributable to record prices for fuel and explosives, and cost increases in key supplies and other consumables, air transportation, food, as well as rail and port operations. Higher labour costs and longer haul cycle times associated with the current mine plan also contributed to a higher cash cost[1] during the period. Unplanned third-party shutdowns, planned maintenance of additional facilities and increased headcount and subcontractor usage in relation to the commissioning of the Phase II project also contributed to a higher cost of sales for the period.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

7. Financial Performance (continued)

C. Gross Profit

The gross profit for the three-month period ended June 30, 2022, totalled $90,122,000, compared to $414,603,000 for the same prior-year period. The decrease in gross profit is attributable to lower revenues, higher cash costs[1] caused by global inflation and start-up costs in connection with the commissioning of Phase II in April 2022, amounting to $19,476,000. Lower revenues were a result of a lower net average realized selling price[1] of $138.7/dmt for the three-month period ended June 30, 2022, compared to $276.2/dmt for the same period in 2021, due to the negative impact of a lower P65 index average price, higher freight and other costs, an unfavourable provisional pricing adjustment on previous sales, as well as the timing of sales compared to production volumes. In addition, as Phase II is commissioned, the depreciation expense gradually increases before reaching its peak upon declaring commercial production, contributing to a lower gross profit quarter-over-quarter compared to the same prior-year period.

D. Other Expenses

	Three Months Ended June 30,		
	2022	2021	Variance
(in thousands of dollars)			
Share-based payments	**(2,430)**	1,289	(289)%
G&A expenses	**12,272**	7,804	57 %
Sustainability and other community expenses	**3,343**	4,114	(19)%
Innovation and growth initiative expenses	**2,420**	1,353	79 %
	15,605	14,560	7 %

The share-based payments for the three-month period ended June 30, 2022, were mainly impacted by the change in fair value of the cash-settled share-based payment liability, which varies based on the share price of the Company at each reporting date. The share-based payments for the three-month period ended June 30, 2021, reflected the costs associated with performance share units granted to key employees as part of the Company's remuneration policy to retain talented employees and provide alignment of interests between key employees and the Company's shareholders. A part of these performance share units are linked to the achievement of certain milestones relating to the Phase II project.

G&A expenses were higher for the three-month period ended June 30, 2022, compared to the same period in 2021 due to costs associated with a higher headcount required to support the Company's growth, as well as a severance expense related to the former chief financial officer. Lower sustainability and other community expenses in the three-month period ended June 30, 2022, are mainly attributable to lower consultant expenses.

The variation in innovation and growth initiative expenses in the three-month period ended June 30, 2022, compared to the same period in 2021, is due to the advancement of the strategy to develop technologies and products supporting emissions reduction, as detailed in section 4 — Decarbonization Initiatives. Innovation and growth initiative expenses are mainly comprised of consultant fees and salaries and benefits.

E. Net Finance Costs

Net finance costs decreased to $4,190,000 for the three-month period ended June 30, 2022, compared to $4,387,000 for the same period in 2021. A lower foreign exchange loss compared to the prior-year period contributed to lower net finance costs for the three-month period ended June 30, 2022, compared to the same prior-year period, partially offset by additional interest on leasing arrangements as the Company has more equipment financed through lease liabilities compared to the same prior-year period, including 450 railcars to support projected Phase II increases in volume.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

7. Financial Performance (continued)

E. Net Finance Costs (continued)

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated debt and lease liabilities. During the three-month period ended June 30, 2022, the foreign exchange loss amounted to $1,396,000, compared to $2,027,000 in the same period in 2021. 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 U.S. dollar against the Canadian dollar as at June 30, 2022, compared to March 31, 2022. The appreciation of the U.S. dollar contributed to a foreign exchange loss on the Company's Revolving Facility and on the Phase II mining equipment and railcars financed through debt or lease liabilities, partially offset by a foreign exchange gain on its accounts receivable and cash and cash equivalents denominated in U.S. dollars.

F. Other Income (Expense)

During the three-month period ended June 30, 2022, other income totalled $621,000 and represents the change in fair value on the Company's equity investments as well as the non-cash gain on derivative liabilities associated with remaining forward foreign exchange contracts which matured in the three-month period ended June 30, 2022. For the same period in 2021, other expense of $4,263,000 was mainly comprised of the non-cash unrealized loss on derivative liabilities, partially offset by a net change in fair value on the Company's equity investments.

G. Income Taxes

The Company and its subsidiaries are subject to tax in Australia and Canada. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available against which the losses can be used. During the three-month period ended June 30, 2022, Champion, which is incorporated under the laws of Australia, incurred a current tax expense related to the dividend received from its Canadian subsidiary and had partially recognized a deferred tax liability on its investments in the subsidiary. 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 mining profit, as defined by the *Mining Tax Act* (Québec), divided by revenues. Progressive tax rates are based on 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, 2022 (2021: 26.50%).

During the three-month period ended June 30, 2022, current income and mining tax expenses totalled $10,909,000, compared to $160,754,000 for the same period in 2021. The variation is mainly due to the change of taxable profit associated with the volatility of iron ore prices and the Company being subject to a 5% withholding tax in connection with the payment of dividends. During the three-month period ended June 30, 2022, deferred income and mining tax expenses totalled $18,485,000, compared to $6,300,000 for the same period in 2021. The variation in deferred tax expenses is mainly due to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The combined provincial and federal statutory tax and mining taxes was 38% while the Company's effective tax rates ("ETRs") were 41% for the three-month period ended June 30, 2022, compared to 43% for the same period in 2021. The ETR for the three-month period ended June 30, 2022, was higher than the statutory rate due to a 5% withholding tax incurred by Champion on the dividend received from QIO and the impact of an unrealized capital loss not recognized. The ETR for the three-month period ended June 30, 2021, was higher than the statutory tax rate mainly due to a higher mining profit margin, which resulted in a higher tax rate, as per the progressive mining tax rates schedule detailed previously.

During the three-month period ended June 30, 2022, the Company paid $95,240,000 in income and mining taxes for tax installments and final payments. Since monthly tax installments are based on the previous 2022 financial year's taxable income, which was higher due to the iron ore concentrate price volatility during the three-month period ended June 30, 2022, current income and mining taxes of $10,909,000 are below the $95,240,000 paid in tax installments, resulting in income and mining taxes receivable of $64,205,000 as at June 30, 2022 (March 31, 2022: income and mining taxes payable of $22,744,000).

7. Financial Performance (continued)

H. Net Income & EBITDA[1]

For the three-month period ended June 30, 2022, the Company generated net income of $41,554,000 (EPS of $0.08), compared to $224,339,000 (EPS of $0.44) for the same period in 2021. The net income was mainly affected by lower gross profits associated with a lower P65 index average price, higher sea freight and other costs during the period, as well as higher cash cost[1], compared to the same prior-year period. The decrease in net income is partially offset by lower current income and mining taxes as a result of lower operating earnings.

For the three-month period ended June 30, 2022, the Company generated EBITDA[1] of $94,930,000, representing an EBITDA margin[1] of 34%, compared to $405,739,000, representing an EBITDA margin[1] of 74%, for the same period in 2021. The decrease in EBITDA[1] period-over-period is primarily due to lower revenue from lower net average realized selling prices[1] and higher cash cost[1].

I. AISC[1] and Cash Operating Margin[1]

During the three-month period ended June 30, 2022, the Company realized an AISC[1] of $93.5/dmt, compared to $72.6/dmt for the same period in 2021. The variation relates to higher total cash costs[1], sustaining capital expenditures and additional G&A expenses, partially offset by the slightly positive impact of higher volumes of iron ore concentrate sold. The Company is actively working to ensure everything is in place to support Phase II operations, including hiring additional personnel and incurring the necessary sustaining capital expenditures. This negatively impacted costs during the three-month period ended June 30, 2022, as sales related to Phase II operations gradually increased, while upfront preparation-related costs aim to support Bloom Lake's revised nameplate capacity.

Deducting the AISC[1] of $93.5/dmt from the net average realized selling price[1] of $138.7/dmt, the Company generated a cash operating margin[1] of $45.2/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended June 30, 2022, compared to $203.6/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price[1] for the period.

8. Exploration Activities and Regional Growth

Kami Project

On April 1, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. The Company is currently revising the Kami Project's scope with the aim of maximizing the project's value by incorporating the most recent mining technologies. Over the upcoming months, the Company will evaluate the amenability of the deposit's feasibility study to produce a DR grade product. The updated feasibility study is expected to be completed in the first half of calendar 2023, as part of the Company's strategy to evaluate its growth alternatives within its property portfolio.

Exploration and Evaluation Activities

During the three-month period ended June 30, 2022, 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, 2022, $2,132,000 in exploration and evaluation expenditures were incurred, compared to $743,000 for the same period in 2021. During the three-month period ended June 30, 2022, exploration and evaluation expenditures mainly consisted of costs associated with resource development and drilling, work related to updating the Kami Project feasibility study and claim renewal fees. During the three-month period ended June 30, 2022, 3,637 metres of diamond drilling was completed on the Bloom Lake property. Drilling at Bloom Lake was undertaken mainly for the conversion of resources. In the comparative period, exploration and evaluation expenditures mainly consisted of costs associated with minor exploration work and preliminary work related to updating the Kami Project feasibility study.

Details on exploration projects and maps are available on the Company's website at www.championiron.com under the section Operations & Projects.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

9. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended June 30,	
	2022	2021
(in thousands of dollars)		
Operating cash flows before working capital	**79,113**	248,448
Changes in non-cash operating working capital	**(111,360)**	(261,077)
Net cash flow used in operating activities	**(32,247)**	(12,629)
Net cash flow used in investing activities	**(95,650)**	(163,788)
Net cash flow used in financing activities	**(43,087)**	(35,006)
Net decrease in cash and cash equivalents	**(170,984)**	(211,423)
Effects of exchange rate changes on cash and cash equivalents	**5,016**	(4,336)
Cash and cash equivalents, beginning of period	**321,892**	609,316
Cash and cash equivalents, end of period	**155,924**	393,557
Operating cash outflow per share[1]	**(0.06)**	(0.02)

Operating

During the three-month period ended June 30, 2022, the Company generated operating cash flows of $79,113,000 before working capital items, compared to $248,448,000 for the same period in 2021. The decrease is largely driven by a lower net average realized selling price[1] and higher cost of sales.

Changes in working capital items for the period were mainly affected by the payment of mining and income tax installments based on the previous financial year's taxable income, which was higher than the current taxable income. Tax installments paid exceed the current income and mining taxes expense for the three-month period ended June 30, 2022. Changes in working capital items for the period were also attributable to the timing of advances for rail transportation services associated with Phase II volume increases, as well as changes in stockpiled ore inventories to support Phase II ramp-up production and concentrate inventories attributable to the timing of sales compared to production volumes. The working capital build-up is in line with Management's expectations.

Based on the foregoing, the operating cash outflow per share[1] for the three-month period ended June 30, 2022, was $0.06, compared to an operating cash outflow per share[1] of $0.02 for the same period in 2021.

Investing

i. Purchase of Property, Plant and Equipment

During the three-month period ended June 30, 2022, the Company invested $122,614,000 in property, plant and equipment, compared to $109,939,000 for the same period in 2021. The following table details these investments:

	Three Months Ended June 30,	
	2022	2021
(in thousands of dollars)		
Tailings lifts	**8,985**	6,338
Stripping and mining activities	**11,063**	8,534
Mining equipment rebuild	**6,897**	1,895
Sustaining capital expenditures	**26,945**	16,767
Other capital development expenditures at Bloom Lake	**95,669**	93,172
Purchase of property, plant and equipment as per cash flows	**122,614**	109,939

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

9. Cash Flows (continued)

Investing (continued)

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

Sustaining Capital Expenditures

The increase in tailings-related investments for the three-month period ended June 30, 2022, compared to the same period in 2021, is mainly due to the timing of expenditures incurred on the dikes. During the three-month period ended June 30, 2022, weather conditions were more favourable than the same prior-year period, enabling the Company to advance work performed on the dikes. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy.

The increase in stripping and mining activities during the three-month period ended June 30, 2022, compared to the same period in 2021, is in line with the mine plan, inclusive of Phase II operations. The variation in stripping activities is also attributable to the revised stripping ratio used for cost capitalization since the fourth quarter of the 2022 financial year, following changes in the Company's mineral reserves as per the execution of the Phase II mine plan.

The increase in the Company's mining equipment maintenance program for the three-month period ended June 30, 2022, is attributable to the additional mining operating equipment and a high utilization rate of this equipment. Mining equipment rebuild expenditures were also negatively affected by global inflation during the three-month period ended June 30, 2022.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended June 30, 2022, other capital development expenditures at Bloom Lake totalled $95,669,000. The expenditures mainly consisted of $67,842,000 in Phase II capital expenditures, $14,781,000 in deposits for production equipment to be commissioned and financed in the future through the finance agreement with Caterpillar Financial Services Limited, and $4,421,000 in borrowing costs which were capitalized during the development of the Phase II project.

During the three-month period ended June 30, 2021, other capital development expenditures at Bloom Lake totalled $93,172,000 and were mainly comprised of $77,925,000 spent in Phase II capital expenditures. The investment for the three-month period ended June 30, 2021, also consisted of lodging infrastructure investments at the mine site required to accommodate an increasing workforce, prepayments for production equipment and increases in mill capacity and other infrastructure improvements.

ii. Advance Payments

During the three-month period ended June 30, 2022, the Company made advance payments totalling $13,548,000 for infrastructure upgrades required to accommodate the anticipated increase in Phase II production volumes and for Phase II rail access, compared to $40,338,000 for the same prior-year period. These advance payments were part of the construction budget and the decrease, compared to the same prior-year period, is attributable to the project nearing completion.

iii. Other Main Investing Activities

During the three-month period ended June 30, 2022, the restricted account of $43,736,000 (US$35,000,000) for potential Phase II project cost overruns was released, concurrent with the refinancing of the Phase II Credit Facility.

During the three-month period ended June 30, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. The consideration included a cash payment of $15,000,000, in addition to $444,000 in transaction costs. During the three-month period ended June 30, 2021, the Company also partially disposed some of its marketable securities investment for proceeds of $7,060,000, which was partially offset by the acquisition of the common shares of a private entity in connection with its innovation and growth initiative activities related to cold pelletizing totalling $1,239,000.

Financing

During the three-month period ended June 30, 2022, the Company drew down $19,831,000 and repaid $1,778,000 to the CAT Financing in connection with the funding of mining equipment. The Company also commenced repayment of the IQ Loan in the amount of $6,000,000. The $30,000,000 in drawdowns for the same prior-year period was related to the FTQ loan.

During the three-month period ended June 30, 2022, the Company incurred and paid $3,903,000 for new financing transaction costs related to the refinancing of the Phase II Credit Facility as described in the following section, compared to $981,000 for the same period in 2021.

9. Cash Flows (continued)

Financing (continued)

During the three-month period ended June 30, 2022, 300,000 stock options were exercised for proceeds totalling $1,500,000, compared to 100,000 stock options being exercised for proceeds totalling $500,000 during the same period in 2021. During the three-month period ended June 30, 2022, the Company paid a dividend to its shareholders totalling $51,658,000, in connection with the semi-annual financial results for the six-month period ended March 31, 2022.

Additionally, during the three-month period ended June 30, 2021, the Company's subsidiary, QIO, redeemed 60,000,000 of its preferred shares held by Caisse de dépôt et placement du Québec, at par value, for a consideration of $60,000,000. During the three-month period ended June 30, 2021, QIO also declared and paid the accumulated dividends on its preferred shares for a total disbursement of $4,266,000, pursuant to the 9.25% dividend rate.

10. Financial Position

As at June 30, 2022, the Company held $187,085,000 in cash and cash equivalents and short-term investments. The Company is well positioned to fund all of its cash requirements for the next 12 months with its existing cash balance, forecasted cash flows from operating activities and the following undrawn available financings:

	As at June 30, 2022
(in thousands of dollars)	
Revolving Facility	**283,492**
Caterpillar Financial Services Limited	**45,449**
FTQ loan	**45,000**
IQ Loan	**10,000**
Total available and undrawn loans	**383,941**

Following the announcement of the commissioning of Phase II, on May 24, 2022, QIO completed the refinancing of the US$400,000,000 Credit Facility with a US$400,000,000 general purpose Revolving Facility. The Company drew US$180,000,000 on the Revolving Facility, equivalent to the Credit Facility balance as at March 31, 2022. The Revolving Facility is provided by Societe Generale (Coordinating Bank, Mandated Lead Arranger and Joint Bookrunner), The Bank of Nova Scotia (Administrative Agent, Mandated Lead Arranger and Joint Bookrunner), with The Toronto-Dominion Bank, The Royal Bank of Canada (acting as Mandated Lead Arrangers and Joint Bookrunners), with the inclusion of the Bank of China Toronto Branch, Fédération des caisses Desjardins du Québec, Bank of Montreal, National Bank, Bank of America and EDC.

The US$400,000,000 Revolving Facility will mature May 24, 2026, and bears interest based on leverage ratios ranging between the Secured Overnight Financing Rate ("SOFR"), plus a credit spread adjustment plus 2.00% if the net debt to EBITDA ratio is lower or equal to 0.50x to SOFR, plus a credit spread adjustment plus 3.00% if the net debt to EBITDA ratio is greater than 2.50x. The Revolving Facility includes standard and customary finance terms and conditions, including with respect to fees, representations, warranties, covenants and conditions precedent to disbursements. This Revolving Facility enabled the Company to lift the restricted cash covenant from the previous Credit Facility and reduce the cost of capital. Refer to note 7 of the Financial Statements for additional details.

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

- Sustaining and other capital expenditures;
- Mine operating costs and related cost supporting ramp-up of the Phase II expansion project towards commercial production;
- Payment of mining and income taxes;
- Semi and final annual dividends payment to shareholders, if declared; and
- Capital repayments related to lease liabilities.

10. Financial Position (continued)

The following table details the changes to the statements of financial position as at June 30, 2022, compared to March 31, 2022:

	As at June 30, 2022	As at March 31, 2022	Variance
(in thousands of dollars)			
Cash and cash equivalents	**155,924**	321,892	(52%)
Short-term investments	**31,161**	30,777	1%
Receivables	**120,764**	124,137	(3%)
Other current assets	**231,611**	119,133	94%
Total current assets	**539,460**	595,939	(9%)
Restricted cash	**—**	43,736	(100%)
Property, plant and equipment	**1,173,604**	1,070,030	10%
Exploration and evaluation assets	**109,942**	107,810	2%
Other non-current assets	**191,807**	171,715	12%
Total assets	**2,014,813**	1,989,230	1%
Total current liabilities	**222,624**	286,890	(22%)
Long-term debt	**335,392**	251,365	33%
Rehabilitation obligation	**76,348**	86,021	(11%)
Other non-current liabilities	**226,346**	203,256	11%
Total liabilities	**860,710**	827,532	4%
Equity attributable to Champion shareholders	**1,154,103**	1,161,698	(1%)
Total equity	**1,154,103**	1,161,698	(1%)
Total liabilities and equity	**2,014,813**	1,989,230	1%

The Company's cash and cash equivalents balance on June 30, 2022, decreased from the amount held on March 31, 2022, and is mainly attributable to cash flow from operating activities, capital expenditures, the payment of $95,240,000 in mining and income taxes and the dividend payment of $51,658,000. The $95,240,000 in tax installments paid was based on the previous financial year's taxable income, which was higher than the current taxable income and therefore exceeded the current income and mining taxes expense for the current period, resulting in a receivable balance as at June 30, 2022. The decrease in cash and cash equivalents balance is partially offset by the release of the restricted cash concurrent with the refinancing of the Phase II Credit Facility and net drawdowns on the CAT financing agreement during the three-month period ended June 30, 2022.

Lower receivables were mainly impacted by an unfavourable price adjustment attributable to the decrease in the iron ore index, partially offset by the sale of iron ore concentrate on four vessels not yet collected by June 30, 2022. Higher other current assets are mainly attributable to higher prepaid expenses mainly attributable to the timing of payments for rail transportation services, higher inventories and income and mining taxes receivable of $64,205,000.

The increase in property, plant and equipment is attributable to the Phase II expansion project, the receipt of additional railcars required for projected Phase II increases in volume and additional mining and processing equipment. Other non-current assets increased, reflecting the advance payments made in connection with sustaining capital maintenance expenditures and transaction costs related to the Revolving Facility.

Lower total current liabilities are mainly due to the treatment of the Revolving Facility balance as a non-current liability as it is contractually due at maturity, while prior to the refinancing that occurred on May 24, 2022, the Senior Debt's first four quarterly principal payments totalling $59,981,000 (US$48,000,000) were treated as a current liability. The decrease in total current liabilities is also attributable to income and mining taxes receivable as at June 30, 2022, as monthly installments paid exceed the current taxable income as described above, compared to a payable balance as at March 31, 2022.

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

10. Financial Position (continued)

The increase in long-term debt during the three-month period ended June 30, 2022, is mainly due to the treatment of the Revolving Facility balance as a non-current liability, together with the related transaction costs being classified under other non-current asset as detailed above and the net drawdown on the CAT Financing.

The variation in the rehabilitation obligation is mainly attributable to the change in the discount rate used, reflecting the significant increase in market interest rates, when compared to March 31, 2022.

The increase in other non-current liabilities is mainly due to additional lease liabilities for the three-month period ended June 30, 2022, following the receipt of the remaining railcars required for the Phase II volumes and additional leased equipment.

The decrease in total equity is mainly attributable to a decrease in retained earnings through the dividend payment on ordinary shares, partially offset by net income during the three-month period ended June 30, 2022.

11. Financial Instruments

The nature and extent of risks arising from the Company’s financial instruments are summarized in note 26 of the audited annual financial statements for the year ended March 31, 2022.

12. 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.

13. 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, 2022:

(in thousands of dollars)	Less than a Year	1 to 5 Years	More than 5 Years	Total
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	**198,831**	**—**	**—**	**198,831**
Long-term debt, including capital and future interest payment	**29,951**	**332,151**	**63,601**	**425,703**
Lease liabilities, including future interest	**7,512**	**23,179**	**79,347**	**110,038**
Cash-settled share-based payment liability	**3,492**	**3,673**	**—**	**7,165**
Commitments as per note 17 of the Financial Statements	**178,444**	**101,898**	**201,643**	**481,985**
	418,230	**460,901**	**344,591**	**1,223,722**

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

13. Contractual Obligations, Commitments and Off-Balance Sheet Arrangements (continued)

Contractual Obligations and Commitments (continued)

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

- A gross sales royalty to Altius Resources Inc. on iron ore concentrate, refined copper, fine gold bullion, silver bullion, and other refined products;
- Finite production payments on future production;
- Education and training fund for local communities; and
- Special tax payment to the Minister of Finance of Newfoundland and Labrador.

The Company is also subject to a limited production payment on its Consolidated Fire Lake North, Lac Lamêlée, Moiré Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

Other Off-Balance Sheet Arrangements

The undrawn portion of the Revolving Facility and FTQ loans totalled US$220,000,000 and $45,000,000, respectively, as at June 30, 2022. Both are subject to standby commitment fees.

As at June 30, 2022, the undrawn portion of the finance agreement with Caterpillar Financial Services amounted to US$35,270,000. The original amount of US$75,000,000 may be increased at Caterpillar Financial Services' discretion up to an amount no greater than US$125,000,000. The finance agreement is also subject to standby commitment fees.

The undrawn portion of the IQ Loan amounted to $10,000,000 as at June 30, 2022.

Based on the foregoing, as at June 30, 2022, the Company is benefiting from available and undrawn loans totalling $383,941,000, which will allow the Company to fund all its cash requirements for the next 12 months.

14. 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, 2022.

15. 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, 2022.

16. New Accounting Standards Issued but not 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, 2022.

17. 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 28 of the Company's audited annual financial statements for the year ended March 31, 2022. In connection with related party transactions, no significant changes occurred in the three month period ended June 30, 2022.

18. Non-IFRS and Other Financial Measures

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

Non-IFRS and Other Financial Measures	
Non-IFRS Financial Measures	
EBITDA	Earnings before income and mining taxes, net finance costs and depreciation
Adjusted net income	Net income plus incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs, less gain on disposal of non-current investments, and the related tax effect of these items
Available liquidity	Cash and cash equivalents plus short-term investments plus undrawn amounts under credit facilities
Non-IFRS Ratios	
EBITDA margin	EBITDA as a percentage of revenues
Adjusted EPS	Adjusted net income per basic weighted average number of ordinary shares outstanding
Total cash cost or C1 cash cost per dmt sold	Cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs divided by iron ore concentrate sold in dmt
AISC per dmt sold	Cost of sales before incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs plus sustaining capital expenditures and G&A expenses divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price less AISC
Gross average realized selling price or gross average realized FOB selling price per dmt sold	Revenues before provisional pricing adjustments and freight and other costs divided by iron ore concentrate sold in dmt
Cash profit margin	Cash operating margin as a percentage of net average realized selling price
Other Financial Measures	
Net average realized selling price or net average realized FOB selling price per dmt sold	Revenues divided by iron ore concentrate sold in dmt
Operating cash flow per share	Net cash flow from (used in) operating activities per basic weighted average number of ordinary shares outstanding

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

EBITDA and EBITDA Margin

EBITDA is a non-IFRS financial measure that allows comparability of operating results from one period to another by excluding the effects of items that are usually associated with investing and financing activities. EBITDA is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS. For simplicity and comparative purposes, the Company did not exclude non-cash share-based payments, Bloom Lake Phase II start-up costs, COVID-19-related expenditures and other income or expenses.

EBITDA margin is used for the purpose of evaluating business performance. Management believes this financial ratio is relevant to investors to assess the Company's ability to generate liquidity by producing operating cash flows to fund working capital needs and capital expenditures, and service debt obligations.

EBITDA and EBITDA margin do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended
	September 30,	December 31,	March 31,	**June 30,**
	2021	2021	2022	**2022**
(in thousands of dollars)				
Income before income and mining taxes	189,564	108,574	181,312	**70,948**
Net finance costs	1,012	3,377	2,269	**4,190**
Depreciation	9,437	10,176	14,357	**19,792**
EBITDA	200,013	122,127	197,938	**94,930**
Revenues	331,006	253,016	331,376	**279,321**
EBITDA margin	60%	48%	60%	**34%**

				Three Months Ended
	September 30,	December 31,	March 31,	June 30,
	2020	2020	2021	2021
(in thousands of dollars)				
Income before income and mining taxes	186,096	194,652	261,047	391,393
Net finance costs	4,530	11,323	5,430	4,387
Depreciation	8,346	8,604	9,287	9,959
EBITDA	198,972	214,579	275,764	405,739
Revenues	310,994	329,545	396,702	545,408
EBITDA margin	64%	65%	70%	74%

Adjusted Net Income and Adjusted EPS

Management uses adjusted net income and adjusted EPS to evaluate the Company's operating performance and for planning and forecasting future business operations. Management believes that these financial measures provide users with an enhanced understanding of the Company's results by excluding certain items that do not reflect the core performance of the Company. By excluding these items, Management believes it provides a better comparability of the Company's results from one period to another and with other mining entities. These financial measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures and ratios presented by other companies.

In line with the Government of Québec's directives, the Company implemented several measures in its efforts to mitigate the risks related to the COVID-19 pandemic. Incremental costs related to COVID-19 are mainly comprised of on-site COVID-19 testing and laboratory costs, incremental costs for cleaning and disinfecting facilities, premium payroll costs from adjusted work schedules and additional transportation costs. These costs do not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. Pre-commercial start-up costs for the Phase II project mainly related to staff mobilization and training costs, and since the commissioning of Phase II, it also included abnormal operational costs attributable to the facility not having reached the normalized level of output. Phase II start-up costs were presented in other expenses in the consolidated statements of income before the commissioning and thereafter in the cost of sales. Management believes these items have a disproportionate impact on the results for the periods.

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

Adjusted Net Income and Adjusted EPS (continued)

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 and ratios used by mining industry analysts.

								Three Months Ended
	September 30,		December 31,		March 31,			**June 30,**
		2021		2021		2022		**2022**
	Net Income	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**
(in thousands of dollars except per share)								
Unadjusted	114,596	0.23	67,997	0.13	115,653	0.23	**41,554**	0.08
Cash items								
Gain on disposal of non-current investments	232	—	—	—	—	—	**—**	—
Incremental costs related to COVID-19	1,099	—	1,366	—	3,310	0.01	**840**	—
Bloom Lake Phase II start-up costs	4,613	0.01	7,174	0.01	5,965	0.01	**19,476**	0.04
	5,944	0.01	8,540	0.01	9,275	0.02	**20,316**	0.04
Tax effect of adjustments listed above[1]	(2,228)	(0.01)	(3,501)	—	(3,617)	(0.01)	**(7,720)**	(0.02)
Adjusted	118,312	0.23	73,036	0.14	121,311	0.24	**54,150**	0.10

								Three Months Ended
	September 30,		December 31,		March 31,			June 30,
		2020		2020		2021		2021
	Net Income	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**
(in thousands of dollars except per share)								
Unadjusted	112,164	0.24	120,771	0.25	155,934	0.32	224,339	0.44
Non-cash item								
Loss on debt refinancing	—	—	1,863	—	—	—	—	—
	—	—	1,863	—	—	—	—	—
Cash items								
Gain on disposal of non-current investments	—	—	—	—	(2,332)	(0.01)	(408)	—
Incremental costs related to COVID-19	2,671	—	2,215	0.01	3,162	0.01	2,068	—
	2,671	—	2,215	0.01	830	—	1,660	—
Tax effect of adjustments listed above[1]	(1,076)	—	(1,430)	—	(1,265)	(0.01)	(889)	—
Adjusted	113,759	0.24	123,419	0.26	155,499	0.31	225,110	0.44

[1] The tax effect of adjustments is calculated using the applicable tax rate.

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

Available Liquidity

Available liquidity is a new non-IFRS measure used by Management to prudently monitor its cash. Available liquidity is comprised of cash and cash equivalents, short-term deposits that mature within twelve months and undrawn amounts under available credit facilities. The Company uses available liquidity to measure the liquidity required to satisfy its lenders, fund capital expenditures and support operations. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

	As at June 30, 2022	As at March 31, 2022
Cash and cash equivalents	**155,924**	321,892
Short-term investments	**31,161**	30,777
Undrawn amounts under credit facilities	**383,941**	393,303
Available liquidity	**571,026**	745,972

Total Cash Cost

Total cash cost, or C1 cash cost, is a common financial performance measure in the iron ore mining industry. 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. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The cost of sales includes production costs such as mining, processing and mine site-related G&A expenses as well as rail and port operation costs, and is adjusted to exclude incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs presented in the cost of sales since the Phase II commissioning in April 2022. Depreciation expense is not a component of total cash cost.

				Three Months Ended
	September 30, 2021	December 31, 2021	March 31, 2022	**June 30, 2022**
Per tonne sold				
Iron ore concentrate sold (dmt)	1,953,900	1,832,100	1,889,900	**2,013,900**
(in thousands of dollars except per tonne)				
Cost of sales	110,884	110,290	116,658	**169,407**
Less: Incremental costs related to COVID-19	(1,099)	(1,366)	(3,310)	**(840)**
Less: Bloom Lake Phase II start-up costs	—	—	—	**(19,476)**
	109,785	108,924	113,348	**149,091**
Total cash cost (per dmt sold)	56.2	59.5	60.0	**74.0**

				Three Months Ended
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
Per tonne sold				
Iron ore concentrate sold (dmt)	2,063,400	1,891,200	1,971,100	1,974,700
(in thousands of dollars except per tonne)				
Cost of sales	102,739	108,506	110,299	120,846
Less: Incremental costs related to COVID-19	(2,671)	(2,215)	(3,162)	(2,068)
	100,068	106,291	107,137	118,778
Total cash cost (per dmt sold)	48.5	56.2	54.4	60.1

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

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. 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 does not include innovation and growth initiative expenses, start-up costs and exploration expenses that are not sustainable in nature, income and mining tax expenses, working capital, defined as current assets less current liabilities, interest costs, or other income or expenses. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The Company calculates AISC as the sum of total cash cost, sustaining capital, including deferred stripping costs and G&A expenses divided by the iron ore concentrate sold to arrive at a per dmt figure. The AISC excludes the incremental costs related to COVID-19 and the Bloom Lake Phase II start-up costs that are included in the cost of sales. 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.

				Three Months Ended
	September 30, 2021	December 31, 2021	March 31, 2022	**June 30, 2022**
Per tonne sold				
Iron ore concentrate sold (dmt)	1,953,900	1,832,100	1,889,900	**2,013,900**
(in thousands of dollars except per tonne)				
Cost of sales	110,884	110,290	116,658	**169,407**
Less: Incremental costs related to COVID-19	(1,099)	(1,366)	(3,310)	**(840)**
Less: Bloom Lake Phase II start-up costs	—	—	—	**(19,476)**
Sustaining capital expenditures[1]	26,461	21,985	11,743	**26,945**
G&A expenses	7,548	8,323	8,094	**12,272**
	143,794	139,232	133,185	**188,308**
AISC (per dmt sold)	73.6	76.0	70.5	**93.5**

				Three Months Ended
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
Per tonne sold				
Iron ore concentrate sold (dmt)	2,063,400	1,891,200	1,971,100	1,974,700
(in thousands of dollars except per tonne)				
Cost of sales	102,739	108,506	110,299	120,846
Less: Incremental costs related to COVID-19	(2,671)	(2,215)	(3,162)	(2,068)
Sustaining capital expenditures[1]	12,177	11,442	13,193	16,767
G&A expenses	5,695	4,810	7,905	7,804
	117,940	122,543	128,235	143,349
AISC (per dmt sold)	57.2	64.8	65.1	72.6

[1] Purchase of property, plant and equipment as per the consolidated statements of cash flows are classified into sustaining capital expenditures and other capital development expenditures at Bloom Lake. Sustaining capital expenditures are defined as capital expenditures to sustain or maintain the existing assets to achieve operations as per the mine plan, from which future economic benefits will be derived. Refer to section 9 — Cash flows of this MD&A.

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

Cash Operating Margin and Cash Profit Margin

Cash operating margin per dmt sold is used by Management to better understand the iron ore concentrate margin realized throughout a period. Cash operating margin represents the net average realized selling price per dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin per dmt sold divided by the net average realized selling price per dmt sold. These measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended
	September 30, 2021	December 31, 2021	March 31, 2022	**June 30, 2022**
Per tonne sold				
Iron ore concentrate sold (dmt)	1,953,900	1,832,100	1,889,900	**2,013,900**
(in thousands of dollars except per tonne)				
Revenues	331,006	253,016	331,376	**279,321**
Net average realized selling price (per dmt sold)	169.4	138.1	175.3	**138.7**
AISC (per dmt sold)	73.6	76.0	70.5	**93.5**
Cash operating margin (per dmt sold)	95.8	62.1	104.8	**45.2**
Cash profit margin	57%	45%	60%	**33%**

				Three Months Ended
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
Per tonne sold				
Iron ore concentrate sold (dmt)	2,063,400	1,891,200	1,971,100	1,974,700
(in thousands of dollars except per tonne)				
Revenues	310,994	329,545	396,702	545,408
Net average realized selling price (per dmt sold)	150.7	174.2	201.3	276.2
AISC (per dmt sold)	57.2	64.8	65.1	72.6
Cash operating margin (per dmt sold)	93.5	109.4	136.2	203.6
Cash profit margin	62%	63%	68%	74%

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

Gross Average Realized Selling Price per dmt Sold

Gross average realized selling price is used by Management to better understand the iron ore concentrate price throughout a period. The measure excludes the provisional pricing adjustments on sales contracts structured on a provisional pricing basis and freight and other costs, which enable Management to track the level of its iron ore concentrate price compared to the average P65 index used in the market.

Provisional pricing adjustments represent any difference between the revenue recognized at the end of the previous period and the final settlement price. Excluding this element presents a better understanding of the iron ore price realized on vessels sold during the period. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

				Three Months Ended
	September 30,	December 31,	March 31,	**June 30,**
	2021	2021	2022	**2022**
Per tonne sold				
Iron ore concentrate sold (dmt)	1,953,900	1,832,100	1,889,900	**2,013,900**
(in thousands of dollars except per tonne)				
Revenues	331,006	253,016	331,376	**279,321**
Provisional pricing adjustments	11,229	7,466	(28,769)	**15,668**
Freight and other costs	85,219	96,849	88,757	**88,361**
Gross revenues	427,454	357,331	391,364	**383,350**
Gross average realized selling price (per dmt sold)	218.8	195.0	207.1	**190.4**

				Three Months Ended
	September 30,	December 31,	March 31,	June 30,
	2020	2020	2021	2021
Per tonne sold				
Iron ore concentrate sold (dmt)	2,063,400	1,891,200	1,971,100	1,974,700
(in thousands of dollars except per tonne)				
Revenues	310,994	329,545	396,702	545,408
Provisional pricing adjustments	(28,980)	(15,376)	(20,449)	(60,895)
Freight and other costs	54,002	54,331	57,456	67,807
Gross revenues	336,016	368,500	433,709	552,320
Gross average realized selling price (per dmt sold)	162.8	194.8	220.0	279.7

19. Share Capital Information

The Company’s share capital consists of ordinary shares without par value. As of July 27, 2022, there are 516,911,876 ordinary shares issued and outstanding. In addition, there are 5,450,199 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units, and 15,281,250 ordinary shares issuable pursuant to warrants.

20. 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, 2022, 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, 2022.

The Company's financial year ends on March 31. All financial data is stated in millions of dollars except for earnings per share and adjusted EPS[1].

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Financial Data ($ millions)								
Revenues	279.3	331.4	253.0	331.0	545.4	396.7	329.5	311.0
Operating income	74.5	173.7	109.2	190.4	400.0	262.5	203.3	189.5
EBITDA[1]	94.9	197.9	122.1	200.0	405.7	275.8	214.6	199.0
Net income	41.6	115.7	68.0	114.6	224.3	155.9	120.8	112.2
Adjusted net income[1]	54.1	121.3	73.0	118.3	225.1	155.5	123.4	113.8
EPS - basic	0.08	0.23	0.13	0.23	0.44	0.32	0.25	0.24
EPS - diluted	0.08	0.22	0.13	0.22	0.43	0.30	0.24	0.22
Adjusted EPS - basic[1]	0.10	0.24	0.14	0.23	0.44	0.31	0.26	0.24
Net cash flow (used in) from operations	(32.2)	4.3	104.6	374.1	(12.6)	228.6	189.1	131.4
Operating Data								
Waste mined and hauled (thousands of wmt)	5,606	5,072	5,442	5,300	4,700	3,796	4,958	4,114
Ore mined and hauled (thousands of wmt)	6,193	5,388	5,517	5,714	5,644	5,636	5,183	6,070
Strip ratio	0.91	0.94	0.99	0.93	0.83	0.67	0.96	0.68
Ore milled (thousands of wmt)	6,022	4,904	5,161	5,680	5,227	5,238	5,194	5,563
Head grade Fe (%)	31.0	30.3	30.6	29.1	29.6	30.7	29.7	30.9
Fe recovery (%)	80.2	82.7	83.9	83.3	82.9	82.6	83.6	85.2
Product Fe (%)	66.1	66.2	66.2	66.3	66.3	66.5	66.4	66.1
Iron ore concentrate produced (thousands of wmt)	2,283	1,869	2,013	2,089	1,936	2,011	1,922	2,269
Iron ore concentrate sold (thousands of dmt)	2,014	1,890	1,832	1,954	1,975	1,971	1,891	2,063
Statistics (in dollars per dmt sold)								
Gross average realized selling price[1]	190.4	207.1	195.0	218.8	279.7	220.0	194.8	162.8
Net average realized selling price[1]	138.7	175.3	138.1	169.4	276.2	201.3	174.2	150.7
Total cash cost (C1 cash cost)[1]	74.0	60.0	59.5	56.2	60.1	54.4	56.2	48.5
All-in sustaining cost[1]	93.5	70.5	76.0	73.6	72.6	65.1	64.8	57.2
Cash operating margin[1]	45.2	104.8	62.1	95.8	203.6	136.2	109.4	93.5
Statistics (in U.S. dollars per dmt sold)[2]								
Gross average realized selling price[1]	149.6	164.1	154.8	174.6	228.3	173.9	150.3	122.2
Net average realized selling price[1]	108.8	139.1	109.5	134.7	225.5	159.3	134.5	113.2
Total cash cost (C1 cash cost)[1]	58.0	47.4	47.2	44.6	48.9	43.0	43.1	36.4
All-in sustaining cost[1]	73.2	55.7	60.3	58.4	59.1	51.4	49.7	42.9
Cash operating margin[1]	35.6	83.4	49.2	76.3	166.4	107.9	84.6	70.1

[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 18 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures when applicable.

[2] See the Currency section of this MD&A included in section 5 - Key Drivers.

21. 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 2022 Annual Information Form and the MD&A for the financial year ended March 31, 2022, 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.

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

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Vice-President Financial Performance, acting in the capacity of 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, 2022, and ended on June 30, 2022, 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.

23. 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 28, 2022. A copy of this MD&A will be provided to anyone who requests it.

24. Nature of Securities

The purchase of the Company’s securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company’s securities should not be purchased by 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.

25. 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.