Management's Discussion and Analysis

For the Three and Nine-Month Periods Ended December 31, 2022

CHAMPION IRON

TSX: CIA - ASX: CIA

As at January 27, 2023

The following Champion Iron Limited ("Champion" or the "Company") Management's Discussion and Analysis ("MD&A") has been prepared as of January 27, 2023. This MD&A is intended to supplement the condensed interim consolidated financial statements for the three and nine-month periods ended December 31, 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 millions of 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), C$ (Canadian dollar), Board (Board of Directors), 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), G&A (general and administrative), 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 the 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 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 and EBITDA margin, adjusted net income, adjusted EPS, available liquidity, C1 cash cost or total cash cost, AISC per dmt sold, cash operating margin, cash profit margin, gross average realized selling price per dmt sold or gross average realized FOB selling price per dmt sold, net average realized selling price per dmt sold or net 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 measure is provided in section 20 - 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 are forward-looking statements. Forward-looking statements include, among other things, Management's expectations regarding:

(i) the Company's Phase II expansion project, its expected achievement of nameplate capacity, recovery rates, economic benefits, impact on nameplate capacity and milestones;

(ii) the project to upgrade the Bloom Lake iron ore concentrate to a higher grade with lower contaminants and to convert approximately half of Bloom Lake's increased nameplate capacity of 15 Mtpa to commercially produce a 69% Fe Direct Reduction pellet feed product, expected project timeline, economics, capex, budget and financing, layout, flowsheet, integration with Phase II, production metrics, technical parameters, efficiencies, permitting and benefits;

(iii) the feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce Direct Reduction grade pellets and its anticipated completion date;

(iv) the Kami Project's feasibility study, its purpose and anticipated completion date;

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

(vi) the shift in steel industry production methods and expected rising demand for higher-grade iron ore products and related market deficit and higher premiums, including using reduction technologies to produce liquid iron, the Company's related research and development program and its results and the transition of the Company's product offering and expected benefits thereof;

(vii) the cold pelletizing technology and its potential to substantially reduce emissions linked to the agglomeration of iron ore;

(viii) greenhouse gas and CO_2 emission reduction initiatives, objectives, targets and expectations;

(ix) the weakened economic outlook, recession and the Chinese property market;

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

(xi) the potential impact of the COVID-19 pandemic and the mitigation of risks related thereto;

(xii) the relationship between iron ore prices and ocean freight costs and their impact on the Company;

(xiii) the impact of iron ore prices fluctuations on the Company and the occurrence of certain events and their impact on iron ore prices and demand for high-grade iron ore products;

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

(xv) legal actions, including arbitrations and class actions, their potential outcome and their effect on the consolidated financial position of the Company; and

(xvi) the mitigation of risks related to COVID-19.

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;
- timing and uncertainty of industry shift to green steel and electric arc furnaces, impacting demand for high-grade feed;
- 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 forward-looking 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, 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 two concentrators 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 has sold its iron ore concentrate to customers globally, including in China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to Bloom Lake, 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 December 31,			Nine Months Ended December 31,		
	2022	2021	Variance	**2022**	2021	Variance
Iron ore concentrate produced (wmt)	**2,962,500**	2,013,200	47%	**8,102,400**	6,038,300	34%
Iron ore concentrate sold (dmt)	**2,694,200**	1,832,100	47%	**7,501,500**	5,760,700	30%
Financial Data (in thousands of dollars, except per share amounts)						
Revenues	**351,233**	253,016	39%	**931,175**	1,129,430	(18%)
EBITDA[1]	**118,206**	122,127	(3%)	**297,467**	727,879	(59%)
EBITDA margin[1]	**34 %**	48 %	(29%)	**32 %**	64 %	(50%)
Net income	**51,406**	67,997	(24%)	**112,490**	406,932	(72%)
Adjusted net income[1]	**54,067**	73,036	(26%)	**137,479**	416,457	(67%)
Basic EPS	**0.10**	0.13	(23%)	**0.22**	0.80	(73%)
Adjusted EPS[1]	**0.10**	0.14	(29%)	**0.27**	0.82	(67%)
Net cash flow from operating activities	**13,440**	104,643	(87%)	**68,262**	466,155	(85%)
Dividend per ordinary share paid	**0.10**	—	100%	**0.20**	—	100%
Cash and cash equivalents	**165,986**	468,082	(65%)	**165,986**	468,082	(65%)
Total assets	**2,189,347**	1,923,774	14%	**2,189,347**	1,923,774	14%
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**171.6**	195.0	(12%)	**171.2**	232.1	(26%)
Net average realized selling price[1]	**130.4**	138.1	(6%)	**124.1**	196.1	(37%)
C1 cash cost[1]	**76.0**	59.5	28%	**71.7**	58.6	22%
All-in sustaining cost ("AISC")[1]	**86.7**	76.0	14%	**86.7**	74.0	17%
Cash operating margin[1]	**43.7**	62.1	(30%)	**37.4**	122.1	(69%)
Statistics (in U.S. dollars per dmt sold)[2]						
Gross average realized selling price[1]	**126.5**	154.8	(18%)	**130.5**	186.7	(30%)
Net average realized selling price[1]	**96.1**	109.5	(12%)	**94.7**	157.9	(40%)
C1 cash cost[1]	**56.0**	47.2	19%	**54.6**	46.9	16%
All-in sustaining cost ("AISC")[1]	**63.9**	60.3	6%	**66.0**	59.2	11%
Cash operating margin[1]	**32.2**	49.2	(35%)	**28.7**	98.7	(71%)

[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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

[2] See the "Currency" section of this MD&A included in section 6 - Key Drivers.

3. Quarterly Highlights

Sustainability

- No major environmental issues reported during the period;
- Environment and Climate Change Canada performed a regulatory audit of the Bloom Lake facilities and reported no instances of non-compliance; and
- In keeping with Champion's corporate values and recognizing the importance of their relationship with local communities, all employees completed training sessions on diversity and culture, developed in collaboration with the Company's First Nations partners.

Operations and Financial

- Record production of 2,962,500 wmt of high-grade 66.0% Fe concentrate for the three-month period ended December 31, 2022, representing an increase of nearly 50% compared to 2,013,200 wmt for the same period in 2021. Higher production during the period was driven by achieving commercial production of the Phase II concentrator in December. Quarterly production from the two concentrators was negatively impacted by third-party delays in delivering mining equipment, which impacted mining capacity, together with significant electrical failures and operational interruptions following abnormal weather events, impacting the greater Québec province in late December 2022. Longer than planned shutdowns, as well as unplanned outages during the commissioning of the new crusher's conveyor systems, also negatively impacted production in the period;
- Revenues of $351.2 million ($253.0 million for the same period in 2021), net cash flow from operating activities of $13.4 million ($104.6 million for the same period in 2021), EBITDA[1] of $118.2 million ($122.1 million for the same period in 2021) and net income of $51.4 million (EPS of $0.10) ($68.0 million and EPS of $0.13 for the same period in 2021);
- Financial results during the quarter, compared to the prior-year period, were positively impacted by the increase in iron ore sold. This was offset by lower iron ore index prices compared to the same period last year, expected transitional start-up costs to support Phase II commercial production and higher operating costs. Volume of sales in the period was negatively impacted by significant electrical failures and operational interruptions following abnormal weather events in late December 2022, resulting in delayed iron ore shipments due to power outages at the port of Sept-Îles;
- C1 cash cost[1] of $76.0/dmt (US$56.0/dmt)[2] for the three-month period ended December 31, 2022, compared to $59.5/dmt (US$47.2/dmt)[2] for the same period in 2021. The higher cost was attributable to higher fuel and explosives prices, higher site-related G&A expenses attributable to inflationary pressures, higher maintenance costs due to unscheduled work during the commissioning of the new crusher's conveyor systems and delays in mining equipment deliveries, which contributed to incremental contractor spending at the mine to support higher production volumes. Unit cost during the period was also impacted by higher fixed costs to support the future run rate while production ramps up to nameplate capacity. The economic benefits of the Phase II expansion project should be progressive as throughput gradually increases towards Bloom Lake's revised nameplate capacity of 15 Mtpa[3];
- Available liquidity[1] of $476.0 million as at December 31, 2022, including $166.3 million of cash and cash equivalents and short-term investments, compared to $586.4 million as at September 30, 2022; and
- Dividend of $0.10 per ordinary share paid on November 29, 2022, in connection with the semi-annual results for the period ended September 30, 2022, totalling $51.7 million. 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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.
[2] See the "Currency" section of this MD&A included in note 6 - Key Drivers.
[3] See the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

3. Quarterly Highlights (continued)

Phase II Milestones

- Phase II plant demonstrated the ability to achieve nameplate capacity on several days during the period and achieved its commercial production in December 2022;
- While plant related work programs have been completed earlier than anticipated, off-site work programs, including third-party infrastructure, continue to advance with slight delays related to labour availability and late delivery of some key components; and
- The Company expects the Bloom Lake site's throughput and Fe recoveries to benefit from ongoing optimization work programs, mining equipment deliveries, and completion of ore crushing system commissioning, while off-site infrastructure capacity increases are advancing, positioning the mine to achieve its expected increased nameplate capacity in the near term[1].

Direct Reduction Pellet Feed Project ("DRPF") Feasibility Study

- Announces positive results of the Feasibility Study, evaluating flowsheet modifications to the Phase II plant and infrastructure required to upgrade its current production to DRPF grade iron ore, resulting in an average life of mine production of approximately 7.5 Mtpa of DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2% (the "Project");
- Project construction period estimated at 30 months with total capital expenditures of $470.7 million, including additional power and port-related infrastructure, resulting in a Net Present Value ("NVP") of $738.2 million and Internal Rate of Return ("IRR") of 24.0% after-tax;
- Project could produce one of the highest DRPF quality products available on the seaborne market, which can expect to attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate;
- Production of DRPF product would enhance the Company's ability to further contribute to the green steel supply chain by engaging with additional customers focused on the Direct Reduced Iron ("DRI") and Electric Arc Furnaces ("EAF") steelmaking route, which reduces emissions in the steelmaking process by approximately half, compared to the traditional steelmaking route using Blast Furnace ("BF") and Basic Oxygen Furnace ("BOF"); and
- Approval by the Board of an initial budget of $10 million to advance the Project during the remainder of calendar 2023 has been obtained, to be funded from existing liquidity, with a Final Investment Decision ("FID") to complete the Project pending securing additional power capacity and non-dilutive funding.

Other Growth and Development

- The Kami Project's feasibility study, which is evaluating the project's capability to produce Direct Reduction ("DR") grade pellet feed product, is expected to be completed in the second half of calendar 2023[1]; and
- In collaboration with a major international steelmaking partner, a feasibility study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility (the "Pellet Plant") to produce DR grade pellets is advancing, with an anticipated completion date in the second half of calendar 2023[1].

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

(Expressed in Canadian dollars, except where otherwise indicated)

4. Direct Reduction Pellet Feed Project

DRPF Product and Pricing

With an increased focus to reduce greenhouse gas ("GHG") emissions in the steelmaking processes, the steel industry is experiencing a structural shift in its production methods. This dynamic is expected to create additional demand for higher-purity iron ore products, as the industry transitions towards using reduction technologies to produce liquid iron, such as the use of DRI in EAF instead of BF-BOF.

Benefiting from high-purity reserves and resources, Bloom Lake is one of the few iron-ore deposits in the world capable of upgrading its product to DRPF quality iron ore, requiring both elevated Fe content and low impurities. The Project, proposing to produce 69% Fe with combined silica and alumina content below 1.2%, is expected to produce one of the world's highest purity DRPF quality iron ore. High purity DRPF product is a primary ingredient required in the green steel supply chain to produce high quality and complex steel in the DRI/EAF process, reducing CO_2 equivalent emissions by more than 50%, compared to the conventional steelmaking route utilizing BF-BOF.

DR grade iron ore is generally pelletized to produce DR grade pellets. DR grade pellets are then processed in a DR reactor, removing oxygen from the iron oxide concentrate to produce metallic iron (DRI or HBI), which can be a substitute or blended with scrap steel to produce steel in the EAF steelmaking method.

As DR grade quality iron ore represents a niche product in the iron ore industry, representing approximately 5% of the global seaborne iron ore production, pricing tends to be directly negotiated between producers and sellers without an available global pricing index. Due to its higher Fe content and lower impurities, pricing for DR grade iron ore product, used as a raw material input to make DR grade pellets, is expected to attract a significant premium over the traditional high-grade iron ore P65 index and correlate with the DR grade pellet indices. The Company believes, in tandem with several market experts, that the accelerating transition to reduce emissions in the steelmaking process will result in rising demand for DRPF products. As of result of this expected rising demand and product scarcity, the Company believes that its industry leading DRPF quality product will attract increasing premiums over time. Additionally, production of DRPF quality iron ore is expected to enable the Company to further diversify its customer mix, including steelmakers in closer proximity to Bloom Lake, which could result in freight advantages for the Company.

Project Feasibility Study Highlights

The Feasibility Study for the DRPF Project, conducted in partnership with BBA, evaluated the equipment and infrastructure required to upgrade the Bloom Lake phase II plant to produce approximately 7.5 Mtpa of DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2%. To integrate the Project with Bloom Lake's existing infrastructure, the Feasibility Study evaluated additional onsite work programs, including modifications and tie-ins to the Phase II plant, a modification to its access road and an upgrade to the site's electricity transport and distribution systems. To facilitate the handling of two different quality iron ore products, the Feasibility Study also assessed modifications to the Société ferroviaire et portuaire de Pointe-Noire ("SFPPN") facilities, including additional conveyor systems and modifications to existing transfer towers.

The Project proposes to deploy proven technologies to regrind iron ore concentrate prior to submitting it to a reverse flotation process to further remove silica from iron oxides while reducing energy consumption and improving iron recovery compared to traditional flowsheets.

Benefiting from expected access to renewable hydro-electric power, the Project is designed to be carbon neutral, and is not expected to create any additional environmental impacts. In addition to the Project's anticipated positive local economic impact, the construction phase of the Project is expected to create ~ 150 jobs over a period of approximately two years with ~ 70 additional permanent quality jobs once completed.

Item	C$	US$
NPV	Pre-tax $NPV_{8\%}$ of $1,230.1 million After-tax $NPV_{8\%}$ of $738.2 million	Pre-tax $NPV_{8\%}$ of $918.0 million After-tax $NPV_{8\%}$ of $550.9 million
IRR	Pre-tax IRR of 30.1% After-tax IRR of 24.0%	
Capital expenditures ("CAPEX")	$470.7 million	$351.3 million
Estimated operating cost (over Bloom Lake's current Total cash cost)	$9.63/dmt DRPF	$7.19/dmt DRPF
Production volume	Estimated average annual production of approximately 7.5 Mt DRPF quality iron ore at 69% Fe with combined silica and alumina content below 1.2%	
Construction period	30 months	
Project estimated life	Project life estimated at 20 years	

4. Direct Reduction Pellet Feed Project (continued)

Capital Cost

CAPEX Pre-Production	C$ million	US$ million
Phase II circuit optimization	348.1	259.8
Electrical upgrade and port-related infrastructure	46.4	34.6
Contingencies	76.2	56.9
Total	**470.7**	**351.3**

Key Assumptions

Item	Metric	Assumption
Construction period	Months	30
Project life	Years	20
Operating costs (over Bloom Lake's cash cost)	C$/t	9.6
Assumed Diesel price	C$/l	2.0
Assumed Electricity tariff	C$/kwh	0.05
Implied tax rate post allowances including provincial, federal and mining duties	%	36.3
Average foreign exchange rate	C$/US$	1.34
Conversion of 66.2% to DRPF	%	96

Project Timeline and Funding

The Project, designed to be an extension to the operating Phase II plant, is expected to require minor modifications to its existing permits and will require an estimated construction period of approximately 30 months. To maintain the Project's timeline, the Board approved an initial budget of $10 million, to be funded from existing liquidity, to advance the Project during the remainder of calendar 2023. The Company expects to fund the remainder of the Project through existing liquidity, including cash flow from operations, and additional non-dilutive funding sources. The Board expects to review the Project's FID, pending securing additional power and non-dilutive funding.

5. Green Steel Initiatives

Product Research and Development

The steel industry is undergoing a structural shift in its production methods, including an increased focus on reducing GHG 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 DRI in EAF instead of 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 and nine-month periods ended December 31, 2022, the Company incurred innovation and growth initiative expenses of $2.8 million and $9.2 million, respectively, compared to $1.1 million and $4.0 million, respectively, for the same periods in 2021. The expenses were mainly comprised of consultant fees, salaries and benefits related to the development of DRPF grade iron ore.

Additionally, 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. Laboratory results demonstrated that carbon emissions related to agglomeration could be reduced by more than 95% with this technology.

5. Green Steel Initiatives (continued)

Emissions Reduction Initiatives

As part of its ongoing efforts to minimize the environmental impact of its operations, the Company committed to GHG emission reductions of 40% by 2030, based on combining its 2014 emissions intensity together with Bloom Lake's increased 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 2.0 degrees Celsius scenarios, the Canadian government's GHG reduction plan and 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, upon satisfaction of certain conditions, 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 in the second half of calendar 2023[1]. 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. 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 electricity, natural gas, biofuels or renewable energy as main power sources.

6. 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 income and 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 greater than 66% 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 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 December 31, 2022, the average iron ore price declined compared to the same prior-year period. At the end of October 2022, iron ore prices reached levels not seen since April 2020, as global economic uncertainties persisted in tandem with China's zero-COVID policy, pressuring domestic economic activity. Iron ore prices rebounded in November 2022 as China announced the easing of its zero-COVID policy and implemented measures to support the property sector. The high-grade iron ore premiums remained depressed in the period, reflecting the continued low steelmaking profitability and limited emission controls in China, as industrial activity was subdued as a consequence of the zero-COVID policy.

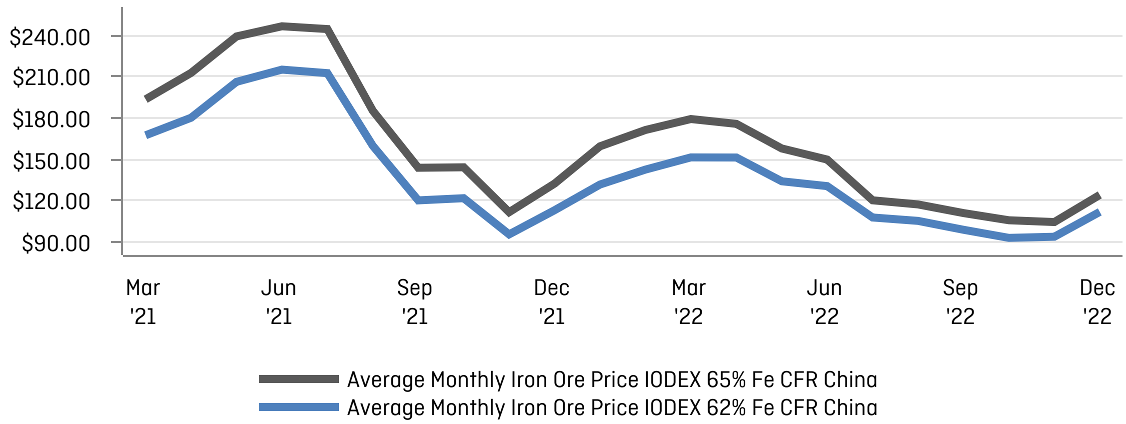
China's crude steel production totalled 232.2 million tonnes for the three-month period ended December 31, 2022, a 2.1% increase from the same period in 2021, according to the National Bureau of Statistics of China[2]. The increase in steel output during the period can likely be attributed to reduced COVID-19 policies in major cities across the country, combined with positive support for infrastructure investments from the government. China therefore produced a total of 1.01 billion tonnes of crude steel in the calendar year 2022, a 2.1% decline from 2021. The world ex-China continued to experience depressed steel output in the months of October and November with crude steel production 11.4% lower from the same two months in 2021, according to the World Steel Association[3], likely as a result of global economic concerns.

[1] See the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.
[2] http://www.stats.gov.cn/english/
[3] https://www.worldsteel.org/

6. 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 concentrate 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 iron ore price fluctuations, compared to the estimated price at the last quarter end, 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, final price adjustments on tonnes in transit at each quarter end, which are recorded using forward prices, are exposed to variation in iron ore index prices after the end of the quarter.

During the three-month period ended December 31, 2022, a final price of US$109.4/dmt was established for the 1.3 million tonnes of iron ore that were in transit as at September 30, 2022, and which were previously evaluated using an average expected price of US$112.3/dmt. Accordingly, during the three-month period ended December 31, 2022, negative pricing adjustments of $5.2 million (US$3.8 million) were recorded for tonnes subject to provisional prices as at September 30, 2022, negatively impacting revenues in the current quarter. Over the total volume of 2.7 million dmt sold during the current period, the negative adjustments represent US$1.4/dmt. As at December 31, 2022, 1.7 million tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods (December 31, 2021: 0.9 million tonnes). A gross forward provisional price of US$129.5/dmt has been used as at December 31, 2022, to estimate the sales that remain subject to final price setting.

The following table details the Company's gross revenues exposure, as at December 31, 2022, to the movements in iron ore price for the provisionally invoiced sales volume:

(in thousands of U.S. dollars)	**As at December 31, 2022**
Tonnes (dmt) subject to provisional pricing adjustments	**1,736,800**
10% increase in iron ore prices	**22,497**
10% decrease in iron ore prices	**(22,497)**

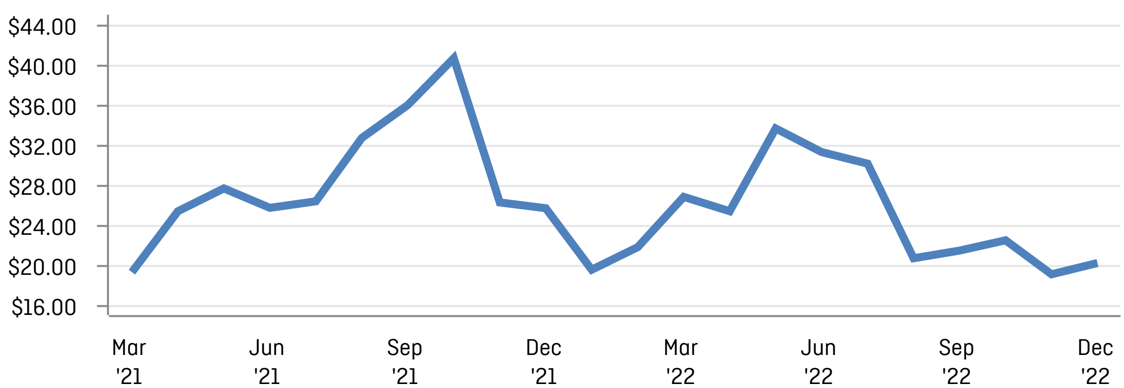
The sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars resulting from a 10% increase and 10% decrease in gross realized selling prices as at December 31, 2022. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates will impact net realized FOB selling price in Canadian dollars. The above sensitivities should therefore be used with caution.

6. Key Drivers (continued)

B. Sea Freight

Sea freight is an important component of the Company's cost structure as it ships almost all of its iron ore concentrate to several regions overseas, including China, Japan, Europe, India, 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 Asia. There is no index for the route between the port of Sept-Îles (Canada) and China. This route 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 higher than the C3 index price.

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



The average C3 index for the three-month period ended December 31, 2022, was US$20.6/t compared to US$31.0/t for the same period in 2021, a decrease of 34%. A combination of factors contributed to the contraction in freight rates from the prior-year period, including reduced port congestion caused by relaxed COVID-19 quarantine measures and lower seaborne iron ore volumes as marginal iron ore producers experience profitability challenges as a consequence of lower iron ore prices. Freight rates contracted from the prior year remained relatively rangebound since the sharp correction in August 2022, likely due to distortions in global freight routes due to coal shipments and elevated bunker fuel prices.

The industry has identified a historical relationship between the iron ore price and the C3 index for the Tubarao to Qingdao route. 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 index, a decrease in iron ore prices typically results in lower ocean freight costs for the Company, resulting in a natural hedge of an important revenue component.

Due to its distance from main shipping hubs, Champion typically contracts vessels three to five weeks prior to the desired laycan period. This creates a delay between the freight paid and the C3 index. The effects of these delays are eventually reconciled since Champion ships its high-grade iron ore concentrate uniformly throughout the year.

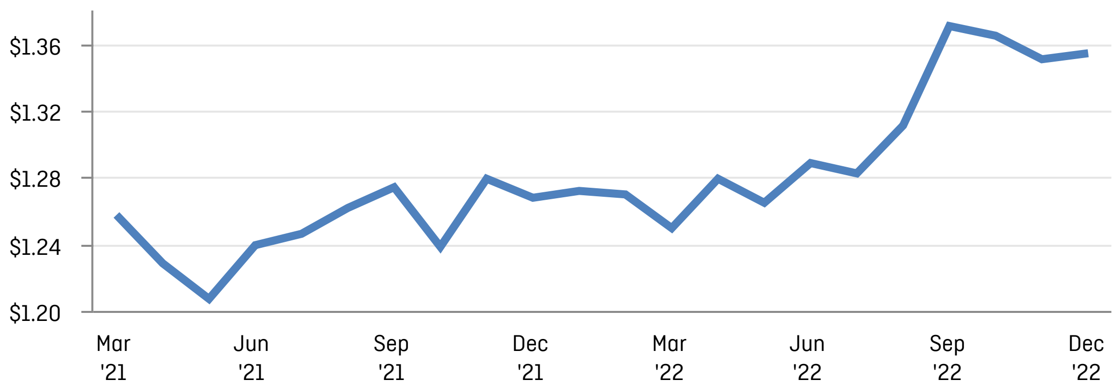
6. Key Drivers (continued)

C. Currency

The Canadian dollar is the Company's functional and reporting currency. The Company is exposed to foreign currency fluctuation as its sales, sea freight costs and the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. 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 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. However, the Company maintains a cash balance and has trade receivables in U.S. dollars, enabling the Company to mitigate foreign exchange exposure. Assuming a stable selling price, a variation of C$0.01 against the U.S. dollar will impact gross revenues by approximately 1%. Assuming a stable long-term debt balance, a variation of C$0.01 against the U.S. dollar will impact the debt revaluation by approximately 1%.

Monthly Closing Exchange Rate – C$/US$



Exchange rates were as follows:

	C$ / US$					
	Average			Closing		
	FY2023	FY2022	Variance	**FY2023**	FY2022	Variance
Q1	**1.2768**	1.2282	4 %	**1.2886**	1.2394	4 %
Q2	**1.3056**	1.2600	4 %	**1.3707**	1.2741	8 %
Q3	**1.3578**	1.2603	8 %	**1.3544**	1.2678	7 %
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.

(Expressed in Canadian dollars, except where otherwise indicated)

7. Bloom Lake Mine Operating Activities

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2022	2021	Variance	**2022**	2021	Variance
Operating Data						
Waste mined and hauled (wmt)	**4,371,500**	5,441,700	(20%)	**14,550,400**	15,440,800	(6%)
Ore mined and hauled (wmt)	**8,840,400**	5,517,200	60%	**23,248,200**	16,875,000	38%
Material mined and hauled (wmt)	**13,211,900**	10,958,900	21%	**37,798,600**	32,315,800	17%
Strip ratio	**0.49**	0.99	(51%)	**0.63**	0.92	(32%)
Ore milled (wmt)	**8,503,400**	5,161,000	65%	**22,628,300**	16,068,000	41%
Head grade Fe (%)	**28.5**	30.6	(7%)	**29.6**	29.8	(1%)
Fe recovery (%)	**80.1**	83.9	(5%)	**79.6**	83.3	(4%)
Product Fe (%)	**66.0**	66.2	—%	**66.1**	66.2	—%
Iron ore concentrate produced (wmt)	**2,962,500**	2,013,200	47%	**8,102,400**	6,038,300	34%
Iron ore concentrate sold (dmt)	**2,694,200**	1,832,100	47%	**7,501,500**	5,760,700	30%

Phase II Commercial Production

During the first quarter of the 2023 financial year, the Company successfully commissioned its second ore processing plant and the first shipment of concentrate produced from that plant was railed in May 2022. In the second quarter, the last major on-site work programs relating to the Phase II infrastructure were completed, enabling the Company's two crushers to feed both processing facilities and reduce bottlenecks during maintenance periods. Commissioning activities progressed as scheduled during the three-month period ended December 31, 2022, enabling the Company to reach commercial production in December 2022. The Company will continue to make adjustments and improvements in some areas to stabilize and optimize operations, including work to increase throughput and recovery ratio as well as activities to complete ore crushing system commissioning, positioning the Company to achieve nameplate capacity in the first half of calendar year 2023[1]. While major on-site work programs were completed ahead of schedule, off-site work programs, including third-party infrastructure, continue to advance with slight delays related to labour availability and late delivery of some key components. While Phase II demonstrated its ability to reach nameplate capacity on several operating days and achieved commercial production in December 2022, production of the mining complex was limited during the period by the unplanned work during the commissioning of the new crusher's conveyor systems and third-party delays in delivering mining equipment, which impacted the Company's mine operations. Most of the on-site equipment required to increase mining capacity towards Phase II's expected nameplate capacity has now arrived on site and is in the process of being assembled.

Operational Performance

Third Quarter of the 2023 Financial Year vs Third Quarter of the 2022 Financial Year

In the three-month period ended December 31, 2022, 13.2 million tonnes of material were mined and hauled, compared to 11.0 million tonnes during the same period in 2021, an increase of 21%. The increase in material movement was enabled through the utilization of additional equipment compared to the same prior-year period, partially offset by a longer haul cycle as material was sourced from different pits, including those that deepened with mining activities over time. Delays in the delivery of haul trucks and drills limited the material mined and hauled in the three-month period ended December 31, 2022. Most of the equipment has now arrived at the site and is in the process of being assembled and commissioned.

The strip ratio for the three-month period ended December 31, 2022, was impacted by the limited number of available trucks due to delivery delays. The Company chose to reduce the waste mined and hauled and focused on ore in order to optimize plant operations in connection with transitional incremental feed requirements during the Phase II ramp-up period. The Company intends to gradually recover accumulated waste backlog in future periods. The iron ore head grade for the three-month period ended December 31, 2022, was 28.5%, compared to 30.6% for the same period in 2021. The variation in head grade is attributable to the presence of some lower-grade ore being sourced and blended from different pits, which was anticipated and is in line with the mine plan and the LoM head grade average.

The Company's average Fe recovery rate for the three-month period ended December 31, 2022, was negatively impacted by lower recoveries during the commissioning of the Phase II concentrator. This was expected at this stage of the Phase II commissioning. The improvement of the Phase II stability circuit during the three-month period ended December 31, 2022, allowed an increase in the Fe recovery rate, compared to the second quarter. The Company remains confident in its ability to reach the average LoM expected Fe recovery rate target of 82.4% at Bloom Lake, as detailed in the Phase II Feasibility Study, in the near term[1].

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

7. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

Third Quarter of the 2023 Financial Year vs Third Quarter of the 2022 Financial Year (continued)

Bloom Lake achieved record production of 3.0 million wmt of high-grade iron ore concentrate during the three-month period ended December 31, 2022, an increase of nearly 50%, compared to 2.0 million wmt during the same period in 2021, positively impacted by the ongoing commissioning of the Phase II plant. During the quarter, the Phase II project reached the commercial production milestone. Management expects to benefit from optimization work programs and equipment deliveries, which should result in improved combined production of Bloom Lake's plants in the near term. Production during the quarter was negatively impacted by the unplanned work during the commissioning of the new crusher's conveyor systems. Higher throughput also contributed to higher production volumes, compared to the prior-year period, despite a lower global recovery. The commissioned Phase II project's production compares favourably to the scheduled ramp-up production volumes.

The plants processed 8.5 million tonnes of ore during the three-month period ended December 31, 2022, compared to 5.2 million tonnes for the same prior-year period. The throughput for the period was positively affected by higher availability of mined ore and the commissioning of Phase II operations in the previous quarters.

First Nine Months of the 2023 Financial Year vs First Nine Months of the 2022 Financial Year

The Company mined and hauled 37.8 million tonnes of material during the nine-month period ended December 31, 2022, compared to 32.3 million tonnes for the same period in 2021. This increase in material mined and hauled is attributable to the commissioning of additional operational equipment compared to the same prior-year period. The strip ratio was 0.63 for the nine-month period ended December 31, 2022, compared to 0.92 for the same period in 2021, and is consistent with the revised mine plan.

The iron ore head grade of 29.6% for the nine-month period ended December 31, 2022, was in line with the same period in 2021, and is consistent with the LoM head grade average. The lower average Fe recovery rate for the nine-month period ended December 31, 2022, was attributable to the commissioning of the Phase II concentrator, as detailed above.

The plant processed 22.6 million tonnes of ore during the nine-month period ended December 31, 2022, an increase of 41% over the same period in 2021, and produced 8.1 million wmt of high-grade iron ore concentrate, compared to 6.0 million wmt for the same period in 2021, mainly attributable to the commissioning of the Phase II project.

8. Financial Performance

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2022	2021	Variance	**2022**	2021	Variance
Financial Data (in thousands of dollars)						
Revenues	**351,233**	253,016	39%	**931,175**	1,129,430	(18%)
Cost of sales	**209,070**	110,290	90%	**578,318**	342,020	69%
Other expenses	**23,780**	23,350	2%	**56,224**	58,223	(3%)
Net finance costs	**1,858**	3,377	(45%)	**16,813**	8,776	92%
Net income	**51,406**	67,997	(24%)	**112,490**	406,932	(72%)
EBITDA[1]	**118,206**	122,127	(3%)	**297,467**	727,879	(59%)
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**171.6**	195.0	(12%)	**171.2**	232.1	(26%)
Net average realized selling price[1]	**130.4**	138.1	(6%)	**124.1**	196.1	(37%)
C1 cash cost[1]	**76.0**	59.5	28%	**71.7**	58.6	22%
All-in sustaining cost ("AISC")[1]	**86.7**	76.0	14%	**86.7**	74.0	17%
Cash operating margin[1]	**43.7**	62.1	(30%)	**37.4**	122.1	(69%)

[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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

8. Financial Performance (continued)

A. Revenues

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2022	2021	Variance	**2022**	2021	Variance
(in U.S. dollars per dmt sold)						
Index P62	**99.0**	109.6	(10%)	**113.1**	157.1	(28%)
Index P65	**110.9**	128.9	(14%)	**128.5**	183.2	(30%)
US$ Gross average realized selling price[1]	**126.5**	154.8	(18%)	**130.5**	186.7	(30%)
Freight and other costs	**(29.0)**	(42.0)	(31%)	**(31.6)**	(34.7)	(9%)
Provisional pricing adjustments	**(1.4)**	(3.3)	(58%)	**(4.2)**	5.9	(171%)
US$ Net average realized FOB selling price[1]	**96.1**	109.5	(12%)	**94.7**	157.9	(40%)
Foreign exchange rate conversion	**34.3**	28.6	20%	**29.4**	38.2	(23%)
C$ Net average realized FOB selling price[1]	**130.4**	138.1	(6%)	**124.1**	196.1	(37%)

Third Quarter of the 2023 Financial Year vs Third Quarter of the 2022 Financial Year

Revenues totalled $351.2 million for the three-month period ended December 31, 2022, compared to $253.0 million for the same period in 2021, reflecting a significantly higher sales volume over the same prior-year period and the weakening Canadian dollar, partially offset by the lower net average realized selling price[1].

During the three-month period ended December 31, 2022, 2.7 million tonnes of high-grade iron ore concentrate were sold at a gross average realized price[1] of US$126.5/dmt, before freight and other costs and provisional pricing adjustments, compared to 1.8 million tonnes sold at a gross average realized price[1] of US$154.8/dmt for the same period in 2021. Volume of sales was up almost 50% over the prior-year period due to incremental production driven by the Phase II ramp-up. Volume of sales in the period was 0.1 million tonnes lower than in the second quarter as the loading of vessels was impacted by severe weather in late December, which contributed to a power outage at the port of Sept-Îles, whereby it took more than five days to resume loading operations. As a result, the loading of some vessels was postponed until January 2023 and will be recognized as revenue in the next quarter. The decrease in the gross average realized selling price[1] reflects the lower index prices during the three-month period ended December 31, 2022, compared to the same prior-year period. The gross average realized selling price[1] of US$126.5/dmt represents a premium of 27.8% over the benchmark P62 price for the period, compared to a premium of 41.2% for the same period in 2021.

During the three-month period ended December 31, 2022, the P65 index for high-grade iron ore fluctuated from a low of US$91.0/dmt to a high of US$130.9/dmt. The P65 index average price for the period was US$110.9/dmt, a decrease of 14% from the same prior-year quarter, resulting in an average premium of 12.0% over the P62 reference price of US$99.0/dmt. The gross average realized selling price[1] of US$126.5/dmt was higher than the P65 index average price for the period of US$110.9/dmt due to 1.7 million tonnes in transit as at December 31, 2022, which were provisionally priced using an average forward price of US$129.5/dmt, which was significantly higher than the P65 index average price for the period. In addition, the gross average realized selling price[1] was positively impacted by certain sales using backward-looking iron ore index prices, when prices were also higher than the P65 index average for the three-month period ended December 31, 2022.

The average C3 index for the three-month period ended December 31, 2022, was US$20.6/t compared to US$31.0/t for the same period in 2021, representing a decrease of 34%, which contributed to lower freight costs in the three-month period ended December 31, 2022, compared to the same prior-year period. The lower freight rates for the three-month period ended December 31, 2022, can be attributed to the partial removal of COVID-19 lockdowns in China and lower seaborne iron ore volumes, as marginal suppliers facing profitability challenges curtailed operations. Champion typically contracts vessels three to five weeks prior to the desired laycan period. This creates a delay between the freight paid and the C3 index price. The effects of these delays are eventually reconciled since the Company ships its high-grade iron ore concentrate uniformly throughout the year. After accounting for sea freight and other costs and provisional pricing adjustments, the Company's net realized FOB selling price[1] was US$96.1/dmt, compared to US$109.5/dmt for the same period in 2021.

[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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

8. Financial Performance (continued)

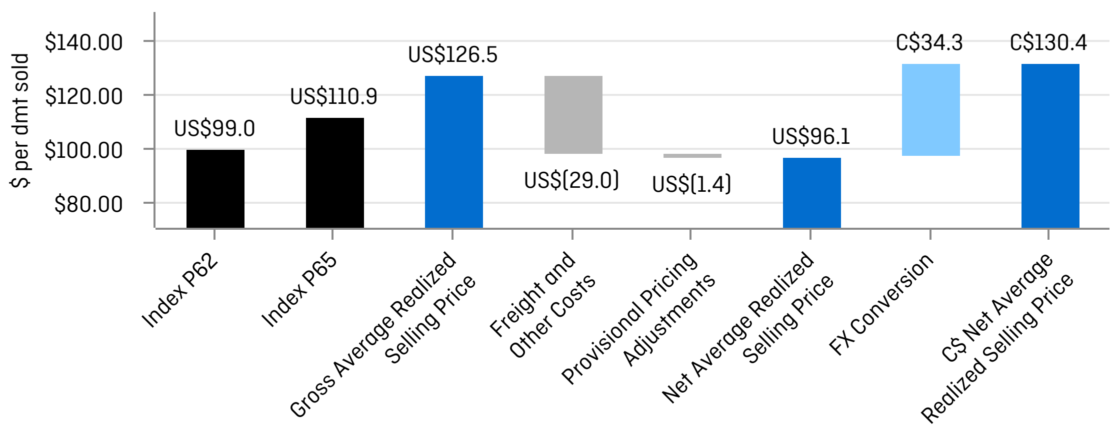
A. Revenues (continued)

Third Quarter of the 2023 Financial Year vs Third Quarter of the 2022 Financial Year (continued)

Provisional pricing adjustments on previous quarterly sales, which were impacted by the decrease in the P65 index in the first half of the quarter, negatively impacted the net average realized selling price[1]. During the three-month period ended December 31, 2022, a final price of US$109.4/dmt was established for the 1.3 million tonnes of iron ore that were in transit as at September 30, 2022, and which were previously evaluated using an average expected price of US$112.3/dmt. Accordingly, during the three-month period ended December 31, 2022, net negative provisional pricing adjustments of $5.2 million (US$3.8 million) were recorded as a decrease in revenues for the 1.3 million tonnes, representing a negative impact of US$1.4/dmt over the total volume of 2.7 million dmt sold during the current period, which was slightly lower than the negative impact for the same period in 2021.

After taking into account sea freight and other costs of US$29.0/dmt and the negative provisional pricing adjustment of US$1.4/dmt, the Company obtained a net average realized selling price[1] of US$96.1/dmt (C$130.4/dmt) for its high-grade iron ore delivered and in transit at the end of the period.

Q3 FY2023 Net Realized Selling Price



First Nine Months of the 2023 Financial Year vs First Nine Months of the 2022 Financial Year

Revenues totalled $931.2 million for the nine-month period ended December 31, 2022, compared to $1,129.4 million for the same period in 2021, mainly as a result of a lower U.S. dollar net average realized selling price[1], partially offset by a significantly higher sales volume and the weakening Canadian dollar.

For the nine-month period ended December 31, 2022, the Company sold 7.5 million tonnes of iron ore concentrate, mainly to customers in China, Japan, South Korea and Europe, compared to 5.8 million tonnes for the same prior-year period. This represents an increase of 30% year-over-year driven by the ramp-up of the Phase II production in the last two quarters.

While the high-grade iron ore P65 index price fluctuated between a low of US$91/dmt and a high of US$185/dmt during the nine-month period ended December 31, 2022, it averaged US$128.5/dmt, representing a decrease of 30% from the same period in 2021. The Company sold its product at a gross average realized selling price[1] of US$130.5/dmt. Combining the gross average realized selling price[1] with the negative provisional pricing adjustment of US$4.2/dmt, the Company sold its high-grade iron ore at a price of US$126.3/dmt during the nine-month period ended December 31, 2022, compared to the P65 high-grade index average of US$128.5/dmt. The Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long term. Deducting sea freight and other costs of US$31.6/dmt, the Company obtained a net average realized selling price[1] of US$94.7/dmt (C$124.1/dmt) for its high-grade iron ore.

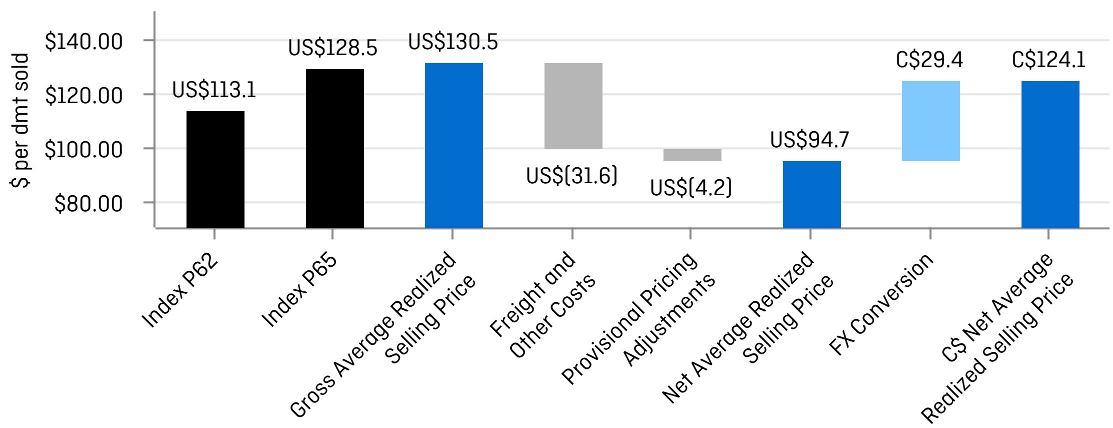
[1] This is a non-IFRS financial measure, ratio or other financial measure. The measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

8. Financial Performance (continued)

A. Revenues (continued)

First Nine Months of the 2023 Financial Year vs First Nine Months of the 2022 Financial Year (continued)

First Nine Months FY2023 Net Realized Selling Price



B. Cost of Sales and C1 Cash Cost[1]

The cost of sales represents mining, processing, and site-related 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 commissioning. These start-up costs mainly include abnormal operational costs attributable to the facility not having reached commercial production.

	Three Months Ended December 31,				
	2022		2021		Variance
(in thousands of dollars except per dmt sold)	**Cost of sales**	**C1 cash cost[1] per dmt**	Cost of sales	C1 cash cost[1] per dmt	C1 cash cost[1] per dmt
Iron ore concentrate sold (dmt)		**2,694,200**		1,832,100	
Mining and processing costs	**136,287**	**50.6**	68,579	37.5	35 %
Land transportation and port handling	**68,491**	**25.4**	40,345	22.0	15 %
	204,778	**76.0**	108,924	59.5	28 %
Incremental costs related to COVID-19	**—**		1,366		
Bloom Lake Phase II start-up costs	**4,292**		—		
Cost of sales	**209,070**		110,290		

For the three-month period ended December 31, 2022, the cost of sales totalled $209.1 million, compared to $110.3 million for the same period in 2021. During the three-month period ended December 31, 2022, the C1 cash cost[1] per tonne totalled $76.0/dmt, compared to $59.5/dmt for the same period in 2021.

[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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

8. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost[1] (continued)

The C1 cash cost[1] per dmt sold for the three-month period ended December 31, 2022, benefited from increased production volumes from the Phase II project. However, this was offset by the rising cost of fuel used in the Company's mining activities, workforce fly-in fly-out and land transportation costs, higher explosives costs and global inflationary pressures affecting food services, contractors, and rail and port operations. Cost of sales and C1 cash cost[1] were also impacted by higher fixed costs required to support the Company's increasing nameplate capacity while ramping up production. Locomotive and mining equipment delivery delays also created inefficiencies and incremental increases in contractor spending. In addition, the unplanned work for the repair and modification of the new crusher's conveyor systems during the commissioning also contributed to a higher cash cost for the three-month period ended December 31, 2022. Finally, longer haul cycle times associated with the current mine plan also contribute quarter over quarter to higher mining costs. Despite factors contributing to higher cash cost[1] per dmt sold in the period, the economic benefits of the Phase II expansion project should be progressive as throughput gradually increases and should contribute to normalizing C1 cash cost[1] per dmt sold as Bloom Lake reaches the expected revised nameplate capacity of 15 Mtpa.

The life of mine stripping ratio used for cost capitalization was revised upward in December 2021 concurrently with the commencement of Phase II operations. During the three-month period ended December 31, 2022, the actual strip ratio of 0.49 was lower than the life of mine stripping ratio, therefore no mining costs were capitalized during the period. The prior-year actual strip ratio of 0.99 was significantly higher than the life of mine stripping ratio of 0.48 before Phase II considerations, positively impacting the cash cost[1] for the comparative period because it resulted in capitalization of mining costs.

For the nine-month period ended December 31, 2022, the Company produced high-grade iron ore at a C1 cash cost[1] of $71.7/dmt, compared to $58.6/dmt for the nine-month period ended December 31, 2021. The variation is attributable to the same factors that affected the C1 cash cost[1] for the three-month period ended December 31, 2022. In addition, unplanned third-party shutdowns, planned maintenance of the Company's additional facilities, as well as increased headcount and subcontractor usage in relation to the commissioning of the Phase II project occurred during the nine-month period ended December 31, 2022.

C. Gross Profit

The gross profit for the three-month period ended December 31, 2022, totalled $111.4 million, compared to $132.6 million for the same prior-year period. The decrease in gross profit is attributable to higher cash costs[1] and a lower net average realized selling price[1] as described in the previous sections. This was partially offset by higher sales of iron ore concentrate, due to increased production volumes associated with Phase II's commissioning. The gross profit was also impacted by higher depreciation driven by the low stripping ratio for the three-month period ended December 31, 2022, and Phase II achieving commercial production in December 2022.

The gross profit for the nine-month period ended December 31, 2022, totalled $274.3 million, compared to $757.8 million for the same period in 2021. The decrease is largely driven by the lower net average realized selling price[1] of $124.1/dmt for the nine-month period ended December 31, 2022, compared to $196.1/dmt for the same period in 2021, higher cost of sales as detailed in the previous section and a higher depreciation expense.

D. Other Expenses

	Three Months Ended December 31,			**Nine Months Ended December 31,**		
	2022	2021	Variance	**2022**	2021	Variance
(in thousands of dollars)						
Share-based payments	**7,112**	2,287	211 %	**5,071**	6,129	(17)%
G&A expenses	**9,212**	8,323	11 %	**30,048**	23,675	27 %
Sustainability and other community expenses	**4,668**	4,436	5 %	**11,871**	12,630	(6)%
Innovation and growth initiative expenses	**2,788**	1,130	147 %	**9,234**	4,002	131 %
Bloom Lake Phase II start-up costs	**—**	7,174	(100)%	**—**	11,787	(100)%
	23,780	23,350	2 %	**56,224**	58,223	(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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

8. Financial Performance (continued)

D. Other Expenses (continued)

The share-based payments for the three and nine-month periods ended December 31, 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's shares at each reporting date. The share-based payments for the three and nine-month periods ended December 31, 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. Some of these share units are linked to the achievement of certain milestones relating to the Phase II project.

G&A expenses were higher for the three and nine-month periods ended December 31, 2022, compared to the same periods in 2021, due to costs associated with a higher headcount required to support the Company's growth. Higher G&A expenses for the nine-month period ended December 31, 2022, are also attributable to a non-recurring severance expense. Sustainability and other community expenses were comparable for the three and nine-month periods ended December 31, 2022 and 2021.

The increase in innovation and growth initiative expenses in the three and nine-month periods ended December 31, 2022, compared to the same periods in 2021, is due to the advancement of the Company's strategic initiatives detailed in section 5 — Green Steel Initiatives. Innovation and growth initiative expenses are mainly comprised of consultant fees and salaries and benefits.

During the three and nine-month periods ended December 31, 2021, the Company incurred pre-commercial start-up costs for the Phase II project, mainly related to staff mobilization and training costs.

E. Net Finance Costs

Net finance costs decreased to $1.9 million for the three-month period ended December 31, 2022, compared to $3.4 million for the same period in 2021, mainly due to a foreign exchange gain during the quarter. Net finance costs increased to $16.8 million for the nine-month period ended December 31, 2022, compared to $8.8 million for the same period in 2021, mainly due to a higher foreign exchange loss compared to the prior-year period. As the Company has more equipment financed through lease liabilities, compared to the same prior-year periods, including railcars to support projected Phase II volume, additional interest on leasing arrangements contributed to higher net finance costs for the three and nine-month periods ended December 31, 2022. Upon achieving commercial production in December 2022, the Company ceased capitalizing borrowing costs, which also impacted net finance costs for the three and nine-month periods ended December 31, 2022.

During the three-month period ended December 31, 2022, the foreign exchange gain amounted to $2.4 million, compared to a loss of $1.1 million for the same period in 2021. Net realized and unrealized foreign exchange gain is due to the revaluation of the Company's net monetary assets denominated in U.S. dollars, following a depreciation of the U.S. dollar against the Canadian dollar as at December 31, 2022, compared to September 30, 2022. The depreciation of the U.S. dollar for the three-month period ended December 31, 2022, contributed to a foreign exchange gain 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 loss on its accounts receivable and cash and cash equivalents denominated in U.S. dollars. During the nine-month period ended December 31, 2022, the foreign exchange loss amounted to $8.1 million, compared to $1.2 million for the same period in 2021. The appreciation of the U.S. dollar as at December 31, 2022, compared to March 31, 2022, contributed to a foreign exchange loss on the net payable financial position denominated in U.S. dollars.

F. 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. 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 %**

8. Financial Performance (continued)

F. Income Taxes (continued)

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the three and nine-month periods ended December 31, 2022 (2021: 26.50%).

During the three and nine-month periods ended December 31, 2022, current income and mining tax expenses totalled $10.1 million and $29.3 million, respectively, compared to $26.7 million and $258.6 million, respectively, for the same periods in 2021. The variation is mainly due to the change of taxable profit associated with the volatility of iron ore prices and to a 5% withholding tax in connection with the payment of dividends on ordinary shares. During the nine-month period ended December 31, 2022, Champion, which is incorporated under the laws of Australia, recorded a current tax expense on the dividends received from its Canadian subsidiary and had partially recognized a deferred tax liability on its investments in the subsidiary.

During the three and nine-month periods ended December 31, 2022, deferred income and mining tax expenses totalled $24.2 million and $60.3 million, respectively, compared to $13.9 million and $24.0 million, respectively, for the same periods 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%. The Company's effective tax rates ("ETRs") were 40% and 44%, respectively, for the three and nine-month periods ended December 31, 2022, compared to 37% and 41%, respectively, for the same periods in 2021. The ETR for the three and nine-month periods ended December 31, 2022, was higher than the statutory rate mainly due to the impact of the 5% withholding tax incurred by Champion on the dividends received from QIO. The ETR higher than the statutory rate for the nine-month period ended December 31, 2022, is also due to the impact of an unrealized foreign exchange loss that was not recognized. The ETR for the three and nine-month periods ended December 31, 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 nine-month period ended December 31, 2022, the Company paid $115.6 million in income and mining tax installments and final payments, net of an amount recovered. 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 nine-month period ended December 31, 2022, current income and mining taxes of $29.3 million are below the net amount paid of $115.6 million, resulting in income and mining taxes receivable of $63.6 million as at December 31, 2022 (March 31, 2022: income and mining taxes payable of $22.7 million).

G. Net Income & EBITDA[1]

Third Quarter of the 2023 Financial Year vs Third Quarter of the 2022 Financial Year

For the three-month period ended December 31, 2022, the Company generated EBITDA[1] of $118.2 million, representing an EBITDA margin[1] of 34%, compared to $122.1 million, representing an EBITDA margin[1] of 48%, for the same period in 2021. The year-over-year decrease in EBITDA[1] is primarily due to higher cost of sales and lower net average realized selling prices[1], partially offset by a higher sales volume driven by the ramp-up of Phase II.

For the three-month period ended December 31, 2022, the Company generated net income of $51.4 million (EPS of $0.10), compared to $68.0 million (EPS of $0.13) for the same period last year. The year-over-year decrease in net income was mainly affected by lower EBITDA[1] and higher depreciation.

First Nine Months of the 2023 Financial Year vs First Nine Months of the 2022 Financial Year

For the nine-month period ended December 31, 2022, the Company generated an EBITDA[1] of $297.5 million, representing an EBITDA margin[1] of 32%, compared to $727.9 million, representing an EBITDA margin[1] of 64%, for the same prior-year period. This year-over-year decrease in EBITDA[1] is mainly attributable to the decrease in the net average realized selling price[1] and higher production costs, partially offset by a higher sales volume following the commissioning of Phase II.

For the nine-month period ended December 31, 2022, the Company generated net income of $112.5 million (EPS of $0.22), compared to $406.9 million (EPS of $0.80) for the same prior-year period. The year-over-year decrease in net income is mainly due to lower EBITDA[1] and higher depreciation, partially offset by lower current and deferred income and mining taxes.

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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

(Expressed in Canadian dollars, except where otherwise indicated)

8. Financial Performance (continued)

H. All In Sustaining Cost ("AISC")[1] and Cash Operating Margin[1]

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2022	2021	Variance	**2022**	2021	Variance
(in dollars per dmt sold)						
Iron ore concentrate sold (dmt)	**2,694,200**	1,832,100	47 %	**7,501,500**	5,760,700	30 %
Net average realized selling price[1]	**130.4**	138.1	(6)%	**124.1**	196.1	(37)%
C1 cash cost[1]	**76.0**	59.5	28 %	**71.7**	58.6	22 %
Sustaining capital expenditures	**7.2**	12.0	(40)%	**11.0**	11.3	(3)%
G&A expenses	**3.5**	4.5	(22)%	**4.0**	4.1	(2)%
AISC[1]	**86.7**	76.0	14 %	**86.7**	74.0	17 %
Cash operating margin[1]	**43.7**	62.1	(30)%	**37.4**	122.1	(69)%

During the three-month period ended December 31, 2022, the Company realized an AISC[1] of $86.7/dmt, compared to $76.0/dmt for the same period in 2021. The increase relates to higher C1 cash costs[1], partially offset by lower G&A expenses per dmt and lower sustaining capital expenditures. Refer to section 10 - Cash flow for details on sustaining capital expenditures.

The Company generated a cash operating margin[1] of $43.7/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended December 31, 2022, compared to $62.1/dmt for the same prior-year period. The variation is mainly due to a combination of higher AISC[1] and a lower net average realized selling price[1] for the period.

During the nine-month period ended December 31, 2022, the Company recorded an AISC[1] of $86.7/dmt, compared to $74.0/dmt for the same period in 2021. The variation is mainly due to higher C1 cash costs[1]. The cash operating margin[1] totalled $37.4/dmt for the nine-month period ended December 31, 2022, compared to $122.1/dmt for the same prior-year period. The variation is mainly due to a lower net average realized selling price[1] and higher AISC[1].

9. 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. The Company is currently evaluating the amenability of the project to produce a DR grade product. The updated feasibility study is expected to be completed in the second 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 and nine-month periods ended December 31, 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 and nine-month periods ended December 31, 2022, $3.8 million and $6.8 million in exploration and evaluation expenditures were incurred, respectively, compared to $0.6 million and $3.3 million, respectively, for the same prior-year periods. During the three and nine-month periods ended December 31, 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 nine-month period ended December 31, 2022, 2,743 metres of diamond drilling were completed on the Bloom Lake property. Drilling at Bloom Lake was undertaken mainly to support operations and allow higher mine planning precision. Geological mapping and assessment were started on exploration claims localized south of Bloom Lake. In addition, 2,101 metres were drilled during September and October 2022 at Lamêlée South.

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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

10. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	**2022**	2021
(in thousands of dollars)				
Operating cash flows before working capital	**113,157**	93,247	**268,575**	470,341
Changes in non-cash operating working capital	**(99,717)**	11,396	**(200,313)**	(4,186)
Net cash flow from operating activities	**13,440**	104,643	**68,262**	466,155
Net cash flow used in investing activities	**(60,084)**	(168,513)	**(220,871)**	(501,168)
Net cash flow from (used in) financing activities	**(61,365)**	40,703	**(17,606)**	(103,348)
Net decrease in cash and cash equivalents	**(108,009)**	(23,167)	**(170,215)**	(138,361)
Effects of exchange rate changes on cash and cash equivalents	**(2,863)**	(84)	**14,309**	(2,873)
Cash and cash equivalents, beginning of period	**276,858**	491,333	**321,892**	609,316
Cash and cash equivalents, end of period	**165,986**	468,082	**165,986**	468,082
Operating cash flow per share[1]	**0.03**	0.21	**0.13**	0.92

Operating

During the three-month period ended December 31, 2022, the Company generated operating cash flows of $113.2 million before working capital items, compared to $93.2 million for the same period last year. The increase of $19.9 million is largely driven by a lower current income and mining taxes.

Changes in working capital items for the three-month period ended December 31, 2022, were mainly caused by trade receivables subject to provisional pricing impacted by a favourable forward price as at December 31, 2022, compared to an unfavourable provisional price as at September 30, 2022, and higher sales prices. Changes in working capital items were also impacted by higher inventories attributable to the timing of sales, impacting concentrate inventory, and an increase in the level of spare parts required to support the Company's expansion. This was mainly offset by the changes in current income and mining taxes receivable attributable to operating income. Based on the foregoing, the operating cash flow per share[1] for the three-month period ended December 31, 2022, was $0.03, compared to $0.21 for the same prior-year period.

During the nine-month period ended December 31, 2022, the Company's operating cash flows before working capital items totalled $268.6 million, compared to $470.3 million for the same prior-year period. The variation is driven by a lower EBITDA[1], partially offset by lower current income and mining taxes.

Changes in working capital items during the nine-month period ended December 31, 2022, were mainly affected by an excess of tax installments paid early in the financial year versus the current tax expenses, changes in spare parts, stockpiled ore inventories required to support Phase II ramp-up production and concentrate inventories attributable to the timing of sales compared to production volumes. The inventory value was also impacted by the Company's higher production cost, compared to the previous year. Changes in working capital items were also negatively impacted by higher trade receivables, driven by an increased volume of concentrate sold, as well as the timing of payments for rail transportation services. After working capital items, the operating cash flow per share[1] for the period totalled $0.13, compared to $0.92 for the same prior-year period.

10. Cash Flows (continued)

Investing

i. Purchase of Property, Plant and Equipment

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	**2022**	2021
(in thousands of dollars)				
Tailings lifts	**10,547**	7,000	**47,972**	27,512
Stripping and mining activities	**3,207**	10,948	**18,000**	28,166
Mining equipment rebuild	**5,741**	4,037	**16,649**	9,535
Sustaining capital expenditures	**19,495**	21,985	**82,621**	65,213
Other capital development expenditures at Bloom Lake	**36,822**	115,966	**174,894**	336,330
Purchase of property, plant and equipment as per cash flows	**56,317**	137,951	**257,515**	401,543

Sustaining Capital Expenditures

The increase in tailings-related investments for the three and nine-month periods ended December 31, 2022, is due to the reclassification of preparation work performed on Phase II dikes from other capital development expenditures to tailings lifts in the comparative periods. As part of the Company's ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy and is developing a long-term tailings investment plan.

The decrease in stripping and mining activities during the three and nine-month periods ended December 31, 2022, compared to the same prior-year periods, is attributable to the low level of waste moved at the mine, caused by mining equipment delivery delays.

The increase in the Company's mining equipment maintenance program for the three and nine-month periods ended December 31, 2022, is attributable to the addition of mining operating equipment and the high utilization rate for this equipment, as well as higher costs due to global inflationary pressures during the three and nine-month periods ended December 31, 2022.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended December 31, 2022, other capital development expenditures at Bloom Lake totalled $36.8 million, compared to $116.0 million in the same period in 2021. During the three-month period ended December 31, 2022, the expenditures mainly consisted of $15.8 million in deposits for mining equipment, $5.3 million in Phase II capital expenditures, $9.9 million in improvement and conformity of various infrastructure, and $4.8 million in borrowing costs which were capitalized during the development of the Phase II project upon achieving commercial production.

During the nine-month period ended December 31, 2022, other capital development expenditures at Bloom Lake totalled $174.9 million, compared to $336.3 million in the same prior-year period. During the nine-month period ended December 31, 2022, the expenditures mainly consisted of $99.3 million in Phase II capital expenditures, $35.0 million in deposits for mining equipment, $19.7 million in improvement and conformity of various infrastructure and $14.4 million in borrowing costs capitalized in relation to the development of the Phase II project upon reaching commercial production. During the nine-month period ended December 31, 2022, other capital development expenditures were offset by the receipt of a government grant totalling $5.2 million, related to the Company’s GHG emissions and energy consumption reduction initiatives, compared to $6.2 million in the same prior-year period. The Company qualified for grants totalling up to $21.8 million.

During the three and nine-month periods ended December 31, 2021, the expenditures mainly comprised of increases in mill capacity and other infrastructure improvements, prepayments for production equipment, lodging infrastructure investments at the mine site required to accommodate an increasing workforce, and Phase II capital expenditures.

ii. Other Investing Activities

During the nine-month period ended December 31, 2022, the Company made advance payments totalling $30.0 million, compared to $81.8 million for the same prior-year period, for expected infrastructure upgrades required to accommodate the anticipated increase in Phase II production volumes and rail access. 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. During the three-month period ended December 31, 2021, advance payments totalled $27.4 million.

10. Cash Flows (continued)

ii. Other Investing Activities (continued)

During the nine-month period ended December 31, 2022, the restricted account of $43.7 million (US$35.0 million) for potential Phase II project cost overruns was released, concurrently with the refinancing of the Phase II credit facility, as well as $30.0 million in short-term investments. During the nine-month period ended December 31, 2021, the Company completed the acquisition of the Kami Project and certain related contracts. The consideration included a cash payment of $15.0 million, in addition to $0.4 million in transaction costs. During the nine-month period ended December 31, 2021, the Company also partially disposed some of its marketable securities investments for proceeds of $9.5 million, 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 $4.4 million.

Financing

During the three-month period ended December 31, 2022, the Company drew down $77.7 million from the Fonds de Solidarité des Travailleurs du Québec ("FTQ Loan"), Caterpillar Financial Services Limited ("CAT Financing") and Investissement Québec loan ("IQ Loan") to cover Phase II and port infrastructure investments and repay part of the Revolver Facility, compared to $43.4 million of drawdowns for the same prior-year period related to the IQ Loan and CAT Financing to cover Phase II and port infrastructure investments. During the three-month period ended December 31, 2022, the Company also paid a dividend to its shareholders totalling $51.7 million, in connection with the semi-annual results for the period ended September 30, 2022.

During the nine-month period ended December 31, 2022, the Company made a net drawdown of $92.2 million mainly from the CAT Financing, FTQ Loan and IQ Loan, in connection with the funding of Phase II investment and mining equipment, compared to $93.4 million in drawdowns from various lenders in the same prior-year period. During the nine-month period ended December 31, 2022, the Company paid two dividends to its shareholders totalling $103.3 million in connection with the semi-annual financial results ending March 31, 2022, and the semi-annual results for the period ended September 30, 2022. During the nine-month period ended December 31, 2021, the Company's subsidiary, QIO, redeemed 185.0 million of its preferred shares, at par value, for a consideration of $185.0 million, and paid accumulated dividends on QIO's preferred shares of $6.5 million.

11. Financial Position

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 undrawn available financings. As at December 31, 2022, the Company held $166.3 million in cash and cash equivalents and short-term investments and has $309.7 million of undrawn loans for a total available liquidity[1] of $476.0 million.

	As at December 31,
	2022
(in thousands of dollars)	
Revolving Facility	**297,968**
Caterpillar Financial Services Limited	**11,768**
Total available and undrawn loans	**309,736**

Following the announcement of the commissioning of Phase II, on May 24, 2022, QIO completed the refinancing of the US$400.0 million credit facility with a US$400.0 million general purpose revolving facility. Refer to note 9 to 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;
- Expenditures in relation with organic growth opportunities, pending Board approvals;
- Operating costs and related cost supporting the ramp-up of the Phase II expansion project towards nameplate capacity;
- Semi-annual dividend payments to shareholders, if declared;
- Capital repayments related to lease liabilities, CAT Financing and IQ Loan; and
- Payment of mining and income taxes, when income and mining taxes exceed the amount of income and mining taxes currently receivable.

[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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

11. Financial Position (continued)

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

	As at December 31, 2022	As at March 31, 2022	Variance
(in thousands of dollars)			
Cash and cash equivalents	**165,986**	321,892	(48%)
Short-term investments	**312**	30,777	(99%)
Receivables	**160,343**	124,137	29%
Inventories	**174,182**	98,861	76%
Other current assets	**111,344**	20,272	449%
Total current assets	**612,167**	595,939	3%
Restricted cash	**—**	43,736	(100%)
Property, plant and equipment	**1,263,139**	1,070,030	18%
Exploration and evaluation assets	**114,648**	107,810	6%
Other non-current assets	**199,393**	171,715	16%
Total assets	**2,189,347**	1,989,230	10%
Total current liabilities	**231,039**	286,890	(19%)
Long-term debt	**425,543**	251,365	69%
Rehabilitation obligation	**79,741**	86,021	(7%)
Deferred tax liabilities	**185,246**	124,992	48%
Other non-current liabilities	**93,387**	78,264	19%
Total liabilities	**1,014,956**	827,532	23%
Equity attributable to Champion shareholders	**1,174,391**	1,161,698	1%
Total equity	**1,174,391**	1,161,698	1%
Total liabilities and equity	**2,189,347**	1,989,230	10%

The Company's cash and cash equivalents balance on December 31, 2022, decreased from the amount held on March 31, 2022, as described in section 10 - Cash Flows.

Higher receivables at the end of the quarter, compared to the beginning of the financial year, were mainly attributable to the delay in the receipt of sales tax receivable, due to the December holiday period and to higher trade receivables attributable to increases in the volume of iron ore concentrate sold. Higher inventories were mainly attributable to the increase in concentrate inventories due to the timing of sales compared to production volume and higher valuation, as well as higher level of supplies and spare parts to maintain a growing mobile fleet and machinery and larger stockpiled ore inventories to support Phase II's ramp-up production.

Higher other current assets mainly consist of income and mining taxes receivable of $63.6 million, compared to the income and mining taxes payable of $22.7 million as at March 31, 2022, and higher prepaid expenses mainly attributable to the timing of payments for rail transportation services.

The increase in property, plant and equipment is mainly attributable to the Phase II expansion project, higher level of investment in tailings lifts, the receipt of additional railcars required for Phase II and additional mining and processing equipment. Other non-current assets increased, mainly reflecting the advance payments made to third-party service providers in connection with capital maintenance expenditures.

Lower total current liabilities are mainly due to the refinancing in May 2022 of the Phase II credit facility ("Senior Debt") and income and mining taxes installments paid in excess of the current taxable income incurred and owed.

The increase in long-term debt during the nine-month period ended December 31, 2022, is mainly due to the drawdown of $45.0 million from the FTQ Loan, the net drawdowns on the CAT Financing of $47.0 million (US$35.7 million) related to Phase II equipment and the net drawdown of the IQ Loan to finance the Company's share of the cost overrun associated with the increase in third-party transshipment capacity. The refinancing of the Senior Debt in May 2022 and a non-cash foreign exchange loss due to the significant appreciation of the U.S. dollar year to date also accounted for the increase in long-term debt for the nine-month period ended December 31, 2022.

11. Financial Position (continued)

The variation in the rehabilitation obligation is mainly attributable to the change in the discount rate used, reflecting the significant increase in interest rates, when compared to March 31, 2022. The variation in deferred taxes liabilities is mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis. The increase in other non-current liabilities is mainly due to additional lease liabilities for the nine-month period ended December 31, 2022, following the receipt of the remaining railcars required for Phase II volumes and additional leased equipment.

The change in total equity is mainly attributable to net income during the nine-month period ended December 31, 2022, and the dividend payments on ordinary shares.

12. Financial Instruments

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

13. 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.

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

Contractual Obligations and Commitments

The following are the contractual maturities of the Company's liabilities segmented by period, with estimated future interest payments and the future minimum payments of the commitments, as at December 31, 2022:

(in thousands of dollars)	Less than 1 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)	**187,087**	**—**	**—**	**187,087**
Long-term debt, including capital and future interest payment	**50,516**	**402,964**	**110,351**	**563,831**
Lease liabilities, including future interest	**17,257**	**24,732**	**84,504**	**126,493**
Cash-settled share-based payment liability	**6,609**	**7,273**	**—**	**13,882**
Commitments as per note 18 to the Financial Statements	**127,127**	**106,013**	**237,606**	**470,746**
	388,596	**540,982**	**432,461**	**1,362,039**

The Company has obligations for 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 commitment amount may change.

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.

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

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 totalled $298.0 million (US$220.0 million) as at December 31, 2022, and is subject to standby commitment fees.

As at December 31, 2022, the undrawn portion of the finance agreement with Caterpillar Financial Services amounted to $11.8 million (US$8.7 million) and is also subject to standby commitment fees. In January 2023, the undrawn portion was increased by an additional US$50.0 million.

Based on the foregoing, as at December 31, 2022, the Company is benefiting from available and undrawn loans totalling $309.7 million, which will allow the Company to fund all its cash requirements for the next 12 months.

15. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 to the Company's audited annual financial statements for the year ended March 31, 2022.

16. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the three and nine-month periods ended December 31, 2022.

17. 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 and nine-month periods ended December 31, 2022.

18. 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 to 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 and nine-month periods ended December 31, 2022.

19. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the three and nine-month periods ended December 31, 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].

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Financial Data ($ millions)								
Revenues	351.2	300.6	279.3	331.4	253.0	331.0	545.4	396.7
Operating income	87.7	55.9	74.5	173.7	109.2	190.4	400.0	262.5
EBITDA[1]	118.2	84.3	94.9	197.9	122.1	200.0	405.7	275.8
Net income	51.4	19.5	41.6	115.7	68.0	114.6	224.3	155.9
Adjusted net income[1]	54.1	29.3	54.1	121.3	73.0	118.3	225.1	155.5
EPS - basic	0.10	0.04	0.08	0.23	0.13	0.23	0.44	0.32
EPS - diluted	0.10	0.04	0.08	0.22	0.13	0.22	0.43	0.30
Adjusted EPS - basic[1]	0.10	0.06	0.10	0.24	0.14	0.23	0.44	0.31
Net cash flow (used in) from operations	13.4	87.1	(32.2)	4.3	104.6	374.1	(12.6)	228.6
Operating Data								
Waste mined and hauled (thousands of wmt)	4,372	4,573	5,606	5,072	5,442	5,300	4,700	3,796
Ore mined and hauled (thousands of wmt)	8,840	8,215	6,193	5,388	5,517	5,714	5,644	5,636
Strip ratio	0.49	0.56	0.91	0.94	0.99	0.93	0.83	0.67
Ore milled (thousands of wmt)	8,503	8,103	6,022	4,904	5,161	5,680	5,227	5,238
Head grade Fe (%)	28.5	29.5	31.0	30.3	30.6	29.1	29.6	30.7
Fe recovery (%)	80.1	78.6	80.2	82.7	83.9	83.3	82.9	82.6
Product Fe (%)	66.0	66.1	66.1	66.2	66.2	66.3	66.3	66.5
Iron ore concentrate produced (thousands of wmt)	2,963	2,857	2,283	1,869	2,013	2,089	1,936	2,011
Iron ore concentrate sold (thousands of dmt)	2,694	2,793	2,014	1,890	1,832	1,954	1,975	1,971
Statistics (in dollars per dmt sold)								
Gross average realized selling price[1]	171.6	157.0	190.4	207.1	195.0	218.8	279.7	220.0
Net average realized selling price[1]	130.4	107.6	138.7	175.3	138.1	169.4	276.2	201.3
C1 cash cost[1]	76.0	65.9	74.0	60.0	59.5	56.2	60.1	54.4
All-in sustaining cost ("AISC")[1]	86.7	81.9	93.5	70.5	76.0	73.6	72.6	65.1
Cash operating margin[1]	43.7	25.7	45.2	104.8	62.1	95.8	203.6	136.2
Statistics (in U.S. dollars per dmt sold)[2]								
Gross average realized selling price[1]	126.5	120.6	149.6	164.1	154.8	174.6	228.3	173.9
Net average realized selling price[1]	96.1	83.2	108.8	139.1	109.5	134.7	225.5	159.3
C1 cash cost[1]	56.0	50.5	58.0	47.4	47.2	44.6	48.9	43.0
All-in sustaining cost ("AISC")[1]	63.9	62.7	73.2	55.7	60.3	58.4	59.1	51.4
Cash operating margin[1]	32.2	20.5	35.6	83.4	49.2	76.3	166.4	107.9

[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 20 - Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

[2] See the Currency section of this MD&A included in section 6 - Key Drivers.

20. 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
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	C1 cash cost 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

20. 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	**Nine Months Ended**
	March 31,	June 30,	September 30,	**December 31,**	**December 31,**
	2022	2022	2022	**2022**	**2022**
(in thousands of dollars)					
Income before income and mining taxes	181,312	70,948	45,511	**85,629**	**202,088**
Net finance costs	2,269	4,190	10,765	**1,858**	**16,813**
Depreciation	14,357	19,792	28,055	**30,719**	**78,566**
EBITDA	197,938	94,930	84,331	**118,206**	**297,467**
Revenues	331,376	279,321	300,621	**351,233**	**931,175**
EBITDA margin	60%	34%	28%	**34%**	**32%**

				Three Months Ended	Nine Months Ended
	March 31,	June 30,	September 30,	December 31,	December 31,
	2021	2021	2021	2021	2021
(in thousands of dollars)					
Income before income and mining taxes	261,047	391,393	189,564	108,574	689,531
Net finance costs	5,430	4,387	1,012	3,377	8,776
Depreciation	9,287	9,959	9,437	10,176	29,572
EBITDA	275,764	405,739	200,013	122,127	727,879
Revenues	396,702	545,408	331,006	253,016	1,129,430
EBITDA margin	70%	74%	60%	48%	64%

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 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.

20. 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	**Nine Months Ended**
	March 31, 2022	June 30, 2022	September 30, 2022	**December 31, 2022**	**December 31, 2022**
(in thousands of dollars except per share)					
Net income	115,653	41,554	19,530	**51,406**	**112,490**
Cash items					
Incremental costs related to COVID-19	3,310	840	305	**—**	**1,145**
Bloom Lake Phase II start-up costs	5,965	19,476	15,391	**4,292**	**39,159**
	9,275	20,316	15,696	**4,292**	**40,304**
Tax effect of adjustments listed above[1]	(3,617)	(7,720)	(5,964)	**(1,631)**	**(15,315)**
Adjusted net income	121,311	54,150	29,262	**54,067**	**137,479**
Weighted average number of ordinary shares outstanding - Basic	511,237,000	516,691,000	517,104,000	**517,193,000**	**516,997,000**
Adjusted EPS	0.24	0.10	0.06	**0.10**	**0.27**

				Three Months Ended	Nine Months Ended
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2021
(in thousands of dollars except per share)					
Net income	155,934	224,339	114,596	67,997	406,932
Cash items					
Loss (gain) on disposal of non-current investments	(2,332)	(408)	232	—	(176)
Incremental costs related to COVID-19	3,162	2,068	1,099	1,366	4,533
Bloom Lake Phase II start-up costs	—	—	4,613	7,174	11,787
	830	1,660	5,944	8,540	16,144
Tax effect of adjustments listed above[1]	(1,265)	(889)	(2,228)	(3,501)	(6,619)
Adjusted net income	155,499	225,110	118,312	73,036	416,457
Weighted average number of ordinary shares outstanding - Basic	494,403,000	506,271,000	506,429,000	506,492,000	506,398,000
Adjusted EPS	0.31	0.44	0.23	0.14	0.82

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

20. 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 December 31, 2022	As at September 30, 2022
Cash and cash equivalents	**165,986**	276,858
Short-term investments	**312**	562
Undrawn amounts under credit facilities	**309,736**	309,002
Available liquidity	**476,034**	586,422

C1 Cash Cost

C1 cash cost, is a common financial performance measure in the iron ore mining industry. Champion reports C1 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 operating costs, and is adjusted to exclude incremental costs related to COVID-19 and Bloom Lake Phase II start-up costs presented in cost of sales from the Phase II commissioning in April 2022 to the commencement of commercial production. Depreciation expense is not a component of C1 cash cost.

				Three Months Ended	**Nine Months Ended**
	March 31, 2022	June 30, 2022	September 30, 2022	**December 31, 2022**	**December 31, 2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,889,900	2,013,900	2,793,400	**2,694,200**	**7,501,500**
(in thousands of dollars except per tonne)					
Cost of sales	116,658	169,407	199,841	**209,070**	**578,318**
Less: Incremental costs related to COVID-19	(3,310)	(840)	(305)	**—**	**(1,145)**
Less: Bloom Lake Phase II start-up costs	—	(19,476)	(15,391)	**(4,292)**	**(39,159)**
	113,348	149,091	184,145	**204,778**	**538,014**
C1 cash cost (per dmt sold)	60.0	74.0	65.9	**76.0**	**71.7**

				Three Months Ended	Nine Months Ended
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,971,100	1,974,700	1,953,900	1,832,100	5,760,700
(in thousands of dollars except per tonne)					
Cost of sales	110,299	120,846	110,884	110,290	342,020
Less: Incremental costs related to COVID-19	(3,162)	(2,068)	(1,099)	(1,366)	(4,533)
	107,137	118,778	109,785	108,924	337,487
C1 cash cost (per dmt sold)	54.4	60.1	56.2	59.5	58.6

20. 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 C1 cash costs, 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	**Nine Months Ended**
	March 31,	June 30,	September 30,	**December 31,**	**December 31,**
	2022	2022	2022	**2022**	**2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,889,900	2,013,900	2,793,400	**2,694,200**	**7,501,500**
(in thousands of dollars except per tonne)					
Cost of sales	116,658	169,407	199,841	**209,070**	**578,318**
Less: Incremental costs related to COVID-19	(3,310)	(840)	(305)	**—**	**(1,145)**
Less: Bloom Lake Phase II start-up costs	—	(19,476)	(15,391)	**(4,292)**	**(39,159)**
Sustaining capital expenditures[1]	11,743	26,945	36,181	**19,495**	**82,621**
G&A expenses	8,094	12,272	8,564	**9,212**	**30,048**
	133,185	188,308	228,890	**233,485**	**650,683**
AISC (per dmt sold)	70.5	93.5	81.9	**86.7**	**86.7**

				Three Months Ended	Nine Months Ended
	March 31,	June 30,	September 30,	December 31,	December 31,
	2021	2021	2021	2021	2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,971,100	1,974,700	1,953,900	1,832,100	5,760,700
(in thousands of dollars except per tonne)					
Cost of sales	110,299	120,846	110,884	110,290	342,020
Less: Incremental costs related to COVID-19	(3,162)	(2,068)	(1,099)	(1,366)	(4,533)
Sustaining capital expenditures[1]	13,193	16,767	26,461	21,985	65,213
G&A expenses	7,905	7,804	7,548	8,323	23,675
	128,235	143,349	143,794	139,232	426,375
AISC (per dmt sold)	65.1	72.6	73.6	76.0	74.0

[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 10 - Cash flows of this MD&A.

20. 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.

	March 31, 2022	June 30, 2022	September 30, 2022	**Three Months Ended December 31, 2022**	**Nine Months Ended December 31, 2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,889,900	2,013,900	2,793,400	**2,694,200**	**7,501,500**
(in thousands of dollars except per tonne)					
Revenues	331,376	279,321	300,621	**351,233**	**931,175**
Net average realized selling price (per dmt sold)	175.3	138.7	107.6	**130.4**	**124.1**
AISC (per dmt sold)	70.5	93.5	81.9	**86.7**	**86.7**
Cash operating margin (per dmt sold)	104.8	45.2	25.7	**43.7**	**37.4**
Cash profit margin	60%	33%	24%	**34%**	**30%**

	March 31, 2021	June 30, 2021	September 30, 2021	Three Months Ended December 31, 2021	Nine Months Ended December 31, 2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,971,100	1,974,700	1,953,900	1,832,100	5,760,700
(in thousands of dollars except per tonne)					
Revenues	396,702	545,408	331,006	253,016	1,129,430
Net average realized selling price (per dmt sold)	201.3	276.2	169.4	138.1	196.1
AISC (per dmt sold)	65.1	72.6	73.6	76.0	74.0
Cash operating margin (per dmt sold)	136.2	203.6	95.8	62.1	122.1
Cash profit margin	68%	74%	57%	45%	62%

20. 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	**Nine Months Ended**
	March 31,	June 30,	September 30,	**December 31,**	**December 31,**
	2022	2022	2022	**2022**	**2022**
Per tonne sold					
Iron ore concentrate sold (dmt)	1,889,900	2,013,900	2,793,400	**2,694,200**	**7,501,500**
(in thousands of dollars except per tonne)					
Revenues	331,376	279,321	300,621	**351,233**	**931,175**
Provisional pricing adjustments	(28,769)	15,668	20,931	**5,205**	**41,804**
Freight and other costs	88,757	88,361	117,131	**105,987**	**311,479**
Gross revenues	391,364	383,350	438,683	**462,425**	**1,284,458**
Gross average realized selling price (per dmt sold)	207.1	190.4	157.0	**171.6**	**171.2**

				Three Months Ended	Nine Months Ended
	March 31,	June 30,	September 30,	December 31,	December 31,
	2021	2021	2021	2021	2021
Per tonne sold					
Iron ore concentrate sold (dmt)	1,971,100	1,974,700	1,953,900	1,832,100	5,760,700
(in thousands of dollars except per tonne)					
Revenues	396,702	545,408	331,006	253,016	1,129,430
Provisional pricing adjustments	(20,449)	(60,895)	11,229	7,466	(42,200)
Freight and other costs	57,456	67,807	85,219	96,849	249,875
Gross revenues	433,709	552,320	427,454	357,331	1,337,105
Gross average realized selling price (per dmt sold)	220.0	279.7	218.8	195.0	232.1

21. Share Capital Information

The Company’s share capital consists of ordinary shares without par value. As of January 26, 2023, there are 517,193,126 ordinary shares issued and outstanding. In addition, there are 5,402,329 ordinary shares issuable pursuant to options, restricted share units, deferred share units and performance share units, and 15,000,000 ordinary shares issuable pursuant to warrants.

22. Risk Factors

Champion is subject to several risks and uncertainties which could have a material adverse impact on its operations, its financial condition and the trading price of its shares.

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, and for information about the Company's exposure to each of the described risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

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

Disclosure Controls and Procedures

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

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

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

Internal Control over Financial Reporting

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

There have been no changes in the Company's ICFR that occurred during the period beginning on October 1, 2022, and ended on December 31, 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.

24. Approval

The Board oversees Management’s responsibility for financial reporting and internal control systems through its Audit Committee. The Audit Committee meets quarterly with Management and 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 January 27, 2023. A copy of this MD&A will be provided to anyone who requests it.

25. Nature of Securities

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

26. Additional Information

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