Management's Discussion and Analysis

For the Year Ended March 31, 2024

CHAMPION IRON

TSX: CIA - ASX: CIA

As at May 31, 2024

The following Champion Iron Limited ("Champion" or the "Company") Management's Discussion and Analysis ("MD&A") has been prepared as of May 31, 2024. This MD&A is intended to supplement the audited consolidated financial statements for the year ended March 31, 2024, and related notes thereto ("Financial Statements"), which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), including Australian Interpretations and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements and other information pertaining to the Company are available on SEDAR+ at www.sedarplus.ca, 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$ or U.S. dollar (United States dollar), C$ (Canadian dollar), Board (Board of Directors), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometres), m (metres), FOB (free on board), Fe (iron ore), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), Phase II (Phase II expansion project), DR (direct reduction), DRPF (direct reduction pellet feed), Kami Project (Kamistiatusset project), GHG (greenhouse gas), G&A (general and administrative), P62 index (Platts IODEX 62% Fe CFR China index), P65 index (Platts IODEX 65% Fe CFR China index), C3 index (C3 Baltic Capesize index), 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 wholly-owned subsidiary and the operator of Bloom Lake.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section of this MD&A, 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 substitutes 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, cost of sales per dmt sold, C1 cash cost or total cash cost per dmt sold, AISC per dmt sold, cash operating margin, cash profit margin, gross average realized 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 22 — 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 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.

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 nameplate capacity, throughput, recovery rates, economic and other benefits, impact on nameplate capacity, permitting, compensation plans and associated costs;

Cautionary Note Regarding Forward-Looking Statements (continued)

Specific Forward-Looking Statements (continued)

(ii) Bloom Lake's life of mine, recovery rates, production, economic and other benefits, updated reserves and resources, nameplate capacity and related opportunities and benefits, as well as potential increase thereof;

(iii) 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 DR quality pellet feed iron ore, expected project timeline, economics, capital expenditure, budget and financing, production metrics, technical parameters, permitting and approvals, expected environmental footprint, pricing premiums, efficiencies, economic and other benefits and related engagement with prospective customers;

(iv) the study evaluating the re-commissioning of the Pointe-Noire Iron Ore Pelletizing Facility to produce DR grade pellets, including its anticipated completion timeline, related joint venture and expected premium that high quality DRPF products will attract;

(v) the Kami Project's study, its purpose, including evaluating the potential to produce a DR grade product, expected project timeline, economics, production and financial metrics, technical parameters, expected environmental footprint, efficiencies and economic and other benefits and related engagement with stakeholders and strategic partners;

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

(vii) the shift in steel industry production methods towards reducing emissions and green steel production methods, including expected rising demand for higher-grade iron ore products and related market deficit and higher premiums, and the Company's participation therein, contribution thereto and positioning in connection therewith, including related research and development and the transition of the Company's product offering (including producing high quality DRPF products) and expected benefits thereof;

(viii) the cold pelletizing technology and its potential to substantially reduce emissions linked to the agglomeration of iron ore and related projects and initiatives;

(ix) GHG and CO_2 emissions reduction initiatives, objectives, targets and expectations;

(x) maintaining higher stripping activities;

(xi) stockpiled ore levels, shipping and sales of accumulated concentrate inventories and related rehandling costs and their impact on the cost of sales;

(xii) increased shipments of iron ore and related railway and port capacity and transportation and handling costs;

(xiii) the Company's safe tailings strategy, tailings investment plan and related investments and benefits;

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

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

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

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

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

(xix) production and recovery rate targets and the Company's performance and related work programs;

(xx) pricing of the Company's products (including provisional pricing);

(xxi) the Company's tax position;

(xxii) the Company's expected iron ore concentrate production and sales;

(xxiii) the Company's iron ore concentrate pricing trends compared the P65 index;

(xxiv) available liquidity to support the Company's growth projects; and

(xxv) the Company's growth and opportunities generally.

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 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 ("EAF"), 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 2024 Annual Report and Annual Information Form for the financial year ended March 31, 2024, all of which are available on SEDAR+ at www.sedarplus.ca, 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 the forward-looking information contained in this MD&A is given as of the date hereof or such other date or dates specified in the 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 the 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 wholly-owned 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 low contaminant high-grade 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. Benefiting from one of the highest purity resources globally, the Company is investing to upgrade half of the Bloom Lake mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe. 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 delivered its iron ore concentrate 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 Cluster II portfolio of properties, located within 60 km south of Bloom Lake.

2. Financial and Operating Highlights

	Three Months Ended March 31,			Year Ended March 31,			
	2024	2023	Variance	**2024**	2023	Variance	2022
Iron ore concentrate produced (wmt)	**3,275,400**	3,084,200	6%	**14,162,400**	11,186,600	27%	7,907,300
Iron ore concentrate sold (dmt)	**2,968,900**	3,092,900	(4%)	**11,643,700**	10,594,400	10%	7,650,600
Financial Data (in thousands of dollars, except per share amounts)							
Revenues	**332,673**	463,913	(28%)	**1,524,294**	1,395,088	9%	1,460,806
EBITDA[1]	**85,099**	195,709	(57%)	**552,549**	493,176	12%	925,817
EBITDA margin[1]	**26 %**	42 %	(38%)	**36 %**	35 %	3%	63 %
Net income	**25,791**	88,217	(71%)	**234,191**	200,707	17%	522,585
Adjusted net income[1]	**25,791**	88,217	(71%)	**236,565**	225,696	5%	537,768
Basic EPS	**0.05**	0.17	(71%)	**0.45**	0.39	15%	1.03
Diluted EPS	**0.05**	0.17	(71%)	**0.44**	0.38	16%	1.00
Adjusted EPS[1]	**0.05**	0.17	(71%)	**0.46**	0.44	5%	1.06
Net cash flow from operating activities	**100,467**	167,722	(40%)	**474,585**	235,984	101%	470,435
Dividend per ordinary share paid	**—**	—	—%	**0.20**	0.20	—%	0.10
Dividend per preferred share paid	**—**	—	—%	**—**	—	—%	0.03
Cash and cash equivalents	**400,061**	326,806	22%	**400,061**	326,806	22%	321,892
Total assets	**2,689,551**	2,315,269	16%	**2,689,551**	2,315,269	16%	1,989,230
Total non-current financial liabilities	**508,367**	448,201	13%	**508,367**	448,201	13%	251,365
Statistics (in dollars per dmt sold)							
Gross average realized selling price[1]	**166.3**	183.2	(9%)	**175.8**	174.7	1%	225.9
Net average realized selling price[1]	**112.1**	150.0	(25%)	**130.9**	131.7	(1%)	190.9
C1 cash cost[1]	**76.6**	79.0	(3%)	**75.9**	73.9	3%	58.9
AISC[1]	**88.0**	85.7	3%	**90.9**	86.5	5%	73.1
Cash operating margin[1]	**24.1**	64.3	(63%)	**40.0**	45.2	(12%)	117.8
Statistics (in U.S. dollars per dmt sold)[2]							
Gross average realized selling price[1]	**123.4**	135.5	(9%)	**130.3**	132.0	(1%)	181.1
Net average realized selling price[1]	**82.9**	110.9	(25%)	**97.0**	99.4	(2%)	153.3
C1 cash cost[1]	**56.8**	58.4	(3%)	**56.3**	55.9	1%	47.0
AISC[1]	**65.3**	63.4	3%	**67.4**	65.4	3%	58.3
Cash operating margin[1]	**17.6**	47.5	(63%)	**29.6**	34.0	(13%)	95.0

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 22 — 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" subsection of this MD&A included in section 7 — Key Drivers.

3. Quarterly Highlights

Operations and Sustainability

- No serious injuries or major environmental incidents reported in the quarter;
- Employee recordable injury frequency rate of 1.91 for the year, up from 1.53 in the previous year, which continues to compare favourably with Québec's open pit industry statistics;
- Proud partner of the 2024 First Nations Expedition, a 3,250 km snowmobile journey that carried the message of reconciliation, healing and hope;
- Met and exceeded most annual sustainability Key Performance Indicators ("KPI") detailed in the Company's 2023 Sustainability Report, which incorporated industry best practice disclosure frameworks, including the Global Reporting Initiative ("GRI"), Sustainability Accounting Standard Board ("SASB") and Task Force on Climate-Related Financial Disclosures ("TCFD"). The 2023 Sustainability Report is available on the Company's website at www.championiron.com;
- Quarterly production of 3.3 million wmt (3.2 million dmt) of high-grade 66.1% Fe concentrate for the three-month period ended March 31, 2024, down 19% from the previous quarter, and up 6% over the same period last year;
- Quarterly iron ore concentrate sales of 3.0 million dmt for the three-month period ended March 31, 2024, down 8% and 4% from the previous quarter and the prior-year period, respectively; and
- The Company continues to seek improvements from the rail operator to receive contracted haulage services to ensure that Bloom Lake's production, as well as iron ore concentrate currently stockpiled at Bloom Lake, is hauled over future periods. Iron ore concentrate stockpiled at Bloom Lake reached 2.7 million wmt as at March 31, 2024.

Financial Results

- Revenues of $332.7 million for the three-month period ended March 31, 2024, down 28% compared to the same period in 2023, and down 34% from the previous quarter, mainly attributable to lower net realized selling prices;
- Net cash flow from operating activities of $100.5 million for the three-month period ended March 31, 2024, compared to $167.7 million for the same period in 2023, and $162.6 million during the previous quarter;
- EBITDA of $85.1 million[1] for the three-month period ended March 31, 2024, down 57% compared to the same period in 2023 and down 65% compared to the previous quarter, mainly as a result of lower revenues;
- Net income of $25.8 million with EPS of $0.05 for the three-month period ended March 31, 2024, compared to $88.2 million with EPS of $0.17 for the same period in 2023, and $126.5 million with EPS of $0.24 for the previous quarter;
- C1 cash cost of $76.6/dmt[1] (US$56.8/dmt)[2] for the three-month period ended March 31, 2024, compared to 79.0/dmt[1] (US$58.4/dmt)[2] for the same period in 2023, and $73.0/dmt[1] (US$53.6/dmt)[2] in the previous quarter;
- Strong cash position at quarter-end with $400.1 million in cash and cash equivalents as at March 31, 2024, an increase of $12.7 million since December 31, 2023, and $73.3 million since the beginning of the financial year;
- Available liquidity to support growth initiatives, including amounts available from the Company's credit facilities, totalled $942.1 million[1] at quarter-end, compared to $937.6 million[1] as at December 31, 2023;
- Semi-annual dividend of $0.10 per ordinary share declared on May 30, 2024 (Montréal) / May 31, 2024 (Sydney), in connection with annual results for the period ended March 31, 2024.

[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 22 — 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" subsection of this MD&A included in section 7 — Key Drivers.

3. Quarterly Highlights (continued)

DRPF Project Update

- The project, which consists of upgrading half of Bloom Lake's capacity to DR quality pellet feed iron ore up to 69% Fe, remains on schedule and on budget, with quarterly investments of $35.4 million and cumulative investment of $95.3 million, as at March 31, 2024, with total capital expenditures estimated at $470.7 million, as detailed in the study released in January 2023;
- The project commissioning is scheduled for the second half of calendar year 2025, subject to the completion of key construction milestones in the near term; and
- Actively engaging with prospective customers to eventually supply DR quality iron ore, including pricing premiums to the Company's existing high-purity iron ore concentrate.

Other Growth and Development

- Completed and filed the Kami Project study, pursuant to National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and Chapter 5 of the ASX Listing Rules for the development of mining and processing of DR grade pellet feed iron ore facilities from the Kami mine. The Company continues to evaluate opportunities to improve the project's economics, advance permitting and engage in strategic partnership discussions prior to considering a final investment decision;
- Continued to evaluate DR pelletizing projects to further participate in the green steel supply chain and align with the accelerating industry transition to Direct Reduced Iron ("DRI") and EAF steelmaking; and
- Following the Company's strategy to push Bloom Lake beyond its nameplate capacity in the previous quarter, in order to identify and confirm bottlenecks, the team is now analyzing the investments required to increase Bloom Lake's nameplate capacity beyond 15 Mtpa over time.

4. Dividend on Ordinary Shares

The Board declared a sixth consecutive semi-annual dividend of $0.10 per ordinary share on May 30, 2024 (Montréal) / May 31, 2024 (Sydney), in connection with the annual financial results for the period ended March 31, 2024. The Company's shareholders on record as at the close of business on June 14, 2024 (Montréal and Sydney), will be entitled to receive payment of the dividend on July 3, 2024 (Montréal and Sydney).

The Board will evaluate future dividends concurrently with the release of the Company's semi-annual and annual results.

For shareholders holding ordinary shares on the Australian share register, the dividend will be paid in Australian dollars. The dividend amounts received will be calculated by converting the dividend determined to be paid using the exchange rates applicable to Australian dollars five business days prior to the dividend payment date, as published by the Bank of Canada.

Additional details on the dividends and related tax information can be found on the Company's website at www.championiron.com under the Investors – Dividend Information section.

5. DRPF Project Update

In January 2023, the Company completed the DRPF project's study to upgrade the Bloom Lake Phase II plant to produce approximately 7.5 Mtpa of DRPF quality iron ore with up to 69% Fe with a combined silica and alumina content below 1.2%. The study proposed a 30-month construction period with estimated capital expenditures of $470.7 million, including additional power and port-related infrastructure, resulting in a Net Present Value ("NPV") of $738.2 million and an Internal Rate of Return ("IRR") of 24.0% after tax.

The Board provided a final investment decision on January 30, 2024 (Montréal), to complete the DRPF project.

The DRPF project aims to capitalize on the steel industry's focus on reducing emissions and its associated impact on the raw material supply chain. Accordingly, production of a 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 DRI and EAF steelmaking route, which reduces emissions in the steelmaking process by approximately half, compared to the traditional steelmaking route using Blast Furnaces ("BF") and Basic Oxygen Furnaces ("BOF") methods. By producing the DRPF product required for the DRI-EAF steelmaking process, the Company would contribute to a reduction in the use of coal in the conventional BF-BOF steelmaking method, which would significantly reduce global emissions. Benefiting from a rare high-purity resource, the Company has a unique opportunity to produce one of the highest DRPF quality products available on the seaborne market, for which Champion expects to attract a substantial premium over the Company's current high-grade 66.2% Fe iron ore concentrate.

During the three-month period ended March 31, 2024, detailed engineering work and on-site activities in preparation for upcoming civil work programs continued. The project remains on budget with quarterly investments of $35.4 million and a cumulative investment of $95.3 million, as at March 31, 2024.

The Company expects the construction work to reach its peak early in calendar year 2025 with commissioning in the second half of 2025, a timeline which is subject to the completion of key construction milestones expected in the near term.

Additional details on the DRPF project, including key assumptions and capital costs, can be found in the Company's press release dated January 26, 2023 (Montréal), available under its profile on SEDAR+ at www.sedarplus.ca, the ASX at www.asx.com.au and on the Company's website at www.championiron.com.

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

6. Green Steel Initiatives

With an increased focus on reducing GHG emissions in 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 traditional BF-BOF steelmaking. 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 for or blended with scrap steel to produce steel in the EAF steelmaking method.

Accordingly, the Company continued to advance its research and development programs aimed at developing technologies and products to support the steelmaking transition from the BF-BOF method to the DRI-EAF method, while supporting emissions reduction in the BF-BOF process. Key to this strategy is the DRPF project, which is expected to produce an industry leading DR quality iron ore, enabling steelmakers to produce complex steels while reducing emissions through the DRI and EAF steelmaking route.

Emissions Reduction Initiatives

As part of its ongoing efforts to minimize the environmental impact of its operations, the Company continued with its commitments to reduce the intensity of its GHG emissions by 40% from its 2014 levels by 2030, which also considers Bloom Lake's increased nameplate capacity of 15 Mtpa, and to be carbon neutral by 2050. Towards this effort, the Company continued to work on establishing a specific list of GHG reduction initiatives, including electrification and energy efficiency projects required to enable the Company to reach its GHG emissions reduction objectives. Additionally, the Company completed an exercise to map emissions across its supply chain and identified a methodology to estimate its scope 3 emissions, enabling the team to identify emissions reduction opportunities. As the Company optimizes its Environmental, Social and Governance ("ESG") related disclosures and works to align with industry best practices, new objectives were detailed in its 2023 Sustainability Report, including the identification of a list of specific projects that are expected to contribute to the 2030 target and the disclosure of the Company's first Scope 3 emissions aligned with the GHG Protocol. The 2023 Sustainability Report is available under the Company's website at www.championiron.com.

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 and 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 "Pellet Plant Partner") to complete a study to evaluate the re-commissioning of the Pellet Plant and produce DR grade pellets. The 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 Pellet Plant Partner to collaborate in order to complete the study. Subject to the 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 and the Pellet Plant 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.

7. Key Drivers

Iron Ore Concentrate Price

The price of iron ore concentrate is the most significant factor affecting the Company's financial results. As such, net income and cash flow from operating activities and the Company's development plan 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 industries 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 P62 index, widely used as the reference price in the industry. As such, the Company quotes its products based on the high-grade P65 index. 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.

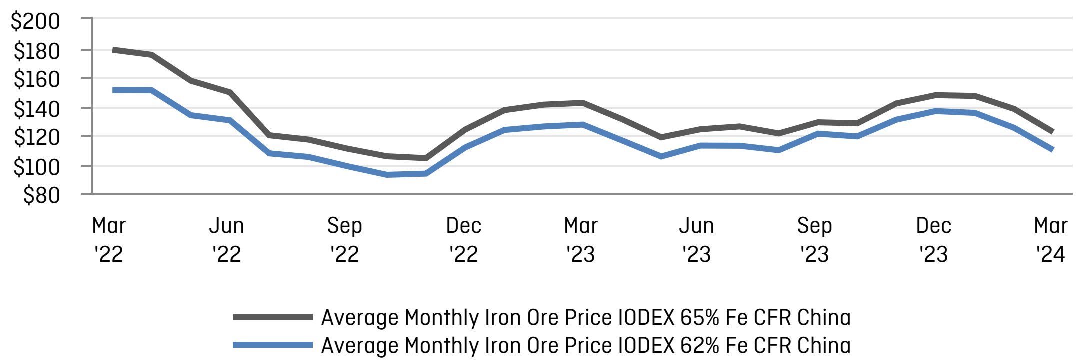
7. Key Drivers (continued)

Iron Ore Concentrate Price (continued)

During the three-month period ended March 31, 2024, the P65 index averaged US$135.9, a decrease of 2% quarter-on-quarter and 3% compared to the corresponding period in 2023. Factors contributing to the downward pressure on iron ore prices can likely be attributed to a depressed Chinese real estate sector, low profit margins among steel mills and unseasonably elevated iron ore supply from Brazil, considering the typical seasonal impact of rainfalls in the period. However, some support was found based on expectations of additional monetary stimulus in China. Towards the end of March 2024, there was a slight rebound in the iron ore price, coinciding with the commencement of the Chinese construction season. Although the premium for high-grade iron ore over the P62 index remained near historical lows, impacted by depressed steelmaking profit margins and a lack of environmental controls in China, it increased by 19.1% from the previous quarter to an average of US$12.4.

According to the World Steel Association[1], global crude steel production during the three-month period ended March 31, 2024, increased 1.3% compared to the corresponding period in 2023, totalling 468.7 million tonnes. This also represented an 8.6% increase from the previous three-month period. Despite additional economic measures to boost the real estate sector, China's crude steel production showed minimal year-over-year variation, with a marginal decline of 0.4%. In contrast, the world ex China increased 3.5% year-over-year, with a notable rebound in steel production originating from Europe, Ukraine and the Middle East.

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



Champion recognizes revenues when the iron ore concentrate is delivered to the vessel. The quarterly gross realized selling price diverged from the quarterly P65 average index price mostly due to two pricing dynamics:

- Tonnage sold in the quarter under arrangements based on fixed P65 index prices of months prior to the beginning of the reporting quarter.
- Tonnage sold in the quarter under pricing arrangements when the selling price is based on the P65 index prices subsequent to the date of the sale, according to a mutually agreed final quotation period, which generally depends on the discharge date. Considering that vessels are subject to freight routes that usually take up to 55 days before reaching the port of discharge, these sales are influenced by the volatility of the P65 index prices after the date of the sale.
  - For tonnage sold early in the reporting quarter, the final quotation period may be within the reporting quarter. Those volumes are typically most exposed to the back-ended months of the reporting quarter due to the aforementioned typical freight routes.
  - For tonnage sold in the reporting quarter and for which the final quotation period is after the reporting quarter, the Company provisionally prices the sales based on the P65 index forward iron ore prices at quarter-end to estimate the selling price upon or after the vessel's arrival at the port of discharge. These tonnes are exposed to variations in iron ore index prices after the end of the quarter, in particular to the front months of the following quarter due to the aforementioned typical freight routes. 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 revenues in the following quarter. Historically, sales volumes that remain exposed to provisional pricing adjustments at the end of quarters represent between approximately 30% to 70% of total quarterly sales volumes.

[1] https://www.worldsteel.org/

7. Key Drivers (continued)

Iron Ore Concentrate Price (continued)

During the three-month period ended March 31, 2024, an average final price of US$136.2/dmt was established for the 1.8 million tonnes of iron ore that were in transit as at December 31, 2023, which were previously evaluated using an average expected price of US$149.6/dmt. Accordingly, during the three-month period ended March 31, 2024, negative pricing adjustments of $31.0 million (US$23.9 million) were recorded for tonnes subject to provisional prices as at December 31, 2023. For the total volume of 3.0 million dmt sold during the fourth quarter, the negative adjustments represent US$8.0/dmt. As at March 31, 2024, 1.8 million tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods. A gross forward provisional price of US$112.8/dmt was used as at March 31, 2024, to estimate the sales that remain subject to final pricing.

The following table details the Company's gross revenue exposure, as at March 31, 2024, subject to the movements in iron ore prices for the provisionally invoiced sales volume:

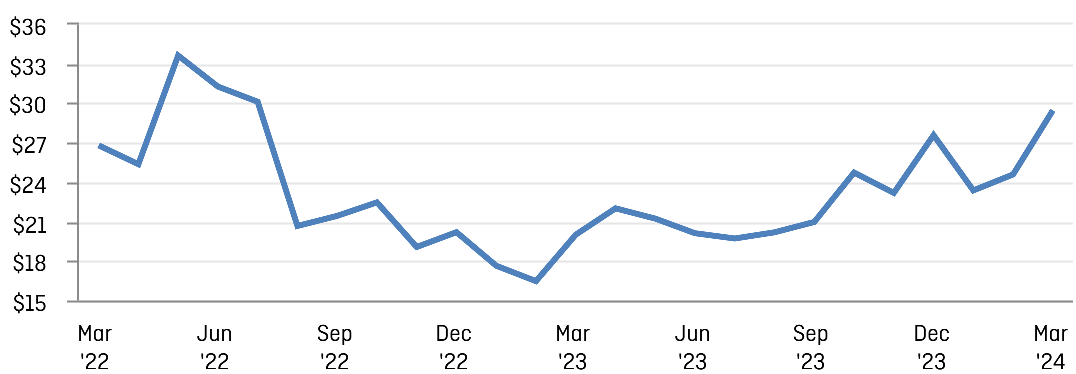
(in thousands of U.S. dollars)	As at March 31, 2024
Tonnes (dmt) subject to provisional pricing adjustments	**1,821,100**
10% increase in iron ore prices	**20,536**
10% decrease in iron ore prices	**(20,536)**

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 March 31, 2024, while holding all other variables constant, including foreign exchange rates. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact net realized selling price in Canadian dollars. The above sensitivities should therefore be used with caution.

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 index, 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. Additionally, the Company can be exposed to ice premiums in relation to the C3 index for its first and third quarters, but most particularly in its fourth quarter which is entirely subject to the effective period of ice premiums.

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



During the three-month period ended March 31, 2024, the average C3 index totalled US$25.7/t, compared to US$24.9/t for the previous quarter and US$18.1/t for the same period in 2023. Higher Brazilian iron ore exports, resulting from a less severe rainy season compared to previous years, impacted demand for vessels and, accordingly, the Atlantic freight prices. Additionally, freight dynamics were impacted by the conflict in the Red Sea, leading to a considerable number of vessels being rerouted via the Cape of Good Hope instead of the usual Suez Canal route.

7. Key Drivers (continued)

Sea Freight (continued)

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.

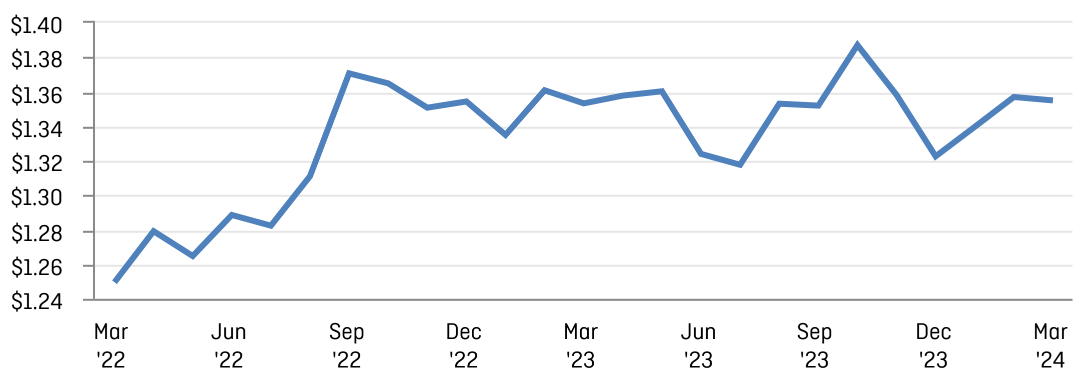
When contracting vessels on the spot market, Champion typically books vessels three to five weeks prior to the desired laycan period due to its distance from main shipping hubs. Although this creates a delay between the freight paid and the C3 index, the effect of this delay is eventually reconciled since Champion ships its high-grade iron ore concentrate uniformly throughout the year. Additionally, the Company has multiple freight agreements based on an agreed-upon premium above the loading month average C3 index to further reduce price volatility.

Currency

The Canadian dollar is the Company's functional and reporting currency. The Company is exposed to foreign currency fluctuations 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 also 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 would impact gross revenues by approximately 1%. Assuming a stable long-term debt balance, a variation of C$0.01 against the U.S. dollar would impact the debt revaluation by approximately 1%.

Monthly Closing Exchange Rate – C$/US$



Exchange rates were as follows:

	C$ / US$					
	Average			Closing		
	FY2024	FY2023	Variance	**FY2024**	FY2023	Variance
Q1	**1.3430**	1.2768	5 %	**1.3240**	1.2886	3 %
Q2	**1.3411**	1.3056	3 %	**1.3520**	1.3707	(1)%
Q3	**1.3622**	1.3578	— %	**1.3226**	1.3544	(2)%
Q4	**1.3486**	1.3526	— %	**1.3550**	1.3533	— %
Year-end as at March 31	**1.3487**	1.3230	2 %	**1.3550**	1.3533	— %

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

(Expressed in Canadian dollars, except where otherwise indicated)

8. Bloom Lake Mine Operating Activities

Impact of Forest Fires

Forest fires emerged on May 28, 2023, north of Sept-Îles, Québec, resulting in railway service interruptions between Bloom Lake and the port of Sept-Îles from May 30 to June 10, 2023. As forest fires subsided in the region, railway services resumed at partial capacity on June 10, 2023, until they returned to pre-forest fire levels during the three-month period ended September 30, 2023. As a result, shipments and sales were impacted in the first half of the 2024 financial year.

Despite supply chain challenges caused by multiple highway closures impacting operations during the quarter ended September 30, 2023, Bloom Lake operated continuously throughout the railway interruptions and iron ore concentrate was stockpiled at the mining complex. The Company responded to the situation by triggering its emergency response plan and managed supply chain risks by focusing mine operations on critical activities required to feed the two plants. This impacted the Company’s ability to move waste and generate blasted ore inventory in the first quarter of the 2024 financial year. The Company also used its crusher’s stockpiles to supply the two plants during that period.

Operational Performance and Rail Capacity Update

Bloom Lake’s Phase II reached commercial production in the third quarter of the 2023 financial year and produced at nameplate capacity for thirty consecutive days for the first time during the first quarter of the 2024 financial year. During the third quarter of the 2024 financial year, the Company ran both plants beyond their nameplate capacity to identify operational bottlenecks. The strategy was successful and both plants produced well above their nameplate capacity, but it impacted the availability of the equipment in the fourth quarter causing unplanned maintenance activities due to premature wear and tear on the equipment and earlier than expected major maintenance of the plants. As the Company was completing additional maintenance during this quarter, it also solidified its operations and the team was mobilized to identify and analyze work programs and investments required to structurally increase Bloom Lake’s nameplate capacity beyond 15 Mtpa over time.

Shipments were negatively impacted during the three-month period ended March 31, 2024, as a result of continued lagging railway services as well as planned and unplanned maintenance activities on the railroad. Due to the ongoing disconnect in railway services and Bloom Lake’s increasing production capacity, the iron ore concentrate stockpiled at Bloom Lake increased significantly since June 2023. As at March 31, 2024, the iron ore concentrate stockpiled at the site totalled 2.7 million wmt, an increase of 0.2 million wmt since December 31, 2023.

The Company continues to seek improvements from the rail operator to receive contracted haulage services to ensure that Bloom Lake’s production, as well as iron ore concentrate currently stockpiled at Bloom Lake, is hauled over future periods. The Company expects to incur additional handling costs in future periods to reclaim the iron ore concentrate from the stockpile which should negatively impact the cost of sales in future periods.

	Three Months Ended March 31,			**Year Ended March 31,**		
	2024	2023	Variance	**2024**	2023	Variance
Operating Data						
Waste mined and hauled (wmt)	**6,498,700**	5,023,900	29%	**24,955,000**	19,574,300	27%
Ore mined and hauled (wmt)	**9,471,200**	9,193,800	3%	**40,874,100**	32,442,000	26%
Material mined and hauled (wmt)	**15,969,900**	14,217,700	12%	**65,829,100**	52,016,300	27%
Stripping ratio	**0.69**	0.55	25%	**0.61**	0.60	2%
Ore milled (wmt)	**9,349,100**	9,054,600	3%	**40,721,400**	31,682,900	29%
Head grade Fe (%)	**28.7**	28.4	1%	**28.8**	29.2	(1%)
Fe recovery (%)	**80.2**	78.6	2%	**79.5**	79.3	—%
Product Fe (%)	**66.1**	66.1	—%	**66.2**	66.1	—%
Iron ore concentrate produced (wmt)	**3,275,400**	3,084,200	6%	**14,162,400**	11,186,600	27%
Iron ore concentrate sold (dmt)	**2,968,900**	3,092,900	(4%)	**11,643,700**	10,594,400	10%

8. Bloom Lake Mine Operating Activities (continued)

Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year

During the three-month period ended March 31, 2024, 16.0 million tonnes of material were mined and hauled, compared to 14.2 million tonnes during the same period in 2023, an increase of 12%. This increase is attributable to the contribution of additional equipment, a higher utilization and availability of mining equipment, and reduced trucking cycle time associated with the construction of additional ramp accesses. Material mined and hauled during the previous quarter was 18.2 million tonnes, representing a quarter-on-quarter decrease of 12%, mainly attributable to the lower availability of loading equipment and winter conditions.

The stripping ratio of 0.69 for the three-month period ended March 31, 2024, was as expected and higher than the same prior-year period. Lower concentrate production, impacted by mill availabilities during the quarter, reduced the quantity of ore required to be mined and hauled to feed the plants, enabling the reallocation of mining equipment to move additional waste materials. This resulted in a slightly higher stripping ratio for the three-month period ended March 31, 2024, compared to a ratio in the previous quarter of 0.62. The Company plans to maintain higher stripping activities in accordance with the LoM plan over the next quarters.

During the three-month period ended March 31, 2024, the two plants at Bloom Lake processed 9.3 million tonnes of ore, compared to 9.1 million tonnes for the same prior-year period and 11.1 million tonnes in the previous quarter, an increase of 3% and a decrease of 16%, respectively. Ore processed during the three-month period ended March 31, 2024, was negatively impacted by longer than planned maintenance activities, unplanned outages as well as an advanced schedule of expected major plant maintenance, driven by additional production in the previous quarter. This was attributable to the Company's strategy during the previous quarter to operate the plants beyond their expanded nameplate capacity to prove their ability to do so and to identify and confirm bottlenecks.

The iron ore head grade for the three-month period ended March 31, 2024, was 28.7%, compared to 28.4% for the same period in 2023, and 29.4% during the previous quarter. The variation in head grade was within expected normal variations in the mine plan.

The Company’s average Fe recovery rate was 80.2% for the three-month period ended March 31, 2024, compared to 78.6% for the same period in 2023, and 81.4% during the previous quarter. The year-over-year increase in Fe recovery is attributable to work programs that increased throughput and ore recoveries. With continuous efforts made to optimize its recovery circuits, the Company expects to reach the LoM Fe recovery rate target of 82.0% in the near term.

With higher Fe recovery and comparable head grade, Bloom Lake produced 3.3 million wmt (3.2 million dmt) of high-grade iron ore concentrate during the three-month period ended March 31, 2024, an increase of 6% compared to 3.1 million wmt (3.0 million dmt) during the same period in 2023, and a decrease of 19% compared to the previous quarter.

2024 Financial Year vs 2023 Financial Year

The Company mined and hauled 65.8 million tonnes of material in the year ended March 31, 2024, compared to 52.0 million tonnes for the same period in 2023, an increase of 27%, driven mostly by the commissioning of additional operational mining equipment during the 2024 financial year, improvement in the effective utilization of mining equipment and reduced trucking cycle time with additional ramps constructed during the year.

The stripping ratio was 0.61 for the year ended March 31, 2024, compared to 0.60 for the same period in 2023. The stripping ratio was slightly lower than the Company’s plan for the period due to reduced mining equipment capacity caused by delays in deliveries at the beginning of the 2024 financial year. In addition, during the June 2023 forest fires, the Company faced supply challenges and, consequently, strategically decided to focus its mining activities on ore, instead of waste removal, to maintain its production level.

The iron ore head grade of 28.8% for the year ended March 31, 2024, was consistent with the LoM head grade average and in line with the previous year.

The Fe recovery rate was 79.5% for the year ended March 31, 2024, comparable to the same period in 2023. The Fe recovery rate for the year remained below the LoM Fe recovery rate target of 82.0%. In the first half of the 2024 financial year, the Fe recovery rate was negatively impacted by the Company's decision to process more challenging ore from certain pit areas, given constrained rail services. Work programs, that aimed to increase throughput and ore recoveries and optimize operations, had a positive impact on the Company's recovery rate during the second half of the year. The Company is currently working to stabilize the results of these improvements.

Bloom Lake processed 40.7 million tonnes of ore during the year ended March 31, 2024, an increase of 29% over the same period in 2023. From this, the Company produced a record 14.2 million wmt of high-grade iron ore concentrate, compared to 11.2 million wmt for the same period in 2023, making significant progress towards achieving the expanded nameplate capacity of 15 Mtpa.

9. Financial Performance

	Three Months Ended March 31,			Year Ended March 31,		
	2024	2023	Variance	**2024**	2023	Variance
Financial Data (in thousands of dollars)						
Revenues	**332,673**	463,913	(28%)	**1,524,294**	1,395,088	9%
Cost of sales	**227,496**	244,444	(7%)	**884,022**	822,762	7%
Other expenses	**20,425**	23,748	(14%)	**87,481**	79,972	9%
Net finance costs	**8,831**	8,774	1%	**36,138**	25,587	41%
Net income	**25,791**	88,217	(71%)	**234,191**	200,707	17%
EBITDA[1]	**85,099**	195,709	(57%)	**552,549**	493,176	12%
Statistics (in dollars per dmt sold)						
Gross average realized selling price[1]	**166.3**	183.2	(9%)	**175.8**	174.7	1%
Net average realized selling price[1]	**112.1**	150.0	(25%)	**130.9**	131.7	(1%)
C1 cash cost[1]	**76.6**	79.0	(3%)	**75.9**	73.9	3%
AISC[1]	**88.0**	85.7	3%	**90.9**	86.5	5%
Cash operating margin[1]	**24.1**	64.3	(63%)	**40.0**	45.2	(12%)

A. Revenues

	Three Months Ended March 31,			Year Ended March 31,		
	2024	2023	Variance	**2024**	2023	Variance
(in U.S. dollars per dmt sold)						
Index P62	**123.6**	125.5	(2%)	**119.3**	116.2	3%
Index P65	**135.9**	140.1	(3%)	**130.9**	131.4	—%
US$ Gross average realized selling price[1]	**123.4**	135.5	(9%)	**130.3**	132.0	(1%)
Freight and other costs	**(32.5)**	(28.0)	16%	**(29.4)**	(30.6)	(4%)
Provisional pricing adjustments	**(8.0)**	3.4	(335%)	**(3.9)**	(2.0)	95%
US$ Net average realized FOB selling price[1]	**82.9**	110.9	(25%)	**97.0**	99.4	(2%)
Foreign exchange rate conversion	**29.2**	39.1	(25%)	**33.9**	32.3	5%
C$ Net average realized FOB selling price[1]	**112.1**	150.0	(25%)	**130.9**	131.7	(1%)

Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year

Revenues totalled $332.7 million for the three-month period ended March 31, 2024, compared to $463.9 million for the same period in 2023 due to a 25% decrease in the net realized selling price, driven by negative provisional pricing adjustments on sales recorded during the previous quarter, higher freight and other costs, and lower gross selling prices impacted by the estimated price used on provisional sales at quarter-end.

Negative provisional pricing adjustments on prior quarter sales of $31.0 million were recorded during the three-month period ended March 31, 2024, representing a negative impact of US$8.0/dmt over 3.0 million dmt sold during the quarter, due to a decrease in the P65 index prices early in the period. During the three-month period ended March 31, 2024, a final average price of US$136.2/dmt was established for the 1.8 million tonnes of iron ore that were in transit as at December 31, 2023, and which were previously evaluated using an average expected price of US$149.6/dmt.

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 22 — 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.

9. Financial Performance (continued)

A. Revenues (continued)

Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year (continued)

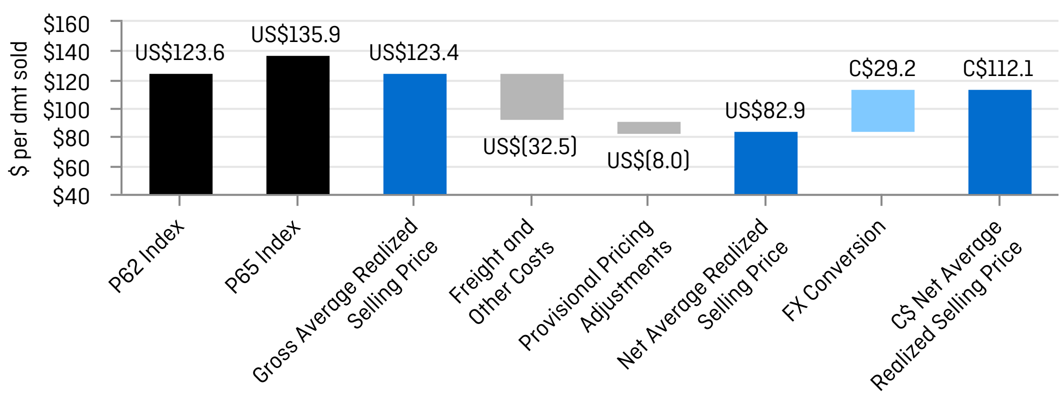
The gross average realized selling price of US$123.4/dmt[1] for the three-month period ended March 31, 2024, was lower than the P65 index average price of US$135.9/dmt for the period due to the 1.8 million tonnes in transit as at March 31, 2024, reevaluated using an average forward price of US$112.8/dmt. Sales contracts using backward-looking iron ore index prices also contributed to a lower selling price, as index prices were slightly lower than the P65 index average price for the period. The gross average realized selling price was also impacted by a decrease of 3% in the P65 index average price during the three-month period ended March 31, 2024, compared to the same period last year. The P65 index premium was 10.0% over the P62 index average price of US$123.6/dmt during the quarter, compared to 11.6% in the prior-year period, mainly impacted by depressed steelmaking profit margins, and up from a premium of 8.1% in the previous quarter.

Freight and other costs increased by 16% for the three-month period ended March 31, 2024, compared to the same prior-year period. This variation is significantly lower than the 42% increase in the C3 index compared to the same prior-year period, benefitting from favourable fixed freight agreements on certain vessels negotiated in previous periods and the lag effect of the timing for vessels booking compared to the laycan period. The increase in the average C3 index to US$25.7/t for the period, compared to US$18.1/t for the same period in 2023, can be attributed to the conflict in the Red Sea which impacted freight dynamics in the period and much higher demand for vessels in the Atlantic, due to the unseasonably elevated supply of iron ore from Brazil. Higher demurrage expenses resulting from a combination of higher demurrage rates, compared to the same period last year, and delayed shipments caused by reduced railway services, negatively impacted the Company's freight and other costs during the three-month period ended March 31, 2024.

Sales volume during the three-month period ended March 31, 2024, was impacted by continued lagging railway services as well as planned and unplanned maintenance activities on the railroad.

After taking into account sea freight and other costs of US$32.5/dmt and the negative provisional pricing adjustment of US$8.0/dmt, the Company obtained a net average realized selling price of US$82.9/dmt (C$112.1/dmt)[1] for its high-grade iron ore shipped during the period.

Q4 FY2024 Net Realized Selling Price



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9. Financial Performance (continued)

A. Revenues (continued)

2024 Financial Year vs 2023 Financial Year

Revenues totalled $1,524.3 million for the year ended March 31, 2024, compared to $1,395.1 million for the same period in 2023. Higher sales of iron ore concentrate, the weaker Canadian dollar compared to the same prior-year period and lower freight and other costs more than offset the impact of higher demurrage costs.

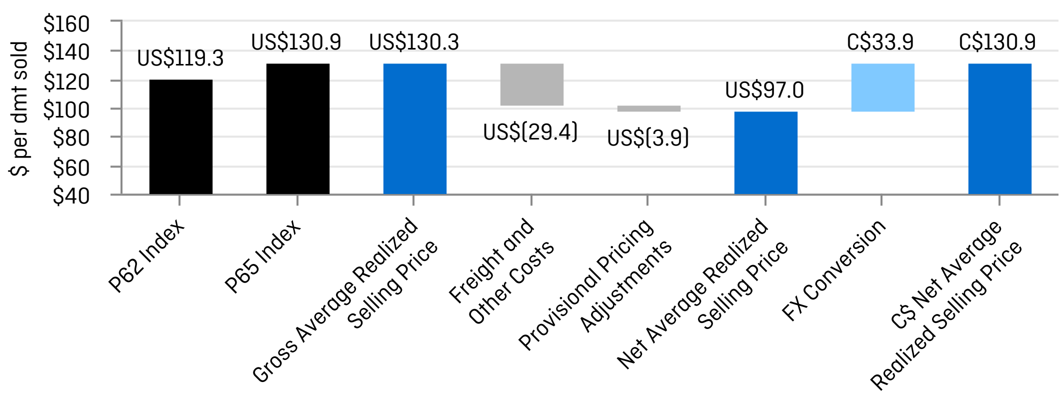
For the year ended March 31, 2024, the Company sold 11.6 million tonnes of iron ore concentrate, compared to 10.6 million tonnes for the same prior-year period. This represents an increase of 10% year-over-year due to Phase II achieving commercial production in December 2022. Sales volumes during the year ended March 31, 2024, were negatively impacted by twelve days of rail interruptions from May 30 to June 10, 2023, attributable to the forest fires in Québec and a reduction in services that extended until the beginning of the second quarter.

In addition, following the June forest fires, haulage services did not reach contracted levels due to various elements, including planned and unplanned rail service interruptions. The Company continues to seek improvements from the rail operator to receive contracted haulage services to ensure that Bloom Lake's production is hauled over future periods, including the sale of iron ore concentrate currently stockpiled at Bloom Lake.

Freight and other costs for the year ended March 31, 2024, totalled US$29.4/dmt, representing a decrease of 4% compared to the same prior-year period. Considering that the C3 index averaged US$23.0/t for the year ended March 31, 2024, a decrease of 1% compared to last year, the Company improved its freight and other costs management despite higher demurrage and freight differentials attributable to vessels diverted from their typical route, due to the conflict in the Red Sea.

The high-grade iron ore P65 index price averaged US$130.9/dmt[1] for the year ended March 31, 2024, comparable to the same period last year. The Company sold its product at a gross average realized selling price of US$130.3/dmt[1]. Benefiting from a premium product, 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$29.4/dmt and the negative provisional pricing adjustments of US$3.9/dmt, the Company obtained a net average realized selling price of US$97.0/dmt (C$130.9/dmt)[1] for its high-grade iron ore concentrate.

FY2024 Net Realized Selling Price



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9. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost

	Three Months Ended March 31,			Year Ended March 31,		
	2024	2023	Variance	**2024**	2023	Variance
(in thousands of dollars except per dmt sold)						
Iron ore concentrate produced (dmt)	**3,173,700**	2,988,300	6 %	**13,733,700**	10,844,400	27 %
Iron ore concentrate sold (dmt)	**2,968,900**	3,092,900	(4)%	**11,643,700**	10,594,400	10 %
Mining and processing costs	**182,985**	166,602	10 %	**684,658**	551,378	24 %
Change in concentrate inventories	**(32,606)**	12,381	(363)%	**(108,401)**	(19,261)	463 %
Land transportation and port handling	**77,117**	65,461	18 %	**307,765**	250,341	23 %
C1 cash cost[1]	**227,496**	244,444	(7)%	**884,022**	782,458	13 %
C1 cash cost per dmt sold[1]	**76.6**	79.0	(3)%	**75.9**	73.9	3 %
Incremental costs related to COVID-19	**—**	—	— %	**—**	1,145	(100)%
Bloom Lake Phase II start-up costs	**—**	—	— %	**—**	39,159	(100)%
Cost of sales	**227,496**	244,444	(7)%	**884,022**	822,762	7 %
Cost of sales per dmt sold[1]	**76.6**	79.0	(3)%	**75.9**	77.7	(2)%
Mining and processing costs per dmt produced	**57.6**	55.8	3 %	**49.8**	50.8	(2)%

Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year

For the three-month period ended March 31, 2024, the cost of sales totalled $227.5 million with a C1 cash cost of $76.6/dmt[1], compared to $244.4 million with a C1 cash cost of $79.0/dmt[1] for the same period in 2023, and $235.5 million with a C1 cash cost of $73.0/dmt[1] in the previous quarter. Lower C1 cash cost during the quarter compared to the prior year was driven by the impact of the previous quarter's mining and processing costs on inventory valuation as at March 31, 2024, and the positive impacts of optimizing operations at Bloom Lake following the recent completion of the Phase II expansion project.

Land transportation and port handling costs for the three-month period ended March 31, 2024, represented $26.0/dmt sold, up nearly $5/dmt sold compared to the same period last year. Although additional infrastructure and resources were put in place at the port facilities in Sept-Îles to accommodate Bloom Lake's nameplate capacity, lower than expected railway services limited the volume of concentrate transported to the port, negatively impacting the land transportation and port handling unit cost.

Mining and processing costs for the 3.2 million dmt produced in the three-month period ended March 31, 2024, totalled $57.6/dmt produced, an increase of 27% compared to $45.3/dmt produced in the previous quarter, resulting from the lower volume of production at the mine and at the Company's two plants, and higher costs associated with planned and unplanned maintenance activities. The higher costs incurred during the quarter had an impact on the Company's inventory value at the end of the quarter and will impact the cost of sales in upcoming quarters.

2024 Financial Year vs 2023 Financial Year

For the year ended March 31, 2024, the cost of sales totalled $884.0 million, compared to $822.8 million for the same period in 2023, with C1 cash cost of $75.9/dmt[1], compared to $73.9/dmt[1] for the year ended March 31, 2023. The cost of sales and C1 cash cost for the year ended March 31, 2024, were impacted by the same factors that affected the cost of sales for the three-month period ended March 31, 2024.

Mining and processing costs for the 13.7 million dmt produced in the year ended March 31, 2024, totalled $49.8/dmt produced, compared to $50.8/dmt produced in the same prior-year period. The positive effects to the cost of sales from the increase in production levels year-over-year, and lower fuel and explosives prices, were offset by the increase in the cost of labour, contractors and parts.

Land transportation and port handling costs for the year ended March 31, 2024, represented $26.4/dmt sold, compared to $23.6/dmt sold for the comparative period. This year-over-year increase was due to higher fixed costs associated with the additional capacity put in place during the year amortized over lower than expected shipments caused by reduced railway services.

[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 22 — 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.

9. Financial Performance (continued)

C. Gross Profit

The gross profit for the three-month period ended March 31, 2024, totalled $75.6 million, compared to $177.0 million for the same prior-year period, largely driven by the lower net average realized selling price of $112.1/dmt[1], compared to $150.0/dmt[1] for the three-month period ended March 31, 2023.

The gross profit for the year ended March 31, 2024, totalled $516.7 million, compared to $451.3 million for the same period in 2023. The increase was mainly driven by higher shipments.

D. Other Expenses

	Three Months Ended March 31,			Year Ended March 31,		
	2024	2023	Variance	**2024**	2023	Variance
(in thousands of dollars)						
Share-based payments	**385**	3,591	(89)%	**7,455**	8,662	(14)%
G&A expenses	**13,973**	11,466	22 %	**50,857**	41,514	23 %
Sustainability and other community expenses	**4,855**	6,062	(20)%	**17,838**	17,933	(1)%
Innovation and growth initiative expenses	**1,212**	2,629	(54)%	**11,331**	11,863	(4)%
	20,425	23,748	(14)%	**87,481**	79,972	9 %

Share-based payment expenses for the three-month period and year ended March 31, 2024, were mainly impacted by the change in value of the related liability, which varies based on the price of the Company's shares at each reporting date.

G&A expenses were higher for the year ended March 31, 2024, compared to the same period in 2023 due to additional headcount, consulting fees and increased insurance associated with the Company's expanded capacity.

The following table details G&A expenses:

	Three Months Ended March 31,			Year Ended March 31,		
	2024	2023	Variance	**2024**	2023	Variance
(in thousands of dollars)						
Salaries, benefits and other employee expenses	**6,773**	5,905	15 %	**26,124**	20,484	28 %
Insurance	**2,792**	2,402	16 %	**11,118**	9,735	14 %
Other	**4,408**	3,159	40 %	**13,615**	11,295	21 %
	13,973	11,466	22 %	**50,857**	41,514	23 %

Sustainability and other community expenses for the year ended March 31, 2024, were mostly in line with the comparative period. Higher contributions relating to the impact and benefits agreement, associated with the increase in the Company's production capacity after Phase II reached commercial production in December 2022, and the headcount increase to support various ESG initiatives were partially offset by lower spending on environmental initiatives due to the timing of environmental 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 22 — 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.

9. Financial Performance (continued)

D. Other Expenses (continued)

The following table details sustainability and other community expenses:

	Three Months Ended March 31,			Year Ended March 31,		
	2024	2023	Variance	**2024**	2023	Variance
(in thousands of dollars)						
Property and school taxes	**2,217**	2,161	3 %	**7,325**	7,116	3 %
Impact and benefits agreement	**1,759**	2,516	(30)%	**7,375**	6,726	10 %
Salaries, benefits and other employee expenses	**426**	102	318 %	**1,360**	633	115 %
Other expenses	**453**	1,283	(65)%	**1,778**	3,458	(49)%
	4,855	6,062	(20)%	**17,838**	17,933	(1)%

During the three-month period and year ended March 31, 2024, the Company incurred innovation and growth initiative expenses of $1.2 million and $11.3 million, respectively, compared to $2.6 million and $11.9 million, respectively, for the same periods in 2023. The expenses for the three-month period and year ended March 31, 2024, were comprised of consultant fees, and salaries and benefits mainly related to the Pointe-Noire Pellet Plant study. The Company's strategic initiatives are detailed in section 6 — Green Steel Initiatives.

E. Net Finance Costs

	Three Months Ended March 31,			Year Ended March 31,		
	2024	2023	Variance	**2024**	2023	Variance
(in thousands of dollars)						
Interest on long-term debt	**9,136**	7,877	16 %	**35,009**	10,482	234 %
Standby commitment fees on long-term debt	**703**	490	43 %	**2,049**	2,177	(6)%
Interest expense on lease liabilities	**1,024**	990	3 %	**3,987**	3,606	11 %
Realized and unrealized foreign exchange loss (gain)	**380**	(891)	(143)%	**855**	7,220	(88)%
Interest income	**(4,499)**	(2,192)	105 %	**(14,444)**	(6,291)	130 %
Other finance costs	**2,087**	2,500	(17)%	**8,682**	8,393	3 %
	8,831	8,774	1 %	**36,138**	25,587	41 %

Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year

Interest on long-term debt includes interest expense on the Senior Credit Facilities, equipment financing, and loans from *Investissement Québec* ("IQ Loan") and *Fonds de Solidarité des Travailleurs du Québec* ("FTQ Loan"). Higher interest paid during the period was driven by an increase in outstanding debt balances and increases in the base rate of the Company's Senior Credit Facilities and equipment financing, whereas the interest rate of the IQ Loan and FTQ Loan are fixed over their full duration.

During the three-month period ended March 31, 2024, the foreign exchange loss was attributable to the impact of the appreciation of the U.S. dollar against the Canadian dollar as at March 31, 2024, compared to December 31, 2023, on the net payable financial position denominated in U.S. dollars. The net payable financial position primarily includes the Company's borrowing under its Senior Credit Facilities, mining equipment financing, lease liabilities, accounts receivable and part of the Company's cash and cash equivalents denominated in U.S. dollars.

Higher interest income in the three-month period ended March 31, 2024, compared to the same period last year, is attributable to higher interest rates and a higher average cash balance.

9. Financial Performance (continued)

E. Net Finance Costs (continued)

2024 Financial Year vs 2023 Financial Year

Net finance costs increased to $36.1 million for the year ended March 31, 2024, compared to $25.6 million for the same period in 2023. Higher net finance costs are mainly attributable to lower capitalized borrowing costs, due to the current level of investment in the DRPF project, compared to the Phase II expansion project which achieved commercial production in December 2022. During the year ended March 31, 2024, $2.8 million relating to the DRPF project was capitalized, compared to $14.4 million for the same prior-year period, relating to the Phase II project, contributing to higher interest expenses in the 2024 financial year. In addition, the increase in net finance costs was due to the increases in interest rates during the period, impacting interest expenses on long-term debt with variable rates, and higher debt balances during the year. Lower foreign exchange loss, following the revaluation of the Company's net monetary liabilities denominated in U.S. dollars, and higher interest income, driven by higher interest rate on deposits and higher cash balance, partially offset the increase in interest on long-term debt.

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 based on its mining profit margin as follows:

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

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the year ended March 31, 2024 (2023: 26.50%).

During the three-month period and year ended March 31, 2024, current income and mining tax expenses totalled $4.7 million and $93.2 million, respectively, compared to $25.8 million and $55.1 million, respectively, for the same periods in 2023. The variation was mainly due to the variation in taxable income driven by gross profits.

With net tax installments of $15.1 million paid during the year ended March 31, 2024, and a receivable balance of $37.9 million as at March 31, 2023, the Company had net income and mining taxes payable of $40.2 million as at March 31, 2024.

During the three-month period and year ended March 31, 2024, deferred income and mining tax expenses totalled $16.2 million and $65.4 million, respectively, compared to $30.5 million and $90.7 million, respectively, for the same periods in 2023. The variation in deferred tax expenses was mainly attributable 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 tax rate was 38%. The Company's effective tax rate ("ETR") was 40% for the year ended March 31, 2024, compared to 42% for the same period in 2023. The difference between the statutory and effective tax rate for the year ended March 31, 2024, is mainly due to the withholding tax paid by Champion on the dividend received from QIO, partially offset by positive tax adjustments relating to previous periods.

(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

G. Net Income & EBITDA

Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year

For the three-month period ended March 31, 2024, the Company generated EBITDA of $85.1 million[1], representing an EBITDA margin of 26%[1], compared to $195.7 million[1], representing an EBITDA margin of 42%[1], for the same period in 2023. Lower EBITDA was mainly due to lower net average realized selling prices.

For the three-month period ended March 31, 2024, the Company generated net income of $25.8 million (EPS of $0.05), compared to $88.2 million (EPS of $0.17) for the same prior-year period. The year-over-year decrease in net income is attributable to lower gross profit partially offset by lower income and mining taxes.

2024 Financial Year vs 2023 Financial Year

For the year ended March 31, 2024, the Company generated EBITDA of $552.5 million[1], representing an EBITDA margin of 36%[1], compared to $493.2 million[1], representing an EBITDA margin of 35%[1], for the same prior-year period. This year-over-year increase in EBITDA is mainly attributable to higher sales volume and to the impact of Bloom Lake Phase II start-up costs in the comparative period.

For the year ended March 31, 2024, the Company generated net income of $234.2 million (EPS of $0.45), compared to $200.7 million (EPS of $0.39) for the same prior-year period. The year-over-year increase in net income is mainly due to higher gross profit partially offset by higher net finance costs and higher current income and mining taxes.

H. All In Sustaining Cost & Cash Operating Margin

	Three Months Ended March 31,			**Year Ended March 31,**		
	2024	2023	Variance	**2024**	2023	Variance
(in dollars per dmt sold)						
Iron ore concentrate sold (dmt)	**2,968,900**	3,092,900	(4)%	**11,643,700**	10,594,400	10 %
Net average realized selling price[1]	**112.1**	150.0	(25)%	**130.9**	131.7	(1)%
C1 cash cost[1]	**76.6**	79.0	(3)%	**75.9**	73.9	3 %
Sustaining capital expenditures	**6.7**	3.0	123 %	**10.7**	8.7	23 %
G&A expenses	**4.7**	3.7	27 %	**4.3**	3.9	10 %
AISC[1]	**88.0**	85.7	3 %	**90.9**	86.5	5 %
Cash operating margin[1]	**24.1**	64.3	(63)%	**40.0**	45.2	(12)%

Fourth Quarter of the 2024 Financial Year vs Fourth Quarter of the 2023 Financial Year

During the three-month period ended March 31, 2024, the Company realized an AISC of $88.0/dmt[1], compared to $85.7/dmt[1] for the same period in 2023. The increase was attributable to higher sustaining capital expenditures and G&A expenses, partially offset by lower C1 cash costs. The increase in sustaining capital expenditures was mainly related to mining activities and tailings management that were required to support the Company's mining plan in future years. Refer to section 12 — Cash Flows for details on sustaining capital expenditures.

The Company generated a cash operating margin of $24.1/dmt[1] for each tonne of high-grade iron ore concentrate sold during the three-month period ended March 31, 2024, compared to $64.3/dmt[1] for the same prior-year period. The variation is due to a lower net average realized selling price for the period and higher AISC.

2024 Financial Year vs 2023 Financial Year

During the year ended March 31, 2024, the Company recorded an AISC of $90.9/dmt[1], compared to $86.5/dmt[1] for the same period in 2023. The increase was due to higher C1 cash costs as well as higher sustaining capital expenditures and G&A expenses per dmt sold.

The cash operating margin totalled $40.0/dmt[1] for the year ended March 31, 2024, compared to $45.2/dmt[1] for the same prior-year period. The variation is due to a higher AISC.

[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 22 — 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)

10. Mineral Resources and Ore Reserves

Tonnage and quality information contained in the following tables have been rounded and, as a result, the figures may not add up to the totals quoted. The abbreviation "Mt" used throughout this section refers to million tonnes.

Governance Arrangements and Internal Controls

Mineral reserves and resources are subject to a systematic internal peer review. As a control, external technical audits are conducted when required. The 2021 technical audit, which was the latest audit carried out by independent consultants, did not identify any major risks or flaws in the estimation. In general, any estimation update would be based on new information, including but not limited to, drilling information, calibration to production and changes to assumptions. Information used for an update is validated by a "qualified person" as defined by NI 43-101. Tonnages and grades included in this section have been reviewed by the Company's internal resource and reserve working team.

Bloom Lake Reserves and Resources as at March 31, 2024

Bloom Lake reserves and resources are based on the technical report titled "Mineral Resources and Mineral Reserves for the Bloom Lake Mine, Fermont, Québec, Canada", prepared pursuant to NI 43-101 and Chapter 5 of the ASX Listing Rules, by BBA Inc., SRK Consulting (U.S.) Inc., Soutex and Quebec Iron Ore Inc. and dated September 28, 2023 (the "2023 Technical Report").

The Company is not aware of any new information or data that materially affects the information included in the 2023 Technical Report and confirms that all material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed. The 2023 Technical Report is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

During the 2024 financial year, mining activities continued as detailed in the 2023 Technical Report, which discloses values as at April 1, 2023. Since the filing of the 2023 Technical Report, the Bloom Lake reserves and resources were only impacted by iron ore mined.

- Total Bloom Lake measured and indicated resources totalled 1,226 Mt as at March 31, 2024, compared to 814 Mt as at March 31, 2023;
- Bloom Lake inferred resources totalled 246 Mt as at March 31, 2024, compared to 128 Mt as at March 31, 2023; and
- Total Bloom Lake proven and probable reserves totalled 690 Mt at 28.6% Fe as at March 31, 2024, compared to 713 Mt at 28.7% Fe as at March 31, 2023.

Relative to the information reported as at March 31, 2023, the changes to mineral resources and reserves as at March 31, 2024 are due to:

- Depletion from mining activities;
- The 2023 Technical Report's reference iron ore price increase (triggering an increase in Mineral Resources);
- The 2023 Technical Report adjustments to the geological model from new drillhole data (impacting Resources and Reserves); and
- The 2023 Technical Report adjustments to the pit designs and mining sequences (causing minor changes to Mineral Reserves).

All Bloom Lake mineral resources reported are inclusive of the Bloom Lake mineral reserves. The Bloom Lake mineral resources reported were estimated using an iron ore reference price of US$110.2/dmt (CFR China Index P65) while the reserves were estimated using an iron ore reference price of US$99.0/dmt. Bloom Lake proven reserves and measured resources as at March 31, 2024, include 0.75 Mt of pre-concentration stockpiles.

Bloom Lake Mineral Resource Estimate (at 15% Fe Cut-Off Grade)

	As at March 31, 2024					As at March 31, 2023
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Measured	170	30.4	1.3	1.2	0.3	197
Indicated	1,056	28.4	1.3	1.2	0.5	618
Total measured and indicated resources	1,226	28.7	1.3	1.2	0.5	814
Inferred	246	26.6	1.4	1.2	0.5	128

(Expressed in Canadian dollars, except where otherwise indicated)

10. Mineral Resources and Ore Reserves (continued)

Bloom Lake Reserves and Resources as at March 31, 2024 (continued)

Bloom Lake Mineral Reserve Estimate (at 15% Fe Cut-Off Grade, Diluted)

	As at March 31, 2024					As at March 31, 2023
Category	**Mt Tonnage (dmt)**	**Fe (%)**	**CaO (%)**	**MgO (%)**	**Al_2O_3 (%)**	**Mt Tonnage (dmt)**
Proven	167	29.9	1.3	1.3	0.3	191
Probable	523	28.1	2.1	2.0	0.5	522
Total proven and probable	690	28.6	1.9	1.8	0.4	713

Kami Project Reserves and Resources as at March 31, 2024

On April 1, 2021, the Company acquired the mining properties of the Kami Project.

Kami reserves and resources are based on the technical report titled "Pre-feasibility Study for the Kamistiatusset (Kami) Iron Ore Property, Newfoundland and Labrador, Canada", prepared pursuant to NI 43-101 and Chapter 5 of the ASX Listing Rules, by BBA Inc., Soutex, G Mining Services Inc., WSP Canada Inc., Systra Canada, AtkinsRéalis Inc., Okane Consultants and CIMA+ and dated March 14, 2024 (the "2024 Pre-Feasibility Study").

The Company is not aware of any new information or data that materially affects the information included in the 2024 Pre-Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the 2024 Pre-Feasibility Study continue to apply and have not materially changed. The 2024 Pre-Feasibility Study is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Since no mining activities are underway, reserves and resources are unchanged. No comparison is made to previous estimates, which were historical estimates.

- Total Kami measured and indicated resources totalled 976 Mt as at March 31, 2024;
- Kami inferred resources totalled 163 Mt as at March 31, 2024; and
- Total Kami proven and probable reserves totalled 643 Mt at 29.2% Fe as at March 31, 2024.

Kami mineral resources reported are inclusive of the Kami mineral reserves. The Kami mineral resources reported were estimated using a concentrate price of US$150.0/dmt (CFR China, including the high-grade premium), while the reserves were estimated using an iron ore reference price of US$120.0/dmt (CFR China, China Index P65) with a DRPF premium of US$34.0/dmt.

Kami Mineral Resource Estimate (at 15% Fe Cut-Off Grade)

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	HemFe (%)	MnO (%)
Measured	212	30.2	14.8	13.0	1.6
Indicated	763	29.5	16.2	10.0	1.5
Total measured and indicated	976	29.6	15.9	10.7	1.5
Inferred	163	29.2	14.5	11.9	1.2

Kami Mineral Reserve Estimate (at 15% Fe Cut-Off Grade)

Category	Mt Tonnage (dmt)	Fe (%)	MagFe (%)	Mag (%)	Weight Recovery (%)
Proven	167	29.7	13.2	1.2	34.7
Probable	476	29.0	15.1	1.1	32.0
Total proven and probable	643	29.2	14.6	1.2	34.1

In addition to the Bloom Lake Mine and the Kami Project, the Company owns interests in 12 other iron ore deposits (total of 13 deposits) located in the Labrador Trough ranging from 6 to 80 km west and south-west of Fermont.

10. Mineral Resources and Ore Reserves (continued)

Material Changes

Two technical reports have been filed during the year ended March 31, 2024:

- The 2023 Technical Report titled "Mineral Resources and Mineral Reserves for the Bloom Lake Mine, Fermont, Québec, Canada" outlines changes to geological modelling and mine planning at the Bloom Lake Mine.
- The 2024 Pre-Feasibility Study titled "Pre-feasibility Study for the Kamistiatusset (Kami) Iron Ore Property, Newfoundland and Labrador, Canada" builds upon the previous work by the former owner of the Kami Project to an acceptable level for resources and reserves disclosure.

In addition, the Bloom Lake resources and reserves have decreased due to depletion. Additional information on exploration projects can be found in the Company's 2024 Annual Report and Annual Information Form available under the Company's profile on SEDAR+ at www.sedarplus.ca, on the ASX at www.asx.com.au and on the Company's website at www.championiron.com.

Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in this section and has confirmed that the relevant information is an accurate representation of the available data and studies for the relevant projects. Mr. Blanchet's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the 2023 Technical Report and the 2024 Pre-Feasibility Study. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

11. Exploration Activities and Regional Growth

Kami Project Study

The 2024 Pre-Feasibility Study, as detailed in the previous section, evaluated the construction of mining and processing facilities to produce DR grade pellet feed iron ore from the mining properties of the Kami Project. The 2024 Pre-Feasibility Study details a 25-year LoM with average annual DR quality iron ore concentrate production of approximately 9.0 million wmt per annum at above 67.5% Fe. Completion of the 2024 Pre-Feasibility Study enables the Company to evaluate the Kami Project in relation to its portfolio of other organic growth opportunities, while aiming to maintain a prudent balance sheet and avoid equity dilution. The Company expects to continue optimizing the Kami Project, engage with stakeholders, evaluate opportunities to improve its economics, and work on strategic partnership opportunities prior to considering a final investment decision.

Exploration and Evaluation Activities

During the year ended March 31, 2024, the Company maintained all of its properties in good standing and did not enter into any farm-in/farm-out arrangements. During the three-month period and year ended March 31, 2024, $1.6 million and $14.7 million in exploration and evaluation expenditures were incurred, respectively, compared to $2.5 million and $9.3 million, respectively, for the same prior-year periods. During the year ended March 31, 2024, exploration and evaluation expenditures mainly consisted of work related to updating the Kami Project study, claim renewal fees and claim staking around the Kami property. In addition, the Company completed a 1,400 m diamond drill campaign for hydrogeological characterization on Kami and performed 1,100 m of exploration drilling on the Bloom East properties located in the Labrador Trough.

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

12. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Year Ended March 31,	
	2024	2023	**2024**	2023
(in thousands of dollars)				
Operating cash flows before working capital	**73,902**	165,198	**437,870**	433,773
Changes in non-cash operating working capital	**26,565**	2,524	**36,715**	(197,789)
Net cash flows from operating activities	**100,467**	167,722	**474,585**	235,984
Net cash flows used in investing activities	**(86,634)**	(28,988)	**(354,717)**	(249,859)
Net cash flows from (used in) financing activities	**(8,372)**	24,510	**(48,364)**	6,904
Net increase (decrease) in cash and cash equivalents	**5,461**	163,244	**71,504**	(6,971)
Effects of exchange rate changes on cash and cash equivalents	**7,227**	(2,424)	**1,751**	11,885
Cash and cash equivalents, beginning of period	**387,373**	165,986	**326,806**	321,892
Cash and cash equivalents, end of period	**400,061**	326,806	**400,061**	326,806
Operating cash flow per share[1]	**0.19**	0.32	**0.92**	0.46

Operating

During the three-month period ended March 31, 2024, the Company generated operating cash flows of $73.9 million before working capital items, a decrease of $91.3 million compared to $165.2 million for the same period last year, mainly due to lower EBITDA, partially offset by lower current taxes. Changes in non-cash operating working capital for the three-month period ended March 31, 2024, mainly include lower receivables impacted by lower iron ore forward index prices to value provisional sales compared to the previous quarter. The high level of iron ore concentrate inventories, driven by reduced railway services and higher inventory valuation attributable to higher mining and processing costs during the period, was partially offset by higher accounts payable. The operating cash flow per share for the three-month period ended March 31, 2024, was $0.19[1], compared to $0.32[1] for the same prior-year period.

During the year ended March 31, 2024, the Company's operating cash flows before working capital items totalled $437.9 million, compared to $433.8 million for the same prior-year period. Higher EBITDA was mostly offset by higher current income and mining taxes and higher net finance costs. Changes in non-cash operating working capital for the year ended March 31, 2024, were mainly impacted by higher accounts payable, the net variation in income and mining taxes outstanding balance, and lower receivables due to lower forward price to value provisional sales at the end of the year, partially offset by the high level of iron ore concentrate inventories. Refer to note 13 — Financial Position for more details on these variations. Last year's changes in working capital were mainly affected by an excess of tax installments paid compared to the tax expense owed, an increase in stockpiled ore inventories to support Phase II ramp-up production and concentrate inventories, higher trade receivables driven by an increased volume of concentrate sold, as well as the timing of payments for rail transportation services. The operating cash flow per share for the year ended March 31, 2024, totalled $0.92[1], compared to $0.46[1] for the same prior-year period, whereby operating cash flows in the prior year were negatively impacted by an increase in working capital.

[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 22 — 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.

12. Cash Flows (continued)

Investing

i. Purchase of Property, Plant and Equipment

	Three Months Ended March 31,		Year Ended March 31,	
	2024	2023	**2024**	2023
(in thousands of dollars)				
Tailings lifts	**4,437**	1,791	**71,086**	49,763
Stripping and mining activities	**8,684**	2,862	**25,716**	20,862
Mining equipment rebuild and replacement	**6,595**	4,650	**26,925**	21,299
Other sustaining capital expenditures	**43**	—	**312**	—
Sustaining capital expenditures	**19,759**	9,303	**124,039**	91,924
DRPF project	**35,365**	917	**94,375**	917
Other capital development expenditures at Bloom Lake	**30,288**	15,157	**109,730**	190,051
Purchase of property, plant and equipment as per cash flows	**85,412**	25,377	**328,144**	282,892

Sustaining Capital Expenditures

Sustaining capital expenditures per tonne sold was $10.7/dmt for the year ended March 31, 2024, compared to $8.7/dmt for the previous financial year. This 23% year-over-year increase reflects the additional mining development and tailings lifts required to support additional production over the LoM. The increases in tailings-related investments are part of the Company's long-term plan to prepare the site for the LoM operations with the commissioning of Phase II. As part of its ongoing and thorough tailings infrastructure monitoring and inspections, the Company continues to invest in its safe tailings strategy and is implementing its long-term tailings investment plan. The Company's tailings work programs are typically completed in the first half of the financial year due to more favourable weather conditions.

Stripping and mining activities for the three-month period ended March 31, 2024, included $0.6 million of capitalized stripping costs ($0.7 million for the same prior-year period) and $8.0 million of other mine development costs, including access ramps, topographic and pre-cut drilling ($2.1 million for the same prior-year period). For the year ended March 31, 2024, capitalized stripping costs totalled $2.5 million ($6.9 million for the same prior-year period) and other mining development costs totalled $23.3 million ($14.0 million for the same prior-year period). The stripping and mining activities for the year ended March 31, 2024, were slightly lower than planned for the 2024 financial year, due to the prioritization of critical activities to mitigate the impacts of the forest fires in the first quarter.

The increase in the Company's mining equipment rebuild program for the year ended March 31, 2024, is attributable to the major overhaul of its growing mining fleet over the last two years, driven by the Company's expansion. The mining equipment rebuild program is in line with the Company's fleet management program for the 2024 financial year.

DRPF Project

During the three-month period and year ended March 31, 2024, $35.4 million and $94.4 million, respectively, were spent in capital expenditures related to the DRPF project. Investments mainly consisted of on-site preparation activities, engineering work, long lead-time equipment purchasing and construction of a lodging complex. Cumulative investments of $95.3 million were deployed on the DRPF project as at March 31, 2024, with an estimated total capital expenditure of $470.7 million, as per the study released in January 2023.

Other Capital Development Expenditures at Bloom Lake

During the three-month period ended March 31, 2024, other capital development expenditures at Bloom Lake totalled $30.3 million ($15.2 million for the same period last year), including $1.4 million for third-party facilities in Sept-Îles to handle additional production from Phase II ($2.5 million for the same period last year), $12.3 million in infrastructure improvements and conformity ($4.6 million for the same prior-year period), $6.2 million for the mine maintenance garage expansion to support the expanded truck fleet, and $8.7 million in deposits for mining equipment ($6.9 million for the same prior-year period).

12. Cash Flows (continued)

Investing (continued)

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

Other Capital Development Expenditures at Bloom Lake (continued)

During the year ended March 31, 2024, other capital development expenditures at Bloom Lake totalled $109.7 million ($190.1 million for the same period last year) and comprised $35.6 million in infrastructure improvements and conformity, including the construction of three pads to expand the mine's capacity to stockpile concentrate near the loadout ($24.3 million for the same prior-year period), $26.7 million for the mine maintenance garage expansion, $19.1 million for third-party facilities in Sept-Îles to handle additional production from Phase II ($97.2 million for the same prior-year period) and $28.1 million for mining equipment deposits or final acquisition costs of mining equipment ($41.9 million for the same prior-year period). The addition of this mining equipment made a significant contribution to the Company's recent performance. The expenditures for the year ended March 31, 2024, also included $2.8 million in capitalized borrowing costs ($14.4 million for the same prior-year period). During the years ended March 31, 2024 and 2023, other capital development expenditures were partially offset by the receipt of a $5.2 million government grant related to the Company's GHG emissions and energy consumption reduction initiatives.

ii. Other Main Investing Activities

During the year ended March 31, 2024, the Company made advance payments of $13.7 million to third-party service providers in Sept-Îles for major replacement parts and asset improvement capital expenditures, compared to $30.0 million in the same period in 2023. During the year ended March 31, 2024, the Company invested $14.7 million in exploration and evaluation assets, compared to $9.3 million for the same prior-year period. During the year ended March 31, 2023, the restricted account of $43.7 million (US$35.0 million) for potential Phase II project cost overruns was released, as well as $31.1 million of short-term investments.

Financing

During the three-month period and year ended March 31, 2024, the Company repaid $7.5 million and $24.3 million, respectively, in connection with the funding of mining equipment ($4.2 million and $12.7 million, respectively, for the same prior-year periods). During the three-month period ended March 31, 2024, the Company had not made any drawdown on the Caterpillar Financial Services Limited equipment facility ("CAT Financing"), and drew down $27.3 million during the year ended March 31, 2024, on the CAT Financing ($31.1 million and $86.6 million, respectively, for the same prior-year periods).

During the year ended March 31, 2024, the Company completed a new $310.7 million (US$230 million) five-year term loan and used the proceeds to repay the $243.1 million (US$180 million) Revolving Facility outstanding balance, at the transaction date. During the year ended March 31, 2024, the Company repaid $6.4 million of the IQ Loan (net drawdown of $4.0 million for the same prior-year period) and had not made any drawdown on the FTQ Loan (drawdown of $45.0 million for the same prior-year period).

During the three-month period and year ended March 31, 2024, the Company made payments on lease liabilities of $1.7 million and $8.4 million, respectively ($1.6 million and $6.0 million, respectively, for the same prior-year periods).

During the year ended March 31, 2024, the Company made two dividend payments to its shareholders totalling $103.4 million ($103.3 million during the year ended March 31, 2023).

13. Financial Position

The following table details the changes to the statements of financial position as at March 31, 2024, compared to March 31, 2023:

	As at March 31, 2024	As at March 31, 2023	Variance
(in thousands of dollars)			
Cash and cash equivalents	**400,061**	326,806	22%
Receivables	**120,079**	162,268	(26%)
Inventories	**332,611**	167,670	98%
Other current assets	**47,368**	81,275	(42%)
Total current assets	**900,119**	738,019	22%
Advance payments	**83,374**	166,943	(50%)
Property, plant and equipment	**1,545,961**	1,261,968	23%
Exploration and evaluation assets	**131,827**	117,127	13%
Other non-current assets	**28,270**	31,212	(9%)
Total assets	**2,689,551**	2,315,269	16%
Total current liabilities	**323,071**	205,658	57%
Long-term debt	**508,367**	448,201	13%
Lease liabilities	**70,649**	73,430	(4%)
Rehabilitation obligation	**84,593**	85,508	(1%)
Net deferred tax liabilities	**281,142**	215,727	30%
Other non-current liabilities	**25,219**	24,041	5%
Total liabilities	**1,293,041**	1,052,565	23%
Total equity	**1,396,510**	1,262,704	11%
Total liabilities and equity	**2,689,551**	2,315,269	16%

Assets

The change in the Company's cash and cash equivalents balance on March 31, 2024, compared to the amount held on March 31, 2023, is detailed in section 12 — Cash Flows.

The decrease in receivables was attributable to the re-estimation of trade receivables, associated with revenues subject to provisional pricing as at March 31, 2024, partially offset by higher sales tax receivables, due to higher capital expenditures in the three-month period ended March 31, 2024, compared to the fourth quarter of the 2023 financial year.

Higher inventories were mainly attributable to the increase in concentrate inventories due to lower shipment volumes, compared to production volumes, attributable to railway services that were provided below contracted levels and an increase in spare parts to support the increasing activities at Bloom Lake.

The decrease in other current assets was mainly due to income and mining taxes receivable of $37.9 million as at March 31, 2023, compared to a payable balance as at March 31, 2024.

The increase in property, plant and equipment is detailed in section 12 — Cash Flows. In addition, the increase in property, plant and equipment includes the reclassification of third-party transshipment infrastructure from advance payments as at March 31, 2023, to right-of-use assets as at March 31, 2024.

The increase in exploration and evaluation assets was mainly attributable to the expenditures related to the 2024 Pre-Feasibility Study filed during the year ended March 31, 2024.

13. Financial Position (continued)

Liabilities and Equity

The increase in current liabilities was mainly related to higher trade payables associated with third-party Phase II costs for additional transshipment capacity, as well as the timing of supplier payments. The increase in current liabilities was also attributable to income and mining taxes payable of $40.2 million, compared to a receivable balance as at March 31, 2023, and higher accruals associated with wages and benefits.

The increase in long-term debt is attributable to a higher Senior Credit Facility debt balance as at March 31, 2024, compared to March 31, 2023.

The increase in net deferred tax liabilities is mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The change in total equity is mainly attributable to net income during the year ended March 31, 2024, and the dividend payments on the Company's ordinary shares.

Liquidity

The Company is well positioned to fund all of its cash requirements for the next 12 months from its existing cash balance, forecasted cash flows from operating activities and undrawn available credit facilities. As at March 31, 2024, the Company held $400.1 million in cash and cash equivalents, and has $542.0 million of undrawn loans from the Senior Credit Facilities for a total available liquidity of $942.1 million[1].

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 the DRPF project;
- 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.

14. Financial Instruments

The nature and extent of risks arising from the Company's financial instruments are summarized in note 26 to the audited annual consolidated financial statements for the financial year ended March 31, 2024.

15. Contingencies

The Company is and may be from time to time subject to legal actions, including arbitration 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.

As part of the Phase II expansion, the Company is currently engaged with authorities to obtain all permits required to increase the capacity of its storage areas. Due to the environmental impacts associated with its storage expansion plan, the Company expects to realize compensation plans aiming to restore degraded fish habitats and improve access to spawning grounds to fulfill conditions associated with the authorizations. Additional information regarding this contingency is disclosed in note 29 to the audited annual consolidated financial statements for the financial year ended March 31, 2024.

16. 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, including estimated future interest payments and future minimum payments of the commitments, as at March 31, 2024:

(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)	**240,503**	**—**	**—**	**240,503**
Long-term debt	**71,470**	**603,346**	**30,843**	**705,659**
Lease liabilities	**10,184**	**28,045**	**77,808**	**116,037**
Commitments as per note 29 to the Financial Statements	**134,965**	**97,492**	**264,175**	**496,632**
	457,122	**728,883**	**372,826**	**1,558,831**

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 table 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;
- An education and training fund for local communities; and
- Special tax payment to the Government of Newfoundland and Labrador's Department of Finance.

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 $542.0 million (US$400.0 million) as at March 31, 2024, and is subject to standby commitment fees.

17. Material Accounting Estimates and Judgments

The Company's material accounting judgments, estimates and assumptions are summarized in note 2 to the Company's audited annual financial statements for the financial year ended March 31, 2024.

18. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the year ended March 31, 2024.

19. New Accounting Amendments Issued to Be Adopted at a Later Date

The new accounting standards issued but not yet in effect are disclosed in note 2 to the Financial Statements for the year ended March 31, 2024.

20. Related Party Transactions

Related party transactions consist of transactions with key management personnel. The Company considers members of its Board and senior officers to be key management personnel. Following Board approval in May 2023, the Company issued a secured loan of $10 million Australian dollars to a company related to the Executive Chairman of the Board. This loan was bearing interest at 6.1% and was entirely repaid in September 2023, prior to the original maturity date of December 31, 2023. Transactions with key management personnel are disclosed in note 28 to the Company's audited annual financial statements for the year ended March 31, 2024.

21. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the year ended March 31, 2024, and the unaudited interim consolidated financial statements for the previous quarters as well as with the audited annual financial statements for the financial year ended March 31, 2023.

All financial data is stated in millions of dollars except for EPS and adjusted EPS.

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Financial Data ($ millions)								
Revenues	332.7	506.9	387.6	297.2	463.9	351.2	300.6	279.3
Operating income	55.2	211.3	123.6	39.1	153.2	87.7	55.9	74.5
EBITDA[1]	85.1	246.6	155.0	65.8	195.7	118.2	84.3	94.9
Net income	25.8	126.5	65.3	16.7	88.2	51.4	19.5	41.6
Adjusted net income[1]	25.8	126.5	65.3	19.0	88.2	54.1	29.3	54.1
EPS - basic	0.05	0.24	0.13	0.03	0.17	0.10	0.04	0.08
EPS - diluted	0.05	0.24	0.12	0.03	0.17	0.10	0.04	0.08
Adjusted EPS - basic[1]	0.05	0.24	0.13	0.04	0.17	0.10	0.06	0.10
Net cash flow from (used in) operating activities	100.5	162.6	162.2	49.3	167.7	13.4	87.1	(32.2)
Operating Data								
Waste mined and hauled (thousands of wmt)	6,499	6,993	6,265	5,199	5,024	4,372	4,573	5,606
Ore mined and hauled (thousands of wmt)	9,471	11,216	10,594	9,594	9,194	8,840	8,215	6,193
Stripping ratio	0.69	0.62	0.59	0.54	0.55	0.49	0.56	0.91
Ore milled (thousands of wmt)	9,349	11,137	10,340	9,896	9,055	8,503	8,103	6,022
Head grade Fe (%)	28.7	29.4	28.2	28.8	28.4	28.5	29.5	31.0
Fe recovery (%)	80.2	81.4	77.8	78.2	78.6	80.1	78.6	80.2
Product Fe (%)	66.1	66.3	66.1	66.1	66.1	66.0	66.1	66.1
Iron ore concentrate produced (thousands of wmt)	3,275	4,043	3,447	3,397	3,084	2,963	2,857	2,283
Iron ore concentrate sold (thousands of dmt)	2,969	3,228	2,884	2,564	3,093	2,694	2,793	2,014
Statistics (in dollars per dmt sold)								
Gross average realized selling price[1]	166.3	195.8	169.4	168.8	183.2	171.6	157.0	190.4
Net average realized selling price[1]	112.1	157.1	134.4	115.9	150.0	130.4	107.6	138.7
C1 cash cost[1]	76.6	73.0	73.7	81.3	79.0	76.0	65.9	74.0
AISC[1]	88.0	83.9	99.1	94.1	85.7	86.7	81.9	93.5
Cash operating margin[1]	24.1	73.2	35.3	21.8	64.3	43.7	25.7	45.2
Statistics (in U.S. dollars per dmt sold)[2]								
Gross average realized selling price[1]	123.4	144.0	126.2	125.7	135.5	126.5	120.6	149.6
Net average realized selling price[1]	82.9	115.6	100.3	86.3	110.9	96.1	83.2	108.8
C1 cash cost[1]	56.8	53.6	55.0	60.5	58.4	56.0	50.5	58.0
AISC[1]	65.3	61.6	73.9	70.1	63.4	63.9	62.7	73.2
Cash operating margin[1]	17.6	54.0	26.4	16.2	47.5	32.2	20.5	35.6

[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 22 — 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" subsection of this MD&A included in section 7 — Key Drivers.

22. 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 substitutes 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.

The Company presents certain of its non-IFRS measures and other financial measures in U.S. dollars in addition to Canadian dollars to facilitate comparability with measures presented by other companies.

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, plus write-off of non-current investment 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 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
Cost of sales per dmt sold	Cost of sales 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

22. 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	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2023	2023	2023	**2024**	**2024**
(in thousands of dollars)					
Income before income and mining taxes	28,966	112,187	204,981	**46,693**	**392,827**
Net finance costs	6,926	11,634	8,747	**8,831**	**36,138**
Depreciation	29,913	31,215	32,881	**29,575**	**123,584**
EBITDA	65,805	155,036	246,609	**85,099**	**552,549**
Revenues	297,162	387,568	506,891	**332,673**	**1,524,294**
EBITDA margin	22%	40%	49%	**26%**	**36%**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2022	2022	2022	2023	2023
(in thousands of dollars)					
Income before income and mining taxes	70,948	45,511	85,629	144,457	346,545
Net finance costs	4,190	10,765	1,858	8,774	25,587
Depreciation	19,792	28,055	30,719	42,478	121,044
EBITDA	94,930	84,331	118,206	195,709	493,176
Revenues	279,321	300,621	351,233	463,913	1,395,088
EBITDA margin	34%	28%	34%	42%	35%

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 were 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 did not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations.

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

Adjusted Net Income and Adjusted EPS (continued)

Pre-commercial start-up costs for the Phase II project were 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.

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	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2023	2023	2023	**2024**	**2024**
(in thousands of dollars except per share)					
Net income	16,657	65,281	126,462	**25,791**	**234,191**
Non-cash item					
Write-off of non-current investment	2,744	—	—	**—**	**2,744**
	2,744	—	—	**—**	**2,744**
Tax effect of adjustment listed above[1]	(370)	—	—	**—**	**(370)**
Adjusted net income	19,031	65,281	126,462	**25,791**	**236,565**
(in thousands) Weighted average number of ordinary shares outstanding - Basic	517,193	517,258	517,761	**518,104**	**517,579**
Adjusted EPS	0.04	0.13	0.24	**0.05**	**0.46**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2022	2022	2022	2023	2023
(in thousands of dollars except per share)					
Net income	41,554	19,530	51,406	88,217	200,707
Cash items					
Incremental costs related to COVID-19	840	305	—	—	1,145
Bloom Lake Phase II start-up costs	19,476	15,391	4,292	—	39,159
	20,316	15,696	4,292	—	40,304
Tax effect of adjustments listed above[1]	(7,720)	(5,964)	(1,631)	—	(15,315)
Adjusted net income	54,150	29,262	54,067	88,217	225,696
(in thousands) Weighted average number of ordinary shares outstanding - Basic	516,691	517,104	517,193	517,193	517,046
Adjusted EPS	0.10	0.06	0.10	0.17	0.44

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

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

Available Liquidity

Available liquidity is a 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 March 31,	As at December 31,
	2024	2023
Cash and cash equivalents	**400,061**	387,373
Undrawn amounts under credit facilities	**542,000**	550,253
Available liquidity	**942,061**	937,626

C1 Cash Cost per dmt Sold

C1 cash cost per dmt 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 with 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	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2023	2023	2023	**2024**	**2024**
Iron ore concentrate sold (dmt)	2,563,500	2,883,800	3,227,500	**2,968,900**	**11,643,700**
(in thousands of dollars except per tonne)					
Cost of sales	208,485	212,584	235,457	**227,496**	**884,022**
C1 cash cost (per dmt sold)	81.3	73.7	73.0	**76.6**	**75.9**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2022	2022	2022	2023	2023
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	3,092,900	10,594,400
(in thousands of dollars except per tonne)					
Cost of sales	169,407	199,841	209,070	244,444	822,762
Less: Incremental costs related to COVID-19	(840)	(305)	—	—	(1,145)
Less: Bloom Lake Phase II start-up costs	(19,476)	(15,391)	(4,292)	—	(39,159)
	149,091	184,145	204,778	244,444	782,458
C1 cash cost (per dmt sold)	74.0	65.9	76.0	79.0	73.9

22. 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, net finance 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	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2023	2023	2023	**2024**	**2024**
Iron ore concentrate sold (dmt)	2,563,500	2,883,800	3,227,500	**2,968,900**	**11,643,700**
(in thousands of dollars except per tonne)					
Cost of sales	208,485	212,584	235,457	**227,496**	**884,022**
Sustaining capital expenditures[1]	19,803	60,446	24,031	**19,759**	**124,039**
G&A expenses	12,949	12,729	11,206	**13,973**	**50,857**
	241,237	285,759	270,694	**261,228**	**1,058,918**
AISC (per dmt sold)	94.1	99.1	83.9	**88.0**	**90.9**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2022	2022	2022	2023	2023
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	3,092,900	10,594,400
(in thousands of dollars except per tonne)					
Cost of sales	169,407	199,841	209,070	244,444	822,762
Less: Incremental costs related to COVID-19	(840)	(305)	—	—	(1,145)
Less: Bloom Lake Phase II start-up costs	(19,476)	(15,391)	(4,292)	—	(39,159)
Sustaining capital expenditures[1]	26,945	36,181	19,495	9,303	91,924
G&A expenses	12,272	8,564	9,212	11,466	41,514
	188,308	228,890	233,485	265,213	915,896
AISC (per dmt sold)	93.5	81.9	86.7	85.7	86.5

[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 12 — Cash Flows of this MD&A.

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

Cash Operating Margin and Cash Profit Margin

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

				Three Months Ended	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2023	2023	2023	**2024**	**2024**
Iron ore concentrate sold (dmt)	2,563,500	2,883,800	3,227,500	**2,968,900**	**11,643,700**
(in thousands of dollars except per tonne)					
Revenues	297,162	387,568	506,891	**332,673**	**1,524,294**
Net average realized selling price (per dmt sold)	115.9	134.4	157.1	**112.1**	**130.9**
AISC (per dmt sold)	94.1	99.1	83.9	**88.0**	**90.9**
Cash operating margin (per dmt sold)	21.8	35.3	73.2	**24.1**	**40.0**
Cash profit margin	19%	26%	47%	**21%**	**31%**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2022	2022	2022	2023	2023
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	3,092,900	10,594,400
(in thousands of dollars except per tonne)					
Revenues	279,321	300,621	351,233	463,913	1,395,088
Net average realized selling price (per dmt sold)	138.7	107.6	130.4	150.0	131.7
AISC (per dmt sold)	93.5	81.9	86.7	85.7	86.5
Cash operating margin (per dmt sold)	45.2	25.7	43.7	64.3	45.2
Cash profit margin	33%	24%	34%	43%	34%

22. 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 sale contracts structured on a provisional pricing basis and freight and other costs, which enables 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	**Year Ended**
	June 30,	September 30,	December 31,	**March 31,**	**March 31,**
	2023	2023	2023	**2024**	**2024**
Iron ore concentrate sold (dmt)	2,563,500	2,883,800	3,227,500	**2,968,900**	**11,643,700**
(in thousands of dollars except per tonne)					
Revenues	297,162	387,568	506,891	**332,673**	**1,524,294**
Provisional pricing adjustments	46,806	(1,559)	(15,997)	**31,005**	**60,255**
Freight and other costs	88,697	102,411	140,971	**130,074**	**462,153**
Gross revenues	432,665	488,420	631,865	**493,752**	**2,046,702**
Gross average realized selling price (per dmt sold)	168.8	169.4	195.8	**166.3**	**175.8**

				Three Months Ended	Year Ended
	June 30,	September 30,	December 31,	March 31,	March 31,
	2022	2022	2022	2023	2023
Iron ore concentrate sold (dmt)	2,013,900	2,793,400	2,694,200	3,092,900	10,594,400
(in thousands of dollars except per tonne)					
Revenues	279,321	300,621	351,233	463,913	1,395,088
Provisional pricing adjustments	15,668	20,931	5,205	(14,325)	27,479
Freight and other costs	88,361	117,131	105,987	117,137	428,616
Gross revenues	383,350	438,683	462,425	566,725	1,851,183
Gross average realized selling price (per dmt sold)	190.4	157.0	171.6	183.2	174.7

23. Share Capital Information

The Company’s share capital consists of ordinary shares without par value. As of May 30, 2024, there were 518,071,226 ordinary shares issued and outstanding. In addition, there were 4,106,804 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.

24. Risk Factors

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

Iron Ore Prices

The Company's principal business is the exploration, development and production of iron ore. The Company's future profitability is largely dependent on movements in the price of iron ore, over which the Company has no control. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply and demand balance. Given the historical volatility of iron ore prices and the increased volatility experienced in recent years, there are no assurances that the iron ore price will remain at economically attractive levels. An increase in iron ore supply without a corresponding increase in iron ore demand would be expected to result in a decrease in the price of iron ore. Similarly, a decrease in iron ore demand without a corresponding decrease in the supply of iron ore would be expected to result in a decrease in the price of iron ore. A continued decline in iron ore prices would adversely impact the business of the Company and could affect the feasibility of the Company's projects. A continued decline in iron ore prices would also be expected to adversely impact the Company's ability to attract financing. Iron ore prices are also affected by numerous other factors beyond the Company's control, including the exchange rate of the United States dollar with other major currencies, the overall state of the economy and expectations for economic growth (including as a result of global and regional demand, pandemics or epidemics, extreme seasonal weather conditions, geopolitical events such as the current conflicts between Russia and Ukraine and in the Middle East, or the tensions between China and other countries, global economic conditions, including trade protection measures such as tariffs and import and export restrictions, production levels and costs and transportation costs in major iron ore producing regions). The Company cannot predict the future impact of those factors on iron ore prices, nor whether those factors will continue or if other factors that may negatively affect iron ore prices and high-grade iron ore premiums will emerge. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and, if warranted, could be reduced or discontinued.

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

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

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

In addition, the Company's mining operations and facilities are intensive users of energy, electricity, diesel and other consumables that are essential to its business and there is no certainty that the Company will be able to continue to access sources of power on economically feasible terms, or that such sources of power will be available in sufficient quantities, for all of its projects and requirements. Inability for the Company to secure sufficient power for all of its projects and requirements or to do so on economically favourable terms could have a material adverse effect on the Company's results of operations and financial condition.

Freight Costs and Inflation

The Company uses external sea freight to ship most of its iron ore concentrate. Global sea freight capacity issues, which have from time to time been exacerbated by factors beyond the Company's control, including port congestion globally and, in recent years, the COVID-19 pandemic, in addition to high fuel prices and ongoing inflationary pressure, continue to persist worldwide. Such dynamic in tandem with limited capacity and equipment, has resulted in the past and may continue to cause longer shipping times and price increases. Although the Company is seeking to manage and reduce its freight premium volatility, including through freight contracts, the Company remains exposed to fluctuations in freight costs. Adverse fluctuations in freight costs, including as a result of general economic conditions, rising fuel prices, decreased vessel availability or otherwise, could affect the Company's business, results of operations and profitability.

24. Risk Factors (continued)

Liquidity / Financing Risk

In addition to the capital expenditures required to maintain its operations, the execution of the Company’s growth strategy will require the Company to incur significant capital expenditures in the future, including in connection with the DRPF project, the contemplated re-commissioning of the Pellet Plant, the development of the Kami Project and the Company’s other strategic initiatives to participate in the efforts to decarbonize the iron and steel industry. To do so, the Company may need to raise additional capital. No assurance can be given that additional financing will be available for further exploration and development of the Company’s properties when required, upon terms acceptable to the Company or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties which could in turn materially affect the Company’s business, results of operations and profitability.

As of March 31, 2024, the Company had cash and cash equivalents of approximately $400.1 million and face value of long-term debt of approximately $552.2 million, including (i) a fully undrawn amount of US$400.0 million under the Revolving Facility, (ii) a fully drawn Term Loan, with an outstanding debt of US$230.0 million, (iii) an outstanding debt of US$79.7 million under the CAT Financing, (iv) a fully drawn IQ Loan, with an outstanding debt of $57.6 million, and (v) a fully drawn FTQ Loan, with an outstanding debt of $75.0 million. Although the Company has been successful in repaying debt in the past and restructuring its capital structure with a lower cost of capital, there can be no assurance that it can continue to do so. In addition, the Company may in the future assume additional debt or reduce its holdings of cash and cash equivalents in connection with funding future growth initiatives, existing operations, capital expenditures or in pursuing other business opportunities. The Company’s level of indebtedness could have important consequences for its operations, and the Company’s ability to finance its operations, capital expenditures and working capital needs could also be impacted by a rise in interest rates as any such increase in interest rates would lead to higher costs of borrowing for the Company. In particular, the Company may need to use a large portion of its cash flows to repay the principal and pay interest on its debt as well as payment under lease liabilities, which will reduce the amount of funds available to finance its operations and other business activities. The Company’s debt level may also limit its ability to pursue other business opportunities, borrow money for operations or capital expenditures or implement its business strategy.

As of March 31, 2024, the Company had a total of $542.0 million of undrawn available financing.

The Company’s ability to meet its payment obligations will depend on its future financial performance and ability to raise additional capital if and when needed, which will be impacted by factors beyond the Company’s control, including the overall state of capital markets and investor appetite for investments in the Company’s securities as well as global financial, business, economic and other factors. There is no certainty that the Company’s existing capital resources and future cash flows from operations will be sufficient to allow it to pay principal and interest on its debt, lease liabilities and other financial instruments and meet its other obligations. If these amounts are insufficient or if the Company is not able to comply with financial covenants under the Credit Facility or its other financial instruments, the Company may be required to refinance all or part of its existing debt, sell assets, borrow more money or issue additional equity. The ability of the Company to access the bank, public or private debt or equity capital markets on an efficient basis may be constrained by a disruption in the credit markets or capital or liquidity constraints in the banking, debt or equity markets at the time of such refinancing.

The Company is also exposed to liquidity and various counterparty risks including, but not limited to: (i) the Company’s lenders and other banking and financial counterparties; (ii) the Company’s insurance providers; (iii) financial institutions that hold the Company’s cash; (iv) companies that have payables to the Company; and (v) companies that have received deposits from the Company for the future delivery of equipment. In the event that such counterparties were affected by a business disruption, insolvency or similar event, the Company’s liquidity or access to funds could be adversely affected, which could limit its ability to pursue other business opportunities or implement its business strategy.

Global Financial Conditions and Capital Markets

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

24. Risk Factors (continued)

Global Financial Conditions and Capital Markets (continued)

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008, 2009 and the first half of 2020. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2019, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery. Similarly, the COVID-19 pandemic and the ongoing conflicts between Russia and Ukraine and in the Middle East have resulted in slowdowns and increased volatility in world economies. In recent years, solvency concerns of US and other banks have had a destabilizing effect on financial markets. Global financial markets could suddenly and rapidly destabilize in response to future events. Global capital markets have continued to display increased volatility in response to global events. In addition, increasing geopolitical tensions could have multiple unforeseen implications for the global financial markets. Future crises may be precipitated by any number of causes, including natural disasters, pandemics (including any resurgence of the COVID-19 pandemic), geopolitical instability, changes to energy prices or sovereign defaults.

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

Operating Costs

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

Foreign Exchange

Iron ore is sold in U.S. dollars and thus revenue generated by the Company from production on its properties are received in U.S. dollars, while operating and capital costs are incurred primarily in Canadian dollars (a notable exception includes sea freight costs, which are usually incurred in U.S. dollars). The Company is therefore subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. However, historical exchange rate fluctuations are not necessarily indicative of future fluctuations. A decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact the Company's financial performance. In addition, the Company's functional and reporting currency is Canadian dollars, while the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. Therefore, as the exchange rate between the Canadian dollar and the U.S. dollar fluctuates, the Company will experience foreign exchange gains and losses, which can have a significant impact on its consolidated operating results.

Interest Rates

The Company is exposed to interest rate risk, mainly as a result of certain of its borrowings being at variable rates of interest. As of March 31, 2024, US$309.7 million of the Company's borrowings were at variable rates. To manage inflation risks in accordance with their mandates, the central banks of several jurisdictions, including Canada, have increased their benchmark rates. Those prevailing high interest rates, which may continue to increase as central banks try to reduce inflation, could have a material adverse impact on the interest payable under the Company's long-term debt, long-term leases and other financial instruments, which could reduce the profitability of the Company and affect the price of Ordinary Shares.

24. Risk Factors (continued)

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. The Chinese market is a significant source of global demand for commodities, including steel and iron ore. Chinese demand has been a major driver in global commodities markets for a number of years. A slowing in China's economic growth or the establishment by China of trade protection measures such as tariffs and import and export restrictions could result in lower prices and demand for iron ore. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Company's ability to obtain financing, to achieve production and on its financial performance. See also "*Global Financial Conditions and Capital Markets*" above.

Structural Shift in the Steel Industry's Production Methods

With an increased focus on decarbonizing the steel industry, it 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 DRI. However, DR grade quality iron ore represents a niche product in the iron ore industry, and while it is expected that an increasing number of customers will seek to participate in the iron and steel industry's decarbonization, it is not possible to predict how the demand and pricing (which currently tends to be directly negotiated between producers and sellers without an available global pricing index) for DR grade quality iron will evolve in the future, or whether producing DR grade quality iron ore will be more profitable than other production methods, including other production methods that are expected to favour the green steel supply chain. In addition, developments in alternative or analogous technologies or improvements in current production methods may harm the Company's competitive position and growth prospects or materially and adversely affect the Company's business, results of operations or financial condition, including in ways which it currently does not anticipate. Even if the steel industry and the Company's customers adopt DR grade quality iron, the Company may be unable to maintain or improve its competitive position, which could adversely affect its business, results of operations or financial condition. While the Company has completed the DRPF Study and Bloom Lake is one of the few iron-ore deposits in the world capable of upgrading its product to DRI, there are still significant risks associated with the DRPF project. See also "*Development and Expansion Projects Risks*" below.

Carbon Emissions, Global Carbon Tax and Carbon Import Duties

There continues to be increased focus on carbon emissions, also referred to as GHG, produced by the mining and other industries. Legislation and regulations in various jurisdictions aimed at reducing domestic GHG emissions, implementing systems to prevent the import of goods with embedded emissions or reporting requirements on the matter continue to be considered or adopted. While we expect carbon taxes to increase over time, it is not yet possible to reasonably estimate the nature, extent, timing and cost or other impacts of any future taxes or other programs that may be enacted, including the impact on demand for iron ore products from traditional steel producers and other customers, and the impact on the Company's ability to sell its products to customers. Additionally, as countries attempt to implement systems to prevent the import of goods with embedded emissions, carbon import duties may impact the Company's historical trade partners, sales and financial performance. See also "*Climate Change, Natural Disasters and Unusually Adverse Weather*" below.

Additionally, the Company has committed to certain targets for GHG emission reduction. Achieving these targets is subject to several risks and uncertainties, and there can be no certainty that the Company will achieve them within the stated timeframe or that achieving any of these targets will meet all of the expectations of the Company's stakeholders or applicable legal requirements. The implementation of these objectives may expose the Company to certain additional heightened financial and operational risks, and is expected to require additional costs, which may be higher than anticipated. If the Company is unable to achieve its GHG emission reduction targets or satisfy the expectations of its stakeholders, its reputation could be affected, which could materially adversely affect the Company's business and financial results.

Mineral Exploration, Development and Operating Risks

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

24. Risk Factors (continued)

Mineral Exploration, Development and Operating Risks (continued)

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

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of iron ore and other minerals, including, but not limited to, environmental hazards (including hazards relating to the discharge of pollutants), industrial accidents, labour force disruptions, health crises (including pandemics and epidemics), adjacent or adverse land or mineral ownership rights or claims that may result in constraints on current or future mining operations, availability of materials and equipment, equipment failures, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical conditions or formations, unanticipated ground and water conditions, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls or tailings dams, pit flooding, fire, explosions and natural phenomena and "acts of God" such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in, among other things, damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays in mining, limited mine site access, difficulty selling concentrate, reputational loss, monetary payments and losses and possible legal liability. As a result, production may fall below historic or estimated levels and the Company may incur significant costs or experience significant delays that could have a material adverse effect on its financial performance, liquidity and results of operations. The Company maintains insurance to cover some of these risks and hazards; however, such insurance may not provide sufficient coverage in certain circumstances or may not be available or otherwise adequate for the Company's needs. See also "*Insurance and Uninsured Risks*" below.

The Company's processing facility is dependent on continuous mine feed to remain in operation. Insofar as the Bloom Lake Mine does not maintain material stockpiles of ore or material in process, any significant disruption in either mine feed or processing throughput, whether due to equipment failures, adverse weather conditions, supply interruptions, export or import restrictions, labour force disruptions or other causes, may have an immediate adverse effect on the results of its operations. A significant reduction in mine feed or processing throughput at the mine could cause the unit cost of production to increase to a point where the Company could determine that some or all of its Mineral Reserves are or could be uneconomic to exploit.

The Company periodically reviews mining schedules, production levels and asset lives in its LoM planning for all of its operating and development properties. Significant changes in the LoM plans can occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investment in new equipment and technology, iron ore price assumptions and other factors. Based on this analysis, the Company reviews its accounting estimates and, in the event of impairment, may be required to write down the carrying value of one or more of its long-lived assets. This complex process continues for the entire duration of the LoM. See also "*Ability to Support the Carrying Value of Non-Current Assets*" below.

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

Furthermore, risks may arise with respect to the management of tailings and waste rock, mine closure, rehabilitation and management of closed mine sites (regardless of whether the Company operated the mine site or acquired it after operations were conducted by others). Financial assurances may also be required with respect to closure and rehabilitation costs, which may increase significantly over time and reserved amounts may not be sufficient to address actual obligations at the time of decommissioning and rehabilitation.

24. Risk Factors (continued)

Mineral Exploration, Development and Operating Risks (continued)

As a result of the foregoing risks, and in particular, where a project is in a development stage, expenditures on any and all projects, actual production quantities and rates, and cash costs may be materially and adversely affected and may differ materially from anticipated expenditures, production quantities and rates, and costs. In addition, estimated production dates may be delayed materially, in each case especially to the extent development projects are involved. Any such events can materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

Climate Change, Natural Disasters and Unusually Adverse Weather

The Company recognizes that climate change is a global challenge that will affect its business in a range of possible ways. The Company's mining and processing operations are energy intensive, resulting in a carbon footprint either directly or through the purchase of fossil-fuel based energy. As a result, the Company is impacted by current and emerging policy and regulations relating to the GHG emission levels, energy efficiency and reporting of climate change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency and technological innovation, the current regulatory trend may result in additional transition costs at the Company's operations.

In addition, the physical risks of climate change may also have an adverse effect on the Company's business and operations. These may include increased incidence of extreme weather events and conditions, resource shortages, water droughts, changes in rainfall and storm patterns and intensities and changing temperatures. A recent assessment of physical climate risks potentially impacting Bloom Lake, the Port of Sept-Îles and the railways essential for material transportation highlighted three specific risks: potential interruption of rail services due to flooding, forest fires or extreme heat; the risk of flooding at the mine site; and potential impact of a storm or a flood at the port. For example, during the first quarter of the financial year ended March 31, 2024, forest fires in northern Québec impacted a railway the Company utilizes to transport iron ore concentrate from Bloom Lake to the Port of Sept-Îles. While the forest fires did not cause damage to the Company's facilities, the forest fires resulted in delays in sales of the Company's iron ore due to the service interruption of the railway, which negatively impacted revenues for the period.

Associated with these physical risks is an increasing risk of climate-related litigation (including class actions) and the associated costs. In addition, global efforts to transition to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, focus and jurisdiction of these changes, transition risks may pose varying levels of financial and reputational risk to the business.

Stakeholders and regulators are seeking enhanced disclosure of the material risks, opportunities, financial impacts and governance processes related to climate change. Adverse publicity or climate-related litigation could have an adverse effect on the Company's reputation, financial condition or results of operations.

Water Management

Water is a critical resource for the Company's operations and inadequate water management and stewardship could have a material adverse effect on the Company and its operations. As Bloom Lake's footprint and production increases, the amount of contact water generated is expected to increase and the Company will need to have efficient water management plans. While the Company's existing surface water management system is operational and is considered appropriately designed, upgrades may need to be implemented and there can be no guarantees that the water management plans will be sufficient or perform as intended, and there can be no assurances that the Company will be able to discharge water when needed, which could subject the Company to liability and affect the Company's business, financial condition and results of operations. In addition, while certain aspects relating to water management are within the Company's control, extreme weather events can negatively impact the Company's water management practices. These can consequently impact operations, disrupt production, increase costs and damage site and ancillary infrastructure.

24. Risk Factors (continued)

Permits and Licenses

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

Cybersecurity Threats

The Company’s operations depend, in part, on how well it and its suppliers protect networks, technology systems and software against infiltration from a number of threats, including viruses, security breaches and cyber-attacks. Cybersecurity threats include attempts to gain unauthorized access to data or automated network systems and the manipulation or improper use of information technology systems. A failure of any part of the Company’s information technology systems could, depending on the nature of such failure, materially adversely impact the Company’s reputation, financial condition and results of operations. The Company is subject to attempted cybersecurity attacks and related threats from time to time. To date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats and related technological advancements including but not limited to emerging technologies such as advanced forms of artificial intelligence (“AI”), quantum computing, machine learning, and other disruptive technologies. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities. In addition, the Company’s insurance coverage for cyber-attacks may not be sufficient to cover all the losses it may experience as a result of a cyber incident.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

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

Uncertainties and Risks Relating to Feasibility Studies

Feasibility Studies, Pre-Feasibility Studies, preliminary economic assessments and other technical studies are used to determine the economic viability of a deposit or a project. Feasibility Studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. For example, generally accepted levels of confidence are plus or minus 15% for Feasibility Studies, plus or minus 25-30% for Pre-Feasibility Studies and plus or minus 35-40% for preliminary economic assessments. While the Phase II Feasibility Study, the 2023 Technical Report, the DRPF Study, the Kami Project Study and the Pellet Plant Study are based on the best information available to the Company, it cannot be certain that actual costs under each study will not significantly exceed the estimated cost.

24. Risk Factors (continued)

Uncertainties and Risks Relating to Feasibility Studies (continued)

While the Company incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory Mineral Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future mineral and metal prices.

In addition, ongoing mining operations at the Bloom Lake Mine are dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralization, favourable geological conditions, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unplanned or prolonged maintenance shutdowns, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third-parties providing essential services. Actual operating results may differ from those anticipated in the relevant studies, including the Phase II Feasibility Study, the 2023 Technical Report, the DRPF Study, the Kami Project Study and the Pellet Plant Study. The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, pandemics or epidemics, government-imposed restrictions on operations, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. There is no certainty that metallurgical recoveries obtained in bench scale or pilot plant scale tests will be achieved in ongoing or future commercial operations. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the metals from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties. Therefore, the Company cannot give any assurance that results of the Feasibility Studies and other technical studies, including the Phase II Feasibility Study, the 2023 Technical Report, the DRPF Study, the Kami Project Study and the Pellet Plant Study, will not be subject to change and revisions.

Dependence on the Bloom Lake Mine

While the Company may invest in additional mining and exploration projects in the future, the Bloom Lake Mine is currently the Company's sole producing asset providing all of the Company's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Bloom Lake Mine, would materially and adversely affect the financial condition and financial sustainability of the Company. In addition, the results of operations of the Company could be materially and adversely affected by any events which cause the Bloom Lake Mine to operate at suboptimal capacity, including, among other things, equipment failure, unplanned or prolonged maintenance shutdowns, outages, adverse weather, serious environmental, public health and safety issues, any permitting or licensing issues and any failure to produce expected amounts of iron ore. See also "*Infrastructure and Reliance on Third-Parties for Transportation of the Company's Iron Ore Concentrate*" and "*Liquidity / Financing Risk*" above.

Development and Expansion Projects Risks

The Company's ability to meet development and production schedules and cost estimates for its development and expansion projects cannot be assured. Construction and development of these projects are subject to numerous risks, including, without limitation, risks relating to: significant cost overruns due to, among other things, delays, changes to inputs or changes to engineering; delays in construction and technical and other problems, including adverse geotechnical conditions and other obstacles to construction; ability to obtain regulatory approvals or permits, on a timely basis or at all; ability to comply with any conditions imposed by regulatory approvals or permits, maintain such approvals and permits or obtain any required amendments to existing regulatory approvals or permits; accuracy of reserve and resource estimates; accuracy of engineering and changes in scope; adverse regulatory developments, including the imposition of new regulations; significant fluctuations in iron ore and other commodity prices, fuel and utilities prices, which may affect the profitability of the projects; community action or other disruptive activities by stakeholders; adequacy and availability of a skilled workforce; labour disruptions; difficulties in procuring or a failure to procure required supplies and resources to construct and operate a mine; availability, supply and cost of water and power; weather or severe climate impacts; litigation; dependence on third-parties for services and utilities; development of required infrastructure; a failure to develop or manage a project in accordance with the planning expectations or to properly manage the transition to an operating mine; the reliance on contractors and other third-parties for management, engineering, construction and other services, and the risk that they may not perform as anticipated and unanticipated disputes may arise between them and the Company; and the effects of potential pandemics or epidemics, including regulatory measures or operating restrictions in response thereto, supply chain impacts and other factors. These and other risks could lead to delays in developing certain properties or delays in current mining operations, and such delays could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

24. Risk Factors (continued)

Development and Expansion Projects Risks (continued)

In addition, while the Board has made a final investment decision in respect of the DRPF project, there is no assurance that the Company will be able to complete the DRPF project in a cost-effective or timely manner or that it will realize, in full or in part, the anticipated benefits it expects to generate from the DRPF project. Furthermore, the integration of the DRPF project with Bloom Lake's existing infrastructure would be expected to require additional onsite work programs, a modification to its access road and an upgrade to the site's electricity transport and distribution systems as well as potentially requiring modifications to Société Ferroviaire et Portuaire de Pointe-Noire ("SFPPN") facilities, all of which could increase the risk of shutdowns, outages or other events which would cause the Bloom Lake Mine to operate at less than optimal capacity and negatively impact production, which could in turn have a material adverse effect on the Company's business, results of operations or financial condition. See also "*Structural Shift in the Steel Industry's Production Methods*" above.

Replacement of Mineral Reserves

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

Environmental Risks and Hazards

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

The Company's operation is subject to environmental regulations which are enforced primarily by the Ministry of Natural Resources and Forests and the Ministry of the Environment, the Fight Against Climate Change, Wildlife and Parks (Québec), the Department of Environment, Climate Change and Municipalities and the Department of Industry, Energy and Technology (Newfoundland and Labrador), Fisheries and Oceans Canada, and Environment and Climate Change Canada.

Reclamation Costs and Related Liabilities

The Company is required to submit for government approval a reclamation plan in connection with certain mining sites, to submit financial warranties covering the anticipated cost of completing the work required under such a plan, and to pay for the reclamation work upon the completion or cessation of certain mining activities. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required. Any significant increases over the Company's current estimates of future cash outflows for reclamation costs, as a result of the Company being required to carry out unanticipated reclamation work or otherwise, could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

24. Risk Factors (continued)

Applicable Laws and Regulations

Exploration, development and mining of minerals are subject to extensive and complex federal, provincial and local laws and regulations, including laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters. The costs of compliance and any changes to the Company's operations mandated by new or amended laws or regulations, may be significant. Such costs and delays may materially adversely impact the Company's business, results of operations or financial condition. Furthermore, any violations of these laws or regulations may result in substantial fines and penalties, remediation costs, third-party damages, or a suspension or cessation of the Company's operations, which could materially adversely affect the Company's business, results of operations or financial condition.

Potential First Nations Land Claims

The Company conducts its operations in the Province of Québec and in the Province of Newfoundland and Labrador, which are subject to conflicting First Nations land claims. Aboriginal claims to lands, and the conflicting claims to traditional rights between Aboriginal groups, may have an impact on the Company's ability to develop its properties.

Pursuant to section 35 of The Constitution Act of 1982, the Federal and Provincial Crowns (including those of the Provinces of Québec and Newfoundland and Labrador) have in some circumstances a duty to consult and a duty to accommodate Aboriginal peoples. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights or Aboriginal title, and a credible claim to such rights or title has been made, a developer may also be required by the Crown to conduct consultations with Aboriginal groups who may be affected by the proposed project and, in some circumstances, make appropriate accommodations. The outcome of such consultations may significantly delay or even prevent the development of the Company's properties.

There is an increasing level of public concern relating to the perceived impact of mining activities on indigenous communities. The evolving expectations related to human rights, indigenous rights and environmental protection may adversely impact the Company's current or future activities. Such opposition may be directed through legal or administrative proceedings, against the government or the Company, or expressed in manifestations such as protests, delayed or protracted consultations, blockades or other forms of public expression against the Company's activities or against the government's position. There can be no assurance that these relationships can be successfully managed. Intervention by the aforementioned groups may have a material adverse effect on the Company's reputation, operational results and financial performance.

The development and the operation of the Company's properties may require the entering into of impact and benefits agreements ("IBAs") or other agreements with the affected First Nations. As a result, the Company may incur significant financial or other obligations to affected First Nations.

On April 12, 2017, the Company, through QIO, entered into an IBA with the Uashaunnuat, Innu of Uashat and of Mani-Utenam, the Innu Takuaikan Uashat Mak Mani-Utenam Band No. 80 and the Innu Takuaikan Uashat Mak Mani-Utenam Band Council with respect to future operations at Bloom Lake (the "Bloom Lake IBA"). The Bloom Lake IBA is a LoM agreement and provides for real participation in Bloom Lake for the Uashaunnuat in the form of training, jobs and contract opportunities and ensures that the Innu of Takuaikan Uashat Mak Mani-Utenam receive fair and equitable financial and socio-economic benefits. The Bloom Lake IBA also contains provisions which recognize and support the culture, traditions and values of the Innu of Takuaikan Uashat Mak Mani-Utenam, including recognition of their bond with the natural environment.

The negotiation of any IBA may significantly delay the development of the properties. There are no assurances that the Company will be successful in reaching an IBA or other agreement with First Nation groups asserting Aboriginal rights or Aboriginal title or who may have a claim in connection with the Kami Project, the Consolidated Fire Lake North project, the Quinto Claims or any of the Company's other projects.

24. Risk Factors (continued)

Epidemic or Pandemic Outbreaks, Boycotts and Geopolitical Events

The occurrence of one or more natural disasters, adverse weather events, pandemic or epidemic outbreaks, boycotts and geopolitical events, such as the ongoing conflicts between Russia and Ukraine and in the Middle East, or the tensions between China and other countries, global economic conditions, including trade protection measures such as tariffs and import and export restrictions, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. Some of these events could result in physical damage to property, an increase in energy prices, shutdowns or outages at the Company's facilities, temporary lack of an adequate workforce, temporary or long-term disruption in the supply of raw materials, equipment and product parts required to conduct business, temporary disruption in ocean freight overseas, or disruption to the Company's information systems. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

Although the Company does not conduct business directly with or within Russia and Ukraine, or with or within Israel or Palestine, increasing global instability could impact its operations with worsening supply chain disruptions or macro-economic conditions. Governments have warned that conflicts like the one between Russia and Ukraine may increase the risk of coordinated cyberattacks on critical infrastructures. Additionally, the Russia-Ukraine conflict has triggered global sanctions across many jurisdictions, which have impacted and may continue to impact the global trade flows of iron ore products and steel. This may also have an impact on the Company's historical business relationships. While the Company has risk mitigation measures in place such as advance placement of orders to secure materials and supplier diversification (alternate sourcing), continuation or further escalation of the conflict could continue to result in additional inflationary pressure, and supply chain and transportation disruption, which could materially adversely affect the Company's business, results of operations and profitability. Moreover, the Middle East is an important contributor to global oil supplies and any instability in the region, as a result of an escalation of the Israel-Palestine conflict or otherwise, could cause price hikes due to anticipated supply or shipping routes disruptions, which can in turn increase market volatility, affect global inflation rates and trade balances.

No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company or, where applicable, in the name of its joint venture partners, there can be no assurance that such title will ultimately be secured. Title to, and the area of, mineral concessions may be disputed, and there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Third-parties may have valid claims on underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including land claims by indigenous groups, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to conduct its operations on one or more of its properties as currently anticipated or permitted or to enforce its rights in respect of its properties.

Reliance on Small Number of Significant Purchasers and Geographical Areas

The Company relies on a small number of significant direct purchasers of its iron ore. As a result of this reliance, the Company could be subject to adverse consequences if any of these direct purchasers breaches its purchase commitments or reduces its purchases or ceases to buy from the Company. Additionally, the Company delivers its product to a relatively small number of geographical areas, namely China, Japan, the Middle East, Europe, South Korea, India and Canada, which concentrates the Company's exposure regionally.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Company requires and will continue to require a variety of raw materials in its business as well as a wide variety of mining equipment. Since 2021, supply chains have been affected by a number of factors, including inflation affecting the price of raw materials and transportation, and supply chain disruptions resulting from the COVID-19 pandemic, geopolitical events and conflicts and other factors. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected.

Dependence on Third-Parties

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

24. Risk Factors (continued)

Reliance on Information Technology Systems

The Company's operations are dependent upon information technology ("IT") systems. The Company's operations depend on the timely maintenance, upgrade and replacement of these systems, as well as pre-emptive efforts to mitigate cybersecurity risks and other technology system disruptions. In addition, a portion of the Company's workforce now regularly works remotely, which has increased the Company's reliance on its IT systems and associated risks. These systems are subject to disruption, damage or failure from a variety of sources, including an increasing threat of continually evolving cybersecurity risks. Failures in the Company's IT systems could translate into production downtimes, operational delays, compromising of confidential information, destruction or corruption of data, loss of production or accidental discharge; expensive remediation efforts; distraction of management; damage to the Company's reputation; or events of noncompliance which could lead to regulatory fines or penalties or ransom payments. Accordingly, any failure in the Company's IT systems could materially adversely affect its financial condition and results of operation. Such failures could also materially adversely affect the effectiveness of the Company's internal controls over financial reporting.

In addition, AI capabilities continue to develop rapidly and are becoming more generally available, increasing the risk that AI could become disruptive to the Company's business. Failure to keep pace with the advancement of new technologies such as AI could impact the Company's competitive advantage and negatively affect its business, financial condition and results of operations. Implementation and reliance on new technologies, including machine learning and generative AI, within the Company and through third-party providers, increase the risk that flaws in algorithms, processes or data may result in inaccurate decisions and potentially increase the cost of operational or cybersecurity related interruptions.

The Company and its third-party service providers collect, use, disclose, store, transmit and otherwise process customer, supplier and employee and others' data as part of its business and operations, which may include personal data or confidential or proprietary information. There can be no assurance that any security measures that the Company or its third-party service providers have implemented will be effective against current or future security threats. If a compromise of such data were to occur, the Company may become liable under its contracts with other parties and under applicable law for damages and incur penalties and other costs to respond to, investigate and remedy such an incident. Depending on the facts and circumstances of such an incident, these damages, penalties, fines and costs could be significant. Notably, a recent overhaul of the privacy regime under Québec law sets out substantial fines for non-compliance. Any such event could result in both financial and reputational harm for the Company and result in litigation against it.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, agreements with customers and third-parties, environmental laws, volatility in stock price or failure or alleged failure to comply with disclosure obligations. The Company has in the past been, and may in the future be, involved in various legal proceedings. The outcome of any future proceedings is uncertain, and may incur defense costs in connection therewith, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on the Company's financial condition and results of operations.

Volatility of Stock Price

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

Certain investors may base their investment decisions on considerations of the Company's ESG practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Ordinary Shares by those investors, which could materially adversely affect the trading price of the Ordinary Shares.

24. Risk Factors (continued)

Shareholder Activism

In recent years, publicly-traded companies, including in the mining sector, have increasingly been subject to actions, demands or grievances from activist shareholders, including short sellers, relating to environmental or social issues, corporate governance, executive compensation practices, fiduciary duties of directors and officers and strategic direction and operations, among other matters. Responding to these demands may be costly and time-consuming and may disrupt business operations, divert management and employee attention or present other legal and business challenges that could materially adversely affect the Company's business, reputation or financial results. Moreover, such investor activism could result in uncertainty of the direction of the Company, harm the business, hinder execution of the business strategy and initiatives and create adverse volatility in the market price and trading volume of the Company's shares.

ESG Matters

There is increased investor attention on ESG issues more generally. Notwithstanding the Company's commitment to conducting business in a socially responsible manner, to the extent mining companies fall out of favour with some investors due to the industry's real or perceived impacts on climate change, and its perceived role in a transition to a low carbon economy, this could negatively affect the Company's shareholder base and access to capital. In addition, government policies are evolving to support the transitioning to a low carbon economy by implementing climate and sustainability-related legislation and regulations, including carbon pricing proposals, mandates for emission reductions and supply chain mapping disclosures. In relation with this, the International Sustainability Standards Board ("ISSB") released in June 2023 its standards for sustainability-related (IFRS S1) and climate-related (IFRS S2) financial disclosures. While there is currently no mandatory requirement for the Company to comply with the ISSB standards, the Government of Canada, as well as various regulatory and professional agencies, have voiced support for the ISSB and the movement towards standardized and mandatory climate-related financial disclosures, which, if adopted, are expected to require significant resources from the Company to implement. See also "*Climate Change, Natural Disasters and Unusually Adverse Weather*" and "*Potential First Nations Land Claims*" above and "*Reputational Risk*" below.

Reputational Risk

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived socially and in the marketplace. Damage to the Company's reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity (for example with respect to the Company's handling of environmental and social matters or its relations with stakeholders), whether true or not. The Company places great emphasis on protecting its image and reputation by managing its social media and other web-based platforms, but it does not ultimately have direct control over how it is perceived by others.

Reputation loss may lead to increased challenges in developing and maintaining community relations, ability to secure labour and ability to finance, ability to secure permits and governmental approvals, decreased investor confidence and impediments to the Company's overall ability to advance its projects, thereby having a material adverse impact on its financial performance, cash flows, operations and growth prospects.

Dependence on Management and Key Personnel

The Company is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Company's development to date, including the recommissioning of Bloom Lake's Phase I in 2018 and the completion of the Phase II in 2022, has largely depended, and in the future will continue to depend, on the efforts of management and other key personnel to develop its projects. The employment market for mining executives with successful project development and operation experience has been and is expected to continue to be extremely competitive. Loss of any of these people, particularly to competitors, could have a material adverse impact on the Company. In addition, the Company's success also depends, in part, on its continuing ability to identify, recruit, train, develop and retain other qualified managerial and technical employees with specialized market knowledge and technical skills to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

24. Risk Factors (continued)

Internal Controls and Procedures

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

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. They are not a guarantee of perfection. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statements preparation. Any failure of the Company's internal controls and procedures could result in improper disclosure to the financial markets, which could adversely affect the Company's reputation, business, results of operations and ability to finance.

Insurance and Uninsured Risks

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

Potential Conflicts of Interest

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

Employee Relations

The Company's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees, minimizing employee turnover and attracting new skilled employees. Work stoppages, prolonged labour disruptions or other industrial relations events at the Company's major capital projects, as well as inability to recruit and retain qualified employees, could lead to project delays or increased costs and have a material adverse impact on the Company's projects, the Company's cash flows, earnings, results of operations and financial condition.

Although the Company and its mine site workers agreed on the terms of a new 5-year collective agreement on February 29, 2024, the Company cannot predict the outcome of any future negotiations relating to labour disputes, union representation or the renewal of any collective agreement relating to its employees, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any future negotiations. A deterioration in relationships with employees or in the labour environment could result in a strike or work interruptions or other disruptions to the Company's operations, damage to the Company's property or interruption to its services, or cause management to divert time and resources from other aspects of the Company's business, any of which could have a material adverse effect on the Company's business, results of operations or financial condition.

24. Risk Factors (continued)

Competitive Conditions

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

Dilution and Future Sales

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

Joint Ventures and Option Agreements

From time to time, the Company may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for its participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. From time to time, the Company may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. The Company may also enter into other strategic alliances, partnerships or investments (such as, for example, the MOU with an international steelmaking company that outlines a framework for a joint venture to produce DR grade iron ore pellets at the Pellet Plant).

Risks associated with the foregoing include the sharing of confidential information, the diversion of management's time and focus from operating its business, the use of resources that may be needed in other areas of the business, unforeseen costs or liabilities, litigation or other claims arising in connection with partnerships or joint ventures; and the possibility of adverse tax consequences. In determining whether or not the Company will participate in a particular program, the structure of its participation and the interest therein to be acquired by it, the Company's Board will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

In some of those arrangements, a failure of the Company to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated. Any failure of any option or joint venture partner to meet its obligations to the Company or other third-parties, or any disputes with respect to third-parties' respective rights and obligations, could have a material adverse effect on such agreements. In addition, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements.

Anti-Corruption and Anti-Bribery Laws

The Company may be impacted by anti-bribery, anti-corruption, and related business conduct laws. The Canadian Corruption of Foreign Public Officials Act and anti-bribery and anticorruption laws in other jurisdictions where the Company conducts its business, prohibit companies and their intermediaries from making improper payments for the purposes of obtaining or retaining business or other commercial advantages. The Company's policies mandate compliance with these laws, the failure of which often carry substantial penalties. There can be no assurances that the Company's internal control policies and procedures will always protect it from inappropriate acts committed by the Company's affiliates, employees, or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's reputation, business, financial position, and results of operations.

Forced Labor and Child Labour

Following the coming into force of the Fighting Against Forced Labor and Child Labour in Supply Chains Act (Canada) (the "Supply Chains Act"), there is increased scrutiny of any forced labour or child labour occurring in domestic and international supply chains. The Company is subject to statutory obligations under the Supply Chains Act in Canada and the Modern Slavery Act in Australia, both of which require companies to carry out due diligence and publish detailed reports enumerating the actions they are taking to prevent and reduce the risk of forced labour and child labour in their operations and supply chains. Any failure to comply with the obligations under these laws may result in financial sanctions, reputational damage and loss of community and stakeholder trust.

24. Risk Factors (continued)

Ability to Support the Carrying Value of Non-Current Assets

As of March 31, 2024, the carrying value of the Company's non-current assets was approximately $1,789.4 million, or approximately 67% of the Company's total assets. Non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. If indication of impairment exists, a non-current asset's recoverable amount is estimated. Such estimation is subjective and it involves making estimates and assumptions with respect to a number of factors, including, but not limited to, mine design, estimates of production levels and timing, Mineral Reserves and Mineral Resources, ore characteristics, operating costs and capital expenditures, as well as economic factors beyond management's control, such as iron ore prices, discount rates and observable net asset value multiples. If the recoverable amount is lower than the carrying value, the Company may be required to record an impairment loss on the non-current asset, which will reduce the Company's earnings. The timing and amount of such impairment charges are uncertain.

Fluctuating Mineral Prices

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

25. 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.

The CEO and CFO of the Company have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of the Company's DC&P as defined in Regulation 52-109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings as at March 31, 2024, and have concluded that such DC&P were designed and operating effectively.

Internal Control over Financial Reporting

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

The CEO and CFO of the Company have evaluated the design and operating effectiveness of its ICFR as defined in Regulation 52-109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings. The evaluation was based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, the CEO and CFO concluded that, as at March 31, 2024, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company's ICFR that occurred during the period beginning on January 1, 2024, and ended on March 31, 2024, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

Limitations of DC&P and ICFR

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

26. 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 May 31, 2024.

27. 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 losing their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

28. Additional Information

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