Management's Discussion and Analysis

For the Three and Nine-Month Periods Ended December 31, 2020

CHAMPION IRON

TSX: CIA - ASX: CIA

As at January 28, 2021

The following Management Discussion and Analysis ("MD&A" or "document") of Champion Iron Limited ("Champion" or the "Company") has been prepared as of January 28, 2021. This MD&A is intended to supplement the condensed interim consolidated financial statements for the three and nine-month periods ended December 31, 2020 and related notes thereto ("Financial Statements"), which have been prepared in accordance with AASB 134/IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Company's audited annual financial statements and MD&A for the year ended March 31, 2020. The Financial Statements and other information pertaining to the Company are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

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

Unless otherwise specified, all dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in thousands of Canadian dollars; and (ii) per share or per tonne amounts. The following abbreviations are used throughout this document: USD or US$ (United States dollar), CAD or CA$ (Canadian dollar), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), M (million), km (kilometers), m (meters) and EPS (earnings per share). The utilization of "Champion" or the "Company" refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable.

This document contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section of the Company's 2020 Annual Information Form and of this document and to the "Cautionary Note Regarding Forward-Looking Statements" section of this document.

Non-IFRS Financial Performance Measures

Certain financial performance measures with no standard meaning under International Financial Reporting Standards ("IFRS") are included in this document. Champion believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. These measures are intended to provide additional information and should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. The non-IFRS financial performance measures included in this document are: total cash cost or C1 cash cost, incremental costs related to COVID-19 per dmt sold, all-in sustaining costs ("AISC"), net average realized selling price, cash operating margin and cash profit margin, earnings before interest, tax, depreciation and amortization ("EBITDA"), EBITDA margin, adjusted net income, adjusted net income attributable to Champion shareholders, adjusted EPS and operating cash flow per share. For a detailed description of each of the non-IFRS measures used in this document and a detailed reconciliation to the most directly comparable measure under IFRS, please refer to the "Non-IFRS Financial Performance Measures" section of this document.

1. Description of Business

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

Champion Iron Limited, through its subsidiary Quebec Iron Ore Inc. ("QIO"), owns and operates the Bloom Lake Mining Complex ("Bloom Lake" or "Bloom Lake Mine"), located on the south end of the Labrador Trough, approximately 13 km North of Fermont, Québec, adjacent to established iron ore producers. Bloom Lake is an open-pit truck and shovel operation with a concentrator, and it ships iron ore concentrate from the site by rail, initially on the Bloom Lake railway, to a ship loading port in Sept-Îles, Québec. The Bloom Lake Phase I plant has a nameplate capacity of 7.4 Mtpa and produces a high-grade 66.2% Fe iron ore concentrate with low contaminant levels, which has proven to attract a premium to the Platts IODEX 62% Fe iron ore benchmark.

The Phase II expansion project ("Phase II") aims to double Bloom Lake's nameplate capacity to 15 Mtpa of 66.2% Fe iron ore concentrate by completing the construction of a second concentrator plant and related infrastructure, in addition to adapting the mine plan to support a 20-year life of mine. On November 12, 2020, the Board of Directors (the "Board") provided final approval to complete the Phase II project. On December 23, 2020, the Company completed an increase of its senior secured credit facilities to US$400M (the "Credit Facility"), which together with the cash on hand[1] and ongoing cash flows from operations is expected to fully fund the Phase II project, expected to be completed by mid-2022.

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

1. Description of Business (continued)

In addition to the partially completed Phase II project, Champion also controls a portfolio of exploration and development projects in the Labrador Trough, including the Fire Lake North iron ore project, located approximately 40 km South of Bloom Lake. The Company also owns 100% of the Gullbridge-Powderhorn property located in northern central Newfoundland.

The Company sells its iron ore concentrate globally to customers in China, Japan, the Middle East, Europe, South Korea and India.

2. Financial and Operating Highlights

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Iron ore concentrate produced (wmt)	**1,922,100**	1,832,800	5 %	**5,989,700**	6,011,900	— %
Iron ore concentrate sold (dmt)	**1,891,300**	1,922,100	(2 %)	**5,713,500**	5,689,200	— %
Financial Data (in thousands of dollars, except per share amounts)						
Revenues	**329,545**	171,100	93 %	**885,113**	609,384	45 %
Gross profit	**212,435**	62,350	241 %	**540,640**	298,799	81 %
EBITDA[1]	**211,904**	57,910	266 %	**537,428**	287,421	87 %
EBITDA margin[1]	**64 %**	34 %	88 %	**61 %**	47 %	30 %
Net income	**120,771**	30,184	300 %	**308,491**	102,699	200 %
Adjusted net income[1]	**123,419**	30,184	309 %	**315,182**	154,340	104 %
Net income attributable to Champion shareholders	**120,771**	30,184	300 %	**308,491**	71,075	334 %
Adjusted net income attributable to Champion shareholders[1]	**123,419**	30,184	309 %	**315,182**	122,716	157 %
Basic earnings per share	**0.25**	0.07	257 %	**0.65**	0.16	306 %
Adjusted earnings per share[1]	**0.26**	0.07	271 %	**0.67**	0.27	148 %
Net cash flow from operations	**185,262**	28,109	559 %	**388,899**	224,953	73 %
Cash and cash equivalents	**489,640**	170,275	188 %	**489,640**	170,275	188 %
Short-term investments	**17,560**	17,291	2 %	**17,560**	17,291	2 %
Total assets	**1,265,122**	797,859	59 %	**1,265,122**	797,859	59 %
Total non-current financial liabilities	**242,369**	225,766	7 %	**242,369**	225,766	7 %
Statistics (in dollars per dmt sold)						
Gross average realized selling price	**194.8**	140.1	39 %	**169.2**	146.5	15 %
Net average realized selling price[1]	**174.2**	89.0	96 %	**154.9**	107.1	45 %
Total cash cost[1] (C1 cash cost)	**56.2**	54.2	4 %	**54.1**	52.3	3 %
All-in sustaining cost[1]	**65.0**	62.2	5 %	**62.2**	63.7	(2 %)
Cash operating margin[1]	**109.2**	26.8	307 %	**92.7**	43.4	114 %
Statistics (in US dollars per dmt sold)						
Gross average realized selling price	**150.3**	106.2	42 %	**127.1**	110.6	15 %
Net average realized selling price[1]	**134.5**	67.4	100 %	**116.3**	80.8	44 %
Total cash cost[1] (C1 cash cost)	**43.1**	41.1	5 %	**40.4**	39.4	3 %
All-in sustaining cost[1]	**49.9**	47.1	6 %	**46.4**	48.0	(3 %)
Cash operating margin[1]	**84.6**	20.3	317 %	**69.9**	32.8	113 %

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

3. Quarterly and Year-to-Date Highlights

Health and Safety

- Implemented a rapid testing laboratory using a technology approved and certified by Health Canada at the mine site, allowing the screening of employees and contractors to further mitigate COVID-19 related risks;
- Established a contingency plan for each sector of activity in the event of multiple COVID-19 detections; and
- Implemented and continuously reviews measures and protocols in order to minimize the risks related to COVID-19, which are expected to remain in place, in order to safeguard the health and safety of its employees, partners and local communities.

Financial

- Revenues of $329.5M and $885.1M for the three and nine-month periods ended December 31, 2020, respectively, compared to $171.1M and $609.4M, respectively, for the same periods in 2019;
- Record EBITDA[1] of $211.9M for the three-month period ended December 31, 2020, compared to an EBITDA[1] of $57.9M for the same period in 2019. EBITDA[1] of $537.4M for the nine-month period ended December 31, 2020, compared to $287.4M for the same period in 2019;
- Net income of $120.8M for the three-month period ended December 31, 2020 (EPS of $0.25), compared to a net income of $30.2M for the same period in 2019 (EPS of $0.07). Net income of $308.5M for the nine-month period ended December 31, 2020 (EPS of $0.65), compared to a net income of $102.7M for the same period in 2019 (EPS of $0.16);
- Net cash flow from operations of $185.3M for the three-month period ended December 31, 2020, representing operating cash flow per share[1] of $0.39, compared to $28.1M or $0.06 per share[1] for the same period in 2019. Net cash flow from operations of $388.9M for the nine-month period ended December 31, 2020, representing operating cash flow per share[1] of $0.82, compared to $225.0M or $0.52 per share[1] for the same period in 2019; and
- Cash on hand[2] of $507.2M (excluding restricted cash of $44.6M) as at December 31, 2020, compared to cash on hand[2] of $298.7M as at March 31, 2020.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.
[2] Cash on hand includes cash and cash equivalents and short-term investments and excludes restricted cash.

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

Operations

- Production of 1,922,100 wmt of high-grade 66.4% Iron ore ("Fe") concentrate for the three-month period ended December 31, 2020, compared to 1,832,800 wmt for the same period in 2019. Production of 5,989,700 wmt of high-grade 66.3% Fe concentrate for the nine-month period ended December 31, 2020, compared to 6,011,900 wmt for the same period in 2019;
- Recovery rate of 83.6% and 83.8% for the three and nine-month periods ended December 31, 2020, respectively, compared to a recovery rate of 81.7% and 82.7%, respectively, for the same periods in 2019; and
- Total cash cost[1] of $56.2/dmt (US$43.1/dmt) (C1) and $54.1/dmt (US$40.4/dmt) for the three and nine-month periods ended December 31, 2020, respectively, compared to $54.2/dmt (US$41.1/dmt) and $52.3/dmt (US$39.4/dmt), respectively, for the same periods in 2019.

Other Developments

- Received final Board approval on November 12, 2020 to complete the Phase II expansion and advanced work programs required to maintain the project completion timeline, scheduled for mid-2022;
- Increased the senior secured Credit Facility from US$200.0M to US$400.0M, providing an additional US$200.0M to finance the Phase II expansion, which remains undrawn as at December 31, 2020. Together with cash on hand[2] and ongoing cash flows from operations, the Company expects to be fully funded to complete the Phase II project;
- Received approval from the Supreme Court of Newfoundland and Labrador for the acquisition of the mining properties of the Kamistiatusset iron ore project (the "Kami Project") located in the Labrador Trough geological belt in southwestern Newfoundland, near the Québec border, and certain related contracts. The acquisition is expected to secure an additional 8 Mtpa of port capacity at the multi-user berth of the port of Sept-Îles and is expected to position the Company for growth opportunities; and
- Entered into a freight contract for one vessel per month, from January 2021 to March 2021, at an agreed upon price of US$17.50 per tonne plus freight commissions.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.
2 Cash on hand includes cash and cash equivalents and short-term investments and excludes restricted cash.

4. Response to the COVID-19 Pandemic

The COVID-19 pandemic continues to impact the global economy, creating significant economic uncertainty and disruption to financial markets.

Health and safety of the Company's employees, partners and local communities

Since the beginning of the pandemic, the Company has consistently and proactively deployed several measures in its efforts to mitigate risks related to COVID-19, in line with or exceeding the Government of Quebec's (the "Government") guidelines, including the following:

- Established an executive committee to monitor and adapt to the ongoing challenges created by the COVID-19;
- Adapted work environments and implementation of safety rules and protocols;
    - Established a rapid testing COVID-19 laboratory using technology approved and certified by Health Canada at the mine site, providing the Company with the ability to screen employees and contractors;
    - Established a contingency plan for each sector of activity in the event of multiple COVID-19 detections;
    - Temperature monitoring and control prior to traveling and entering Bloom Lake mine site;
    - Disinfection stations across the mine site and adoption of social distancing protocols;
    - Adoption of isolation measures from the nearby communities and self-isolation for workforce who exhibit symptoms;
    - Additional transportation capacity to allow for adequate social distancing; and
    - Employees' contact register to trace potential infections and to launch disease protocol for suspected cases.
- Mandatory information session for new contractors and employees and communication of updated measures;
- Monitoring of COVID-19 related measures adopted by contractors; and
- Monthly and daily audit to review the effectiveness of the Company's adopted measures.

The Company's COVID-19 plan is currently available on its website at www.championiron.com.

Financial and operational impacts

Despite the economic impact of the COVID-19 pandemic, iron ore prices remained robust throughout the three and nine-month periods ended December 31, 2020. To date, the Company's risk mitigating actions have proven to be successful at minimizing the pandemic's impact, with Bloom Lake operating at full capacity and delivering strong net cash flow from operations.

The Company implemented best practices in managing its response to the COVID-19 pandemic resulting in direct and incremental operating costs during the three and nine-month periods ended December 31, 2020, which totalled $2.2 million or $1.2/dmt[1] and $9.4 million or $1.7/dmt[1], respectively. Additional indirect operational costs were also incurred since the beginning of the pandemic, including inefficiency-related costs across several areas of the Company's operations. These COVID-19 specific and indirect costs could continue to be incurred in the foreseeable future.

Uncertainties due to COVID-19

Although the Company is managing its operations and liquidity to mitigate risks related to COVID-19, the extent to which the pandemic could impact operations and cash flows in future is uncertain and will depend on future developments given the significant uncertainty regarding the ultimate impact that the COVID-19 pandemic will have on the overall economy and the demand for iron ore concentrate.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

5. Bloom Lake Phase II Update

Bloom Lake Feasibility Study (the "Feasibility Study")

On June 20, 2019, the Company announced the findings of the Feasibility Study, prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and Joint Ore Reserves Committee ("JORC") Code (2012 edition) (see press release dated June 20, 2019 available under the Company's filings on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com), including proven and probable mineral reserve estimates of 807.0 Mt (346.0 Mt proven reserves and 461.0 Mt probable reserves) at an average grade of 29.0% Fe. The Phase II project, as detailed in the Feasibility Study, aims to double Bloom Lake's nameplate capacity to 15 Mtpa of 66.2% Fe iron ore concentrate by completing the construction of the second plant which was partially completed by the mine's former owner. Based on the new optimized mine plan, the Bloom Lake mining rate would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a life of mine ("LoM") of 20 years.

The Feasibility Study proposed a 21-month construction period with estimated capital expenditures of $633.8 million, including $44.0 million in deposits. Project economics, based on a US$83.9/t IODEX 65% Fe CFR China Index ("P65" or "Platts 65") iron price, indicate an after-tax 8% net present value ("NPV") of $2,384 million, combining Phase I & II, and an after-tax internal rate of return ("IRR") of 33.4%. During the LoM, total cash costs[1] are projected to be $46.6/t with an average all-in sustaining cost[1] of $52.3/t.

Financing

Subsequent to the Board's final approval (on November 12, 2020), to complete the Phase II project, the Company increased its Credit Facility on December 23, 2020 by US$200.0 million (to US$400.0 million), which together with cash on hand[2] and ongoing cash flows from operations, are expected to fully fund the project, scheduled for completion by mid-2022.

On December 23, 2020, Champion received a credit approved commitment letter for US$75.0 million, in connection with financing Phase II equipment from Caterpillar Financial Services Limited, subject to the execution of definitive documentation, which is expected to occur in the near term.

As detailed in the Feasibility Study and with the anticipated port related work programs required to support the additional volumes from the Phase II project, the Company and Société du Plan Nord planned to jointly invest $135.0 million in Société Ferrovière du Port de Pointe-Noire ("SFPPN"), of which $85.0 million will be invested by the Company. The Company's contribution will be partially financed for an amount up to $70.0 million by "Fonds du développement économique" ("Term Loan"). The Term Loan will have an 11.5-year maturity and will bear interest at 3.7% and annual repayments of $6.0 million, commencing on April 1, 2022.

Milestones

During the three-month period ended December 31, 2020, $31,949,000 was incurred on the project, and a total of $115,145,000 invested to date, which included $6,010,000 in advance payment to SFPPN. The following work was undertaken and the following milestones were achieved:

- Engineering work 65% complete as at December 31, 2020;
- Installation of the rougher spiral banks;
- Installation of the grinding area conveyors;
- Continuation of electrical work on Z3 substation;
- Completion of the A-Frame conveyor modification and commissioning;
- Completion of the A-Frame dust control work;
- Finalization of the extension shelters of the load-out area;
- Selection of major mine equipment supplier; and
- Commencement of diverse mechanical installations, including pan filters and vacuum pumps.

Bloom Lake Phase II reserves and resources are based on the Feasibility Study, prepared by BBA Inc., Soutex and WSP Canada Inc., with an effective date of June 20, 2019 and filed on August 2, 2019. The Company is not aware of any new information or data that materially affects the information included in the Feasibility Study and confirms that all material assumptions and technical parameters underpinning the estimates in the Feasibility Study continue to apply and have not materially changed. The Feasibility Study is available under the Company's filings at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

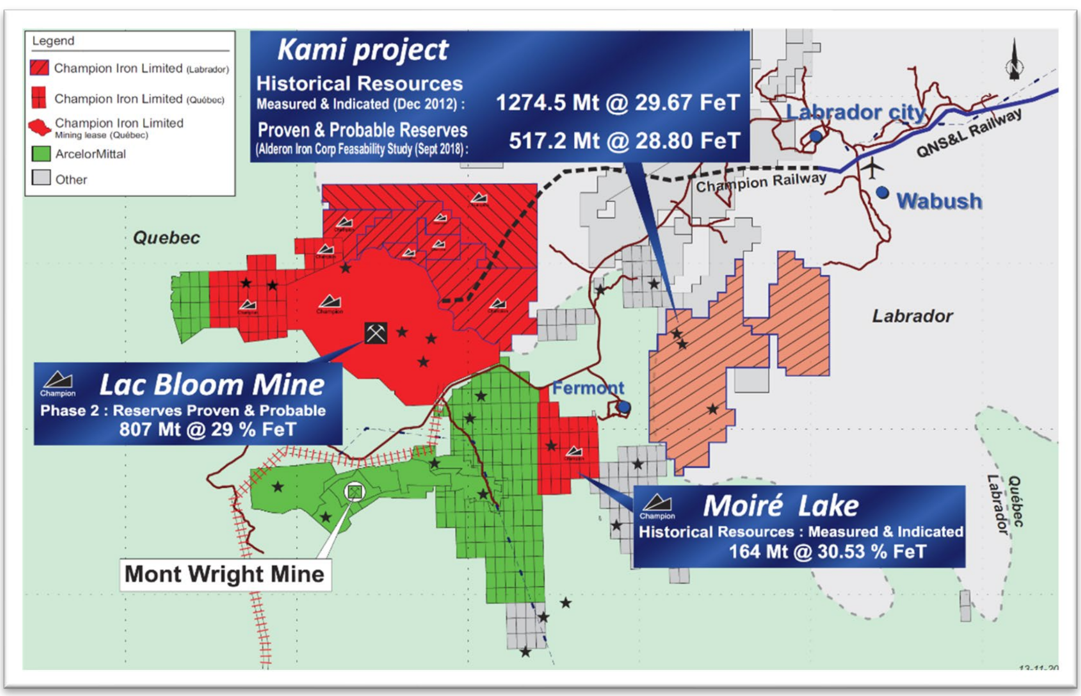
2 Cash on hand includes cash and cash equivalents and short-term investments and excludes restricted cash.

6. Acquisition of the Kami Project

On November 13, 2020, the Supreme Court of Newfoundland and Labrador approved the acquisition by the Company and certain of its affiliates of the mining properties of the Kami Project and certain related contracts (the "Acquisition"), from Deloitte Restructuring Inc. (the "Receiver"), as receiver for Alderon Iron Ore Corp. ("Alderon"). The Kami Project and the related mining properties are located in the Labrador Trough geological belt in southwestern Newfoundland, near the Québec border.

The consideration for the Acquisition consists of $15.0 million in cash, the extinguishment of approximately $19.4 million in Alderon secured debt (the "Secured Debt") through the issuance of 4,200,000 Champion's ordinary shares and an undertaking in favor of the Receiver to make a finite production payment on a fixed amount of future iron ore concentrate production from the Kami Project. As part of the transaction, Champion also exercised, through an affiliate, an option to purchase the Secured Debt from Sprott Private Resource Lending (Collector), LP ("Sprott") and became a senior secured creditor of Alderon and its affiliates. Closing of the Acquisition is subject to the consent of the Ministry of Industry, Energy and Technology of Newfoundland and Labrador, as well as other customary closing conditions. At the closing date, as consideration for the Secured Debt, Champion will issue 4,200,000 Champion's ordinary shares to Sprott and Altius Resources Inc. and the Secured Debt will be extinguished as partial consideration for the Kami Project.

The Kami Project is a high-grade iron ore project situated only a few kilometers south-east of the Company's operating Bloom Lake Mine and near available infrastructure. Alderon previously disclosed historical resources estimated at 1,274.5 Mt of measured and indicated resources (536.9 Mt measured and 737.6 Mt indicated) and proven and probable reserves of 517.2 Mt (392.7 Mt proven and 124.5 Mt probable), with such reserves being inclusive of such resources. Alderon completed an updated feasibility study on the Kami Project in September 2018. The Company expects to revise the project's scope and update the feasibility study in the near term. As part of the Acquisition, Champion expects to secure an additional 8 Mtpa of port capacity, including a pre-payment of port related fees, at the multi-user berth of the port of Sept-Îles, currently being used by the Company to export Bloom Lake's iron ore concentrate.



Note: Moiré Lake historical measured and indicated resources of 164.0 Mt (164.0 Mt indicated). The other reserves and resources are historical estimates and, from an Australian perspective, foreign estimates.

The historical mineral reserve and resources mentioned are strictly historical in nature and are non-compliant with NI 43-101 neither the JORC Code (2012 edition) and should therefore not be relied upon. A Qualified Person, as defined in NI 43-101, has not done sufficient work to upgrade or classify the historical estimates as current mineral resources or mineral reserves and Champion is not treating the historical estimates as current mineral resources or mineral reserves. Such historical estimates are based on the NI 43-101 technical reports: (i) with respect to the Moiré Lake property, entitled "Technical Report and Mineral Resource Estimate on the Moiré Lake Property" by P&E Mining Consultants Inc. dated May 11, 2012 and having an effective date of March 28, 2012; and (ii) with respect to the Kami Project, entitled "Updated Feasibility Study of the Kamistiatusset (Kami) Iron Ore Property, Labrador" prepared for Alderon by BBA Inc., Gemtec Ltd., Watts, Griffis and McOuat Ltd. and Golder Associates Ltd. dated October 31, 2018 and having an effective date of September 26, 2018. There is no obligation on Champion Iron Limited to report on these foreign estimates of mineralisation in accordance with ASX Listing Rule 5 since each of the aforementioned pre-feasibility studies and technical reports were prepared for properties adjacent to or near Champion Iron Limited's mining tenements.

7. Key Drivers

A. Iron Ore Concentrate Price

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

Due to the high-quality properties of its 66.2% iron ore concentrate, the Company's iron ore sales attract a premium over the IODEX 62% Fe CFR China Index ("P62"), widely used as the reference price in the industry. As such, the Company quotes its products on the high-grade P65 index. The premium captured by the P65 index is attributable to two main factors: steel mills recognizing that higher iron ore grades offer the benefit of optimizing output while also significantly decreasing CO_2 emissions in the steel making process.

Subsequent to its robust economic recovery, China has now reached new record steel production levels, which coupled with global limited iron ore supplies, likely contributed to the rise in iron ore prices during the three-month period ended December 31, 2020. Robust Chinese steel production and related iron ore demand is believed to be primarily driven by China's economic recovery following the COVID-19 outbreak, in addition to economic stimulus programs impacting steel intensive infrastructure expenditures. Since its economic recovery, China not only achieved new steel production records, but it also briefly became a net importer of steel for the first time since 2009. As China anchors its economic recovery, other important steel making countries and regions, namely India, Europe, the Middle East and the Far East, that experienced reduced outputs throughout the first half of 2020, are now recovering and demonstrating growth figures in steel production year over year. As the global economy improved during the three-month period ended December 31, 2020, the global trade flow of iron ore material, which had been heavily diverted to China earlier this year, has now largely resumed its typical routing in tandem with the recovery in steel production for the world ex-China.

During the three-month period ended December 31, 2020, Japan experienced a significant resurgence in steel production, driven by a recovery in the domestic automobile industry. Despite Japan's decrease in steel production in 2020, the Company's shipments to Japan have not been adversely impacted. Although Japan's Ministry of Economy, Trade and Industry ("METI") is expecting the country's crude steel output of 2020 to be the lowest in about half a century, due to sequential improvements of Japan's steel production in recent months, METI noted that business conditions in the automotive and industrial machinery sectors are improving, which could lead to a substantial gain in specialty steel demand and could outweigh the reduced consumption in the construction sector. This witnessed improvement in the automotive and industrial machinery sectors is a positive development for high-end steel and high-grade iron ore product demand, such as the iron ore concentrate produced at Bloom Lake.

Despite the Company benefiting from rising prices, in such periods of elevated iron ore prices, the premium captured by the P65 index compared to the P62 index typically narrows on a percentage basis. During the three-month period ended December 31, 2020, the premium captured by the P65 index, compared to the P62 index remained fairly stable compared to the previous quarter, ranging between US$10.5 and US$14.5. Throughout the period, prices of pellets and iron ore concentrates improved following a rise in coking coal prices. As coking coal prices rise, steel mills are incentivized to increase consumption of high-grade iron ore, such as pellets and concentrates, in order to reduce dependence on coking coal in the steel making process. Increasing high-grade iron ore consumption also helped contribute to steel makers' efficiencies and optimized their output. Overall, the profitability of steel makers remained robust throughout the quarter, with the global economic recovery supporting rising steel prices, suggesting an ability for steel makers to absorb the rise in raw material prices including iron ore.

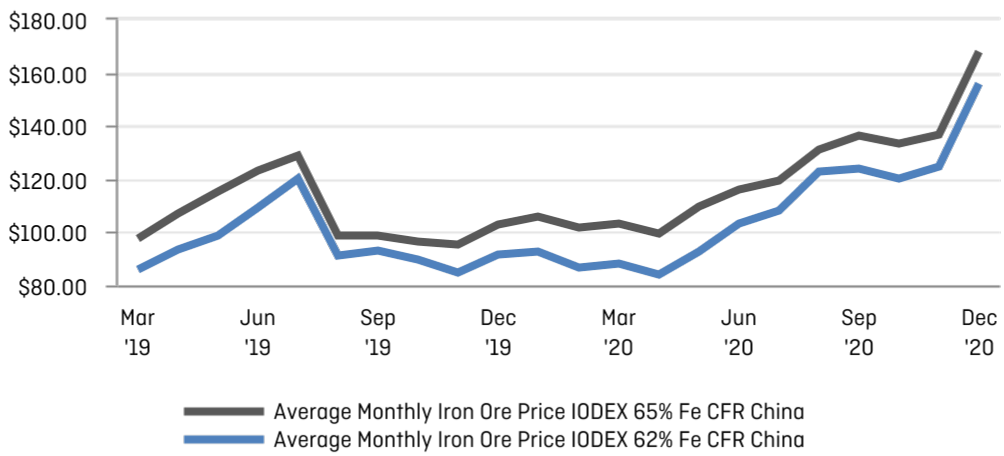
During the three-month period ended December 31, 2020, the P65 price for high-grade iron ore fluctuated from a low of US$128.5/dmt to a high of US$187.9/dmt. The average P65 iron ore price for the period was US$146.1/dmt, an increase of 13% from the previous quarter, resulting in a premium of 9.3% over the P62 reference price of US$133.7/dmt. The Company's gross average realized selling price for the quarter was US$150.3/dmt, before adjustments related to provisional sales and ocean freight, resulting in a premium of 12.4%. Taking into account sales adjustments and sea freight costs, the Company's net realized FOB price was US$134.5/dmt (CA$174.2/dmt). The Company is well positioned to benefit from higher iron ore prices as it has no fixed price contracts in place, and the Bloom Lake Mine is not subject to royalties. Assuming a stable foreign exchange rate, a variation of US$1.00 to the P65 price will impact gross revenues by approximately 1%.

7. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

During the nine-month period ended December 31, 2020, the P65 price of high-grade iron ore fluctuated from a low of US$96.5/dmt to a high of US$187.9/dmt. The average P65 iron ore price for the period was US$128.2/dmt, an increase of 19% from the same period in 2019, resulting in a premium of 11.0% over the P62 reference price of US$115.5/dmt. The gross average realized selling price year-to-date was US$127.1/dmt, before adjustments related to provisional sales and ocean freight, resulting in a premium of 10.0%, in line with the P65 Index. Taking into account the latter and sea freight costs, the net realized FOB price was US$116.3/dmt (CA$154.9/dmt), compared to US$80.8/dmt (CA$107.1/dmt) for the same period in 2019.

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



Approximately 80% of Champion's iron ore sales contracts are structured on a provisional pricing basis, where the final sales price is determined using the iron ore price indices on or after the vessel's arrival to the port at discharge. The Company recognizes revenues from iron ore sales contracts upon vessel departure. In order to estimate the final sales price as assigned by sales contracts, the Company assigns a provisional price upon vessel departure. The estimated gross consideration in relation to the provisionally priced contracts is accounted for using the P62 forward iron ore price, subject to the estimated P65 premium over the P62 price at the expected settlement date. Once the vessel arrives at its destination, the impact of the iron ore price fluctuations, compared to the price at the time of departure, is accounted for as a provisional pricing adjustment to revenue.

As the Company's sales are subject to freight routes that take up to 55 days before reaching its customers, and since vessels subject to provisional price adjustments are already in transit at quarter-end, the final price adjustments to the provisional price are structurally more exposed in the earlier months of each quarter. During the three-month period ended December 31, 2020, a final price was established for all of the 1,188,000 tonnes of iron ore that was in transit as at September 30, 2020. Accordingly, during the three-month period ended December 31, 2020, provisional pricing adjustments of $15,376,000 were recorded in additional revenues for the 1,188,000 tonnes, representing a positive impact of US$6.3/dmt. As at December 31, 2020, 601,000 tonnes of iron ore sales remained subject to provisional pricing adjustments, with the final price to be determined in the subsequent reporting periods (December 31, 2019: 1,100,000 tonnes). A provisional price of US$163.4/dmt has been assigned as at December 31, 2020 to estimate the sales of the Company's iron ore that remain subject to setting a final price.

7. Key Drivers (continued)

A. Iron Ore Concentrate Price (continued)

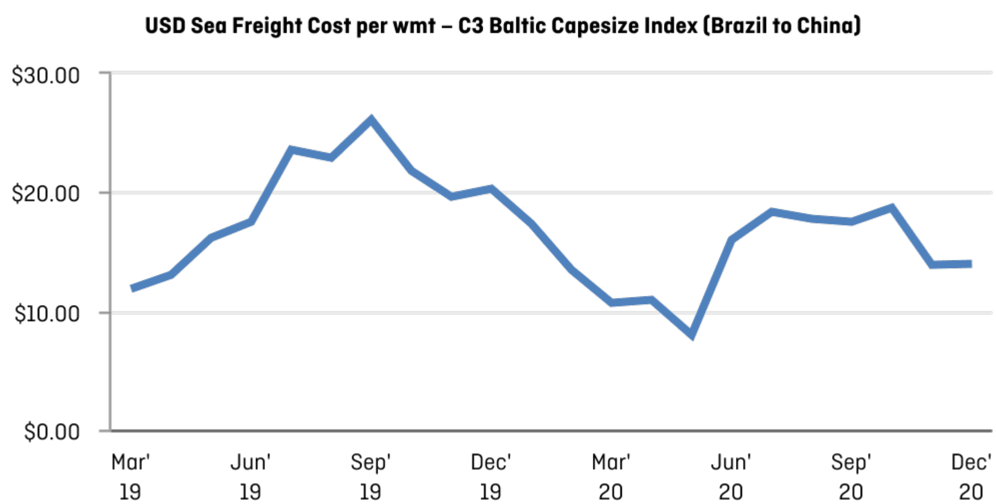
The following table sets out the Company's exposure, as at December 31, 2020, in relation to the impact of movements in the iron ore price for the provisionally invoiced sales volumes:

(in U.S. dollars)	As at December 31, 2020
Tonnes (dmt) subject to provisional pricing adjustments	**601,000**
10% increase in iron ore prices	**9,819**
10% decrease in iron ore prices	**(9,819)**

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

B. Sea Freight

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



In the past decade, the industry has identified a relationship between the iron ore price and the freight cost for the Tubarao to Qingdao route captured in the C3 freight rate. Based on this observed correlation, when the price of iron ore fluctuates, the ocean freight rate usually fluctuates in tandem. As the freight cost for the ocean transport between Sept-Îles and China is largely influenced by the C3 cost, a decrease in iron ore prices should result in a lower ocean freight cost for the Company, resulting in a natural hedge for one of the Company's largest operating costs.

7. Key Drivers (continued)

B. Sea Freight (continued)

The tragic event of the Brumadinho dam rupture in Brazil in January 2019 altered the connection between iron ore prices and the C3 freight rate, as one of the largest producers of iron ore globally experienced a significant production curtailment, impacting export volumes from Brazil since the first half of 2019. In the second half of 2019, some operations affected by these events resumed production, which contributed to an increase in exports and thus contributed to the increase in the C3 route index. Another likely contributor to the C3 index increase in the second half of 2019 was the longer than expected fitting of scrubbers on the global shipping fleet, which reduced available vessel capacity.

In early 2020, the rising C3 index reversed to a declining trajectory and tested historically low levels influenced by several factors, including: the Chinese New Year holidays, which reduced demand for iron ore imports; heavy rains in Brazil, which negatively impacted exports of iron ore; ongoing supply issues related to the 2019 Brumadinho dam rupture; the temporary reduction of activities at several mining operations worldwide due to the COVID-19 pandemic; and a significant drop in bunker fuel prices, which is a main component of the operating cost for dry bulk vessel operators. While there is a historical correlation between the C3 route index and iron ore prices, recent events in Brazil, limited iron ore supply response and reduced exports of coal from Australia, in addition to low fuel prices, created an operating environment with a depressed freight index, despite elevated iron ore prices for the three-month period ended December 31, 2020. The depressed C3 index in the period is likely attributable to the low dry bunker fuel prices, increased availability of vessels as Australian coal miners reduced shipments in Capesize vessels due to China's partial import ban of Australian coal, and ongoing challenges in Brazil impacting iron ore exports.

Due to its distance from main shipping hubs, Champion typically books vessels and their prices prior to the desired laycan period. This creates a natural delay between the freight paid and the C3 route index price. The effects of these delays are eventually reconciled since Champion ships its high-grade iron ore concentrate evenly throughout the year. During the three-month period ended December 31, 2020, the Company entered into a freight contract for a portion of its expected volumes. This contract allows for the shipment of one vessel per month from January 2021 to March 2021 at a fixed price of US$17.50 per tonne plus freight commissions.

C. Currency

The Canadian dollar is the Company’s reporting and functional currency. Consequently, the Company’s operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar. The Company's sales, sea freight costs and long-term debt are denominated in U.S. dollars. As such, the Company benefits from a natural hedge from its revenues with its sea freight costs and long-term debt. Despite this natural hedge, the Company is exposed to foreign currency fluctuations as its mining operating expenses are mainly incurred in Canadian dollars. As at December 31, 2020, the Company has no hedging contracts in place and therefore, it is exposed to foreign exchange rate fluctuations. The Company is continuously evaluating its currency exposure and opportunities to reduce its impacts on the Company's results.

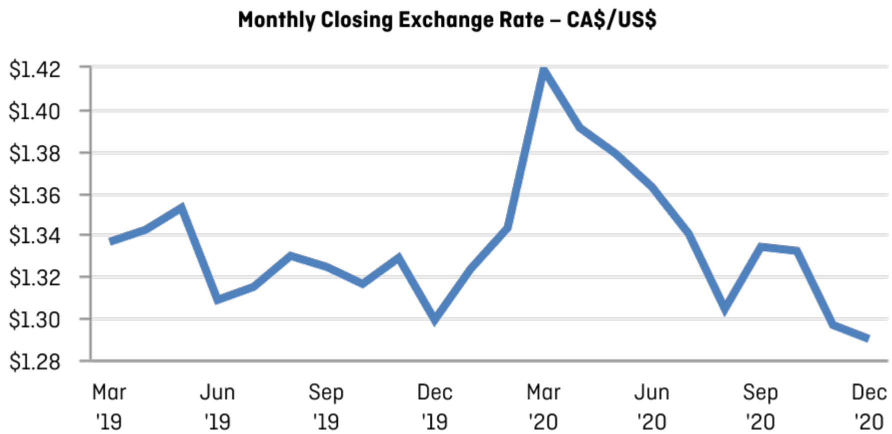
The strengthening of the U.S. dollar would positively impact the Company’s net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the Company's long-term debt is denominated in U.S. dollars, the Company is subject to ongoing non-cash foreign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

Ongoing concerns about the COVID-19 pandemic and its impact on the global economic recovery, central banks globally implementing unprecedented economic stimulus programs, global trade tensions and the recent U.S. presidential election likely contributed to the increase in foreign exchange volatility. While a positive performance of the Canadian dollar compared to the U.S. dollar may negatively impact the Company's realized price in its reporting currency, a weak U.S. dollar against global currencies tends to stimulate global demand for cyclical metals and their prices, which in turns acts as a natural hedge for the Company's exposure to its realized iron ore prices.

(Expressed in Canadian dollars, except where otherwise indicated)

7. Key Drivers (continued)

C. Currency (continued)



Exchange rates are as follows:

	CA$ / US$					
	Average			Closing		
	FY2021	FY2020	Variance	**FY2021**	FY2020	Variance
Q1	**1.3853**	1.3377	4 %	**1.3628**	1.3087	4 %
Q2	**1.3321**	1.3204	1 %	**1.3339**	1.3243	1 %
Q3	**1.3030**	1.3200	(1)%	**1.2732**	1.2988	(2)%
Q4	**—**	1.3449	— %	**—**	1.4187	— %
Year-end as at March 31	**—**	1.3308	— %	**—**	1.4187	— %

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

8. Bloom Lake Mine Operating Activities

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Operating Data						
Waste mined (wmt)	**4,957,600**	3,409,200	45 %	**11,684,800**	10,562,300	11 %
Ore mined (wmt)	**5,183,000**	4,905,300	6 %	**15,935,600**	15,404,300	3 %
Material mined (wmt)	**10,140,600**	8,314,500	22 %	**27,620,400**	25,966,600	6 %
Strip ratio	**0.96**	0.70	37 %	**0.73**	0.69	6 %
Ore milled (wmt)	**5,193,700**	4,639,000	12 %	**15,360,900**	14,869,800	3 %
Head grade Fe (%)	**29.7**	32.0	(7 %)	**30.6**	32.3	(5 %)
Recovery (%)	**83.6**	81.7	2 %	**83.8**	82.7	1 %
Product Fe (%)	**66.4**	66.4	— %	**66.3**	66.3	— %
Iron ore concentrate produced (wmt)	**1,922,100**	1,832,800	5 %	**5,989,700**	6,011,900	— %
Iron ore concentrate sold (dmt)	**1,891,300**	1,922,100	(2 %)	**5,713,500**	5,689,200	— %
Financial Data (in thousands of dollars)						
Revenues	**329,545**	171,100	93 %	**885,113**	609,384	45 %
Cost of sales	**106,291**	104,119	2 %	**309,135**	297,647	4 %
Cost of sales - incremental costs related to COVID-19	**2,215**	—	— %	**9,448**	—	— %
Other expenses	**9,135**	9,071	1 %	**29,102**	24,316	20 %
Net finance costs	**8,648**	4,718	83 %	**10,713**	80,203	(87 %)
Net income	**120,771**	30,184	300 %	**308,491**	102,699	200 %
EBITDA[1]	**211,904**	57,910	266 %	**537,428**	287,421	87 %
Statistics (in dollars per dmt sold)						
Gross average realized selling price	**194.8**	140.1	39 %	**169.2**	146.5	15 %
Net average realized selling price[1]	**174.2**	89.0	96 %	**154.9**	107.1	45 %
Total cash cost (C1 cash cost)[1]	**56.2**	54.2	4 %	**54.1**	52.3	3 %
All-in sustaining cost[1]	**65.0**	62.2	5 %	**62.2**	63.7	(2 %)
Cash operating margin[1]	**109.2**	26.8	307 %	**92.7**	43.4	114 %

Operational Performance

On March 24, 2020, the Company announced the ramp down of its operations following directives from the Government in response to the COVID-19 pandemic, which required mining activities to be reduced to a minimum within the province of Québec. As announced by the Company on April 23, 2020, operations gradually ramped up, following the Government's announcement that mining activities were to be considered a "priority service" in Québec. Although the Company was operating at a minimal capacity for a period of time, disrupting mining and operating activities, early actions implemented by Management in response to the COVID-19 pandemic minimized its impacts on the Company and its operations. Despite earlier disruptions to operations, the Company produced nearly 6.0 million wmt of high-grade iron ore concentrate during the nine-month period ended December 31, 2020. In addition, during the three-month period ended December 31, 2020, the Company successfully conducted its second scheduled semi-annual shutdown at the mill.

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

During the three-month period ended December 31, 2020, 10,140,600 tonnes of material were mined, compared to 8,314,500 tonnes for the same period in 2019, representing an increase of 22%. This increase in material mined is a direct benefit of the Company's mining equipment rebuild program resulting in higher equipment utilization rate and additional equipment availability.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the “Non-IFRS Financial Performance Measures” section of this document included in note 20.

8. Bloom Lake Mine Operating Activities (continued)

Operational Performance (continued)

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

The increased strip ratio in the three-month period ended December 31, 2020 to 0.96, compared to 0.70 for the same period in 2019, is in line with the annual mine plan and the anticipated strip ratio for the quarter. The strip ratio was also affected by the Company's efforts to recover the waste backlog accumulated during the first quarter of the 2021 fiscal year when Champion's operations were negatively impacted by the Government's imposed COVID-19 directives.

The plant processed 5,193,700 tonnes of ore during the three-month period ended December 31, 2020, compared to 4,639,000 tonnes for the same period in 2019, representing an increase of 12%. The higher throughput resulted from higher mined ore availability and a higher mill utilization rate. The improvements and operational innovations implemented during the fiscal year ended March 31, 2020 allowed the Company to increase throughput stability and reach a higher level of mill productivity, despite the inefficiencies created by COVID-19 and the mill scheduled shutdown, which allowed the Company to take advantage of the elevated iron ore price.

The iron ore head grade in the three-month period ended December 31, 2020 was 29.7%, compared to 32.0% for the same period in 2019. The decrease in head grade is attributable to the presence of some lower grade ore being sourced and blended from different pits, when compared to the prior year and, which is in line with the mining plan and the LoM head grade average.

The Company achieved an average recovery rate of 83.6% during the three-month period ended December 31, 2020, compared to a recovery rate of 81.7% for the same period in 2019, which is attributable to higher recovery circuit stability.

Based on the foregoing, Bloom Lake produced 1,922,100 wmt of 66.4% Fe high-grade iron ore concentrate during the three-month period ended December 31, 2020, an increase of 5%, compared to 1,832,800 wmt for the same period in 2019. The higher production is mainly a result of higher ore mined and higher throughput, combined with a higher average recovery rate, despite being partially offset by a lower head grade. The variation between iron ore concentrate produced and sold during the quarter is due to the timing of shipments.

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

During the first quarter of the 2021 fiscal year, the COVID-19 pandemic had a negative impact on several of the Company's activities, including: reduced mining activities due to the compliance with the public health directives issued by the Government; reduced equipment maintenance due to COVID-19-related resource limitations, which had adverse repercussions on equipment availability; the arrival of the seasonal workforce, which required integration and training; and the operation of only one of the Company's two production lines for a period of time stemming from the Government's COVID-19-related directives. Once the governmental restrictions were lifted, the Company accelerated its mining activities and fully resumed its production capacity.

The Company mined 27,620,400 tonnes of material during the nine-month period ended December 31, 2020, compared to 25,966,600 tonnes for the same period in 2019, while the plant processed 15,360,900 tonnes of ore during the nine-month period ended December 31, 2020, an increase of 3% over the same period in 2019. These increases are attributable to investments made in the mining equipment rebuild program, along with the improvements and operational innovations accomplished at the plant in the past, which enabled the Company to maximize current productivity, partially offset by the slowdown resulting from the COVID-19 pandemic during the first quarter of the 2021 fiscal year. In addition, the recovery rate improved from 82.7% to 83.8%, in line with the Company's target. Based on the foregoing, Bloom Lake produced a total of 5,989,700 wmt of Fe 66.3% high-grade iron ore concentrate during the nine-month period ended December 31, 2020, compared to 6,011,900 wmt for the same period in 2019.

During the nine-month period ended December 31, 2020, the Company received confirmation that its initial commercial production test, completed during the fourth quarter of the 2020 fiscal year, qualified as Direct Reduction ("DR") iron ore concentrate from DR pellet producers and direct reduced iron ("DRI") plant operators. With this confirmed product specification, the Company produced an additional 207,900 wmt of DR quality iron ore concentrate at 67.8% Fe, with a combined silica and alumina content of 2.68%, at the request of a customer in the Middle East during the first quarter of the Company's 2021 fiscal year. This second shipment confirmed the ability of the Company to sell its ore to producers of DR pellets, which can be converted by DRI producers and utilized in electric arc furnaces, which represent a growing subset of global steelmaking capacity. This strategically positions the Company to potentially increase its customer base and confirms that Bloom Lake is one of the few producing deposits globally that can transition its product offering in response to potential shifts in steelmaking methods in the coming years.

9. Financial Performance

A. Revenues

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
(in U.S. dollars per dmt sold)						
Index P62	**133.7**	88.6	51 %	**115.5**	96.9	19 %
Premium over P62	**16.6**	17.6	(6 %)	**11.6**	13.7	(15 %)
US$ Gross average realized selling price	**150.3**	106.2	42 %	**127.1**	110.6	15 %
Freight and other costs	**(22.1)**	(30.7)	(28 %)	**(19.6)**	(25.6)	(23 %)
Provisional pricing adjustments	**6.3**	(8.1)	(178 %)	**8.8**	(4.2)	(310 %)
US$ Net average realized FOB selling price[1]	**134.5**	67.4	100 %	**116.3**	80.8	44 %
CA$ Net average realized FOB selling price[1]	**174.2**	89.0	96 %	**154.9**	107.1	45 %

During the three-month period ended December 31, 2020, 1,891,300 tonnes of high-grade iron ore concentrate were sold at the CFR China gross average realized price of US$150.3/dmt, before provisional sales adjustments and shipping costs. The gross average realized selling price of US$150.3/dmt represents a premium of 12.4% over the benchmark P62 price, compared to a premium of 3.4% for the previous quarter. The gross average realized selling price reflects the sales at a determined price, as well as the forward price at the expected settlement date for 601,000 tonnes which were in transit at the end of the period. The higher gross average realized selling price of US$150.3/dmt for the recently completed quarter, compared to the average P65 for the quarter of US$146.1/dmt, demonstrates the Company's ability to benefit from its premium high-grade iron ore material pricing over the P62 index reference price, despite the fact that some contracted volumes were sold based on previous months' prices, when P65 prices were significantly lower.

Benefiting from rising pellet premiums and the global economic recovery in the period, the Company reduced or cancelled discounted pricing on some sales to the P65 index, previously required to compete with the pricing of pellets at multi-year lows in previous periods. As such, the Company expects its iron ore concentrate pricing to continue tracking the P65 index in the long-term. In addition, the Company should continue to benefit from the current period prices for its contracted volumes, based on previous month's P65 prices in the upcoming period ending March 31, 2021. Other factors influencing the Company's realized price included the increasing demand in low silica and alumina products due to rising coking coal prices and falling levels of iron ore inventories at Chinese ports, further tightening iron ore availability.

During the third quarter of the Company's 2021 fiscal year, low fuel prices and a greater vessel availability, due to the Chinese ban on Australian coal, contributed to depressed sea freight costs when compared to the same period last year. The freight costs variation relative to the Baltic Exchange C3 index during the period is mainly due to the timing of the vessels' booking and the fact that the Company benefited from a freight contract at a fixed price of US$15.46 per tonne plus freight commissions for one vessel per month until December 2020.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

9. Financial Performance (continued)

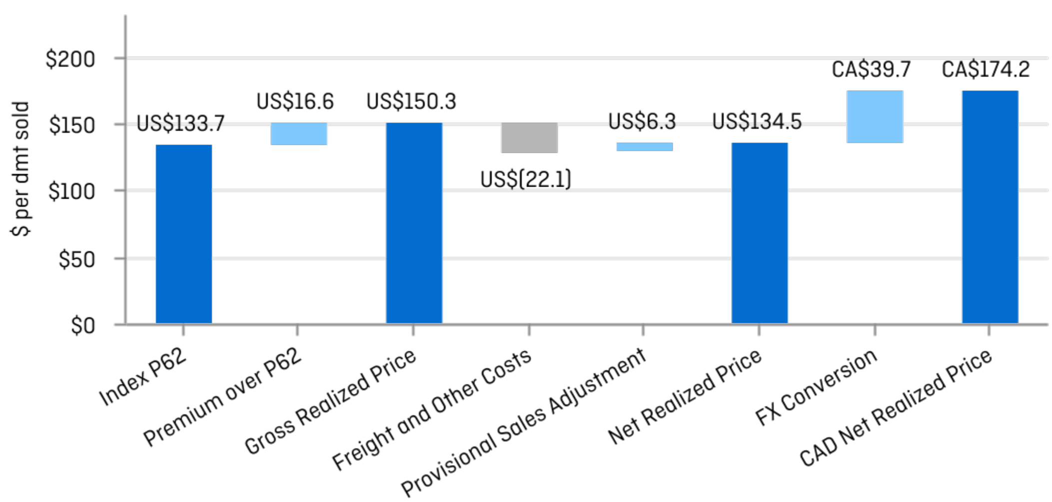
A. Revenues (continued)

During the three-month period ended December 31, 2020, the final price was established for all of the 1,188,000 tonnes of iron ore that was in transit as at September 30, 2020. Accordingly, during the three-month period ended December 31, 2020, provisional pricing adjustments of $15,376,000 were recorded in additional revenues for the 1,188,000 tonnes, representing a positive impact of US$6.3/dmt.

After taking into account sea freight costs of US$22.1/dmt and the provisional sales adjustment of US$6.3/dmt, the Company obtained a net average realized price of US$134.5/dmt (CA$174.2/dmt) for its high-grade iron ore delivered to the end customer. Revenues totalled $329,545,000 for the three-month period ended December 31, 2020 compared to $171,100,000 for the same period in 2019. The increase is attributable to a higher net average realized selling price[1].

For the nine-month period ended December 31, 2020, the Company sold 5,713,500 tonnes of iron ore concentrate shipped in 33 vessels to customers, whose location included China, Japan, South Korea, Europe and the Middle East. While the high-grade iron ore P65 index price fluctuated between a low of US$96.5/dmt and a high of US$187.9/dmt during the nine-month period ended December 31, 2020, the Company sold its product at a gross average realized selling price of US$127.1/dmt. Combining the gross average realized selling price with the provisional sales adjustment of US$8.8/dmt, the Company sold its high-grade iron ore material at a price of US$135.9/dmt during the nine-month period ended December 31, 2020, which continued to structurally track the P65 high-grade index average of US$128.2/dmt. Deducting sea freight costs of US$19.6/dmt, the Company obtained a net average realized selling price[1] of US$116.3/dmt (CA$154.9/dmt) for its high-grade iron ore. As a result, revenues totalled $885,113,000 for the nine-month period ended December 31, 2020, compared to $609,384,000 for the same period in 2019. Although the sales increase is mainly attributable to the net average realized selling price[1], the slight positive volume impact during the COVID-19 pandemic illustrates the benefit the Company yielded by investing in production reliability and having the ability to increase its throughput capacity when the price of high-grade iron ore is elevated.

Q3 FY2021 Net Realized Selling Price from P62



[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

9. Financial Performance (continued)

B. Cost of Sales

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

During the three-month period ended December 31, 2020, the total cash cost[1] or C1 cash cost[1] per tonne, excluding specific incremental and non-recurring COVID-19 related costs, totalled $56.2/dmt, compared to $54.2/dmt for the same period in 2019. The total cash cost[1] for the period was higher due to lower head grade, combined with a longer planned shutdown at Québec North Shore & Labrador Railway, whereas the Company maximized the shutdown period by advancing work initially planned for the forthcoming periods. The Company is benefiting from its previous and continuous investments in plant innovation and improvements as well as the mining equipment rebuild program, enabling it to maximize productivity during the pandemic period.

For the nine-month period ended December 31, 2020, excluding specific incremental and non-recurring COVID-19 related costs, the Company produced high-grade iron ore at a total cash cost[1] of $54.1/dmt compared to $52.3/dmt for the same period in 2019. The C1 cash cost[1] for the period includes the negative impact of the inefficiencies related to the COVID-19 preventive measures associated with social distancing protocols. In the first quarter of the 2021 fiscal year, in line with the Company's founding values to maintain its beneficial partnership with its workforce, the Company opted to maintain the full workforce on its payroll, despite the reduced operating activities imposed in compliance with the Government's public health directives. The increase in total cash cost[1] was partially offset by operational productivity.

In the three and nine-month periods ended December 31, 2020, total cash cost[1] was negatively impacted by SFPPN operational costs, which were higher than they were in the comparative periods in 2019. The Company is confident that corrective actions implemented by SFPPN combined with additional volume that will be provided with Phase II will gradually improve their operations and will result in future cost savings per tonne.

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

In line with the Government's directives, the Company implemented several measures in its efforts to mitigate the risks related to the COVID-19 pandemic. The Company incurred direct, incremental and non-recurring operating costs of $2,215,000 or $1.2/dmt[1] and $9,448,000 or $1.7/dmt[1] for the three and nine-month periods ended December 31, 2020, respectively. These specific costs are mainly comprised of premiums paid to employees from adjusted work schedules, incremental transportation costs, on-site COVID-19 testing and laboratory costs and incremental costs for cleaning and disinfecting facilities and do not include the inefficiency costs associated with the COVID-19 pandemic across all areas of the Company's operations. While the work schedules were adapted and related premiums to payroll were paid during the first quarter of the Company's 2021 fiscal year, the Company resumed its normal work schedules at the end of June 2020. Despite the fact that the costs associated with the revised schedules and the related premiums are expected to be not recurring, the Company will continue to deploy measures to mitigate the risks from COVID-19 on site and at the local community level. Accordingly, COVID-19 specific costs could continue to be incurred during fiscal year 2021.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

9. Financial Performance (continued)

D. Gross Profit

The gross profit for the three-month period ended December 31, 2020 totalled $212,435,000, compared to $62,350,000 for the same period in 2019. The increase in gross profit is mainly attributable to higher revenues, as a result of a higher net average realized selling price[1] of $174.2/dmt for the three-month period ended December 31, 2020, compared to $89.0/dmt for the same period in 2019. The higher revenues are partially offset by the incremental costs related to COVID-19, which totalled $2,215,000 or $1.2/dmt[1] during the period, higher production costs and higher depreciation expenses attributable to previous investments which were made to increase throughput and surpass the mine's nameplate capacity.

The gross profit for the nine-month period ended December 31, 2020 totalled $540,640,000, compared to $298,799,000 for the same period in 2019. The increase is largely driven by the higher net average realized selling price[1] of $154.9/dmt for the nine-month period ended December 31, 2020, compared to $107.1/dmt for the same period in 2019, and higher volumes of iron ore concentrate sold. The higher revenues are partially offset by the incremental costs related to COVID-19, which totalled $9,448,000 or $1.7/dmt[1] during the period, combined with higher depreciation expenses and higher production costs.

E. Other Expenses

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
(in thousands of dollars)						
Share-based payments	**170**	411	(59)%	**1,544**	2,162	(29)%
General and administrative expenses	**5,218**	4,766	9 %	**16,611**	12,665	31 %
Sustainability and other community expenses	**3,747**	3,894	(4)%	**10,947**	9,489	15 %
	9,135	9,071	1 %	**29,102**	24,316	20 %

The decrease in share-based payments for the three and nine-month periods ended December 31, 2020 mainly reflects lower stock option costs as no stock options were granted during the three and nine-month periods ended December 31, 2020, compared to a total of 534,000 stock options granted during the nine-month period ended December 31, 2019.

The increase in G&A expenses in the three-month period ended December 31, 2020, compared to the same period in 2019, is due to higher salaries and benefits from a higher headcount, partially offset by lower professional fees and lower travel expenses. The increase in G&A expenses in the nine-month period ended December 31, 2020, compared to the same period in 2019, is due to higher headcount, higher professional fees and a higher annual premium for the Company's Directors' and Officers' liability insurance, partially offset by lower travel expenses.

Sustainability and other community expenses are mainly composed of community taxes such as property and school taxes and expenditures related to the Company's Impact and Benefits Agreement with the First Nations ("IBA"). Higher expenses in the nine-month period ended December 31, 2020 reflect the Company's increased focus on sustainability. Sustainability and other community expenses remain stable during the three-month period ended December 31, 2020, compared to the same period in 2019.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

9. Financial Performance (continued)

F. Net Finance Costs

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
(in thousands of dollars)						
Loss on debt refinancing	**1,863**	—	— %	**1,863**	57,274	(97)%
Interest on long-term debt and Debenture	**1,433**	2,946	(51)%	**5,275**	15,162	(65)%
Realized and unrealized foreign exchange loss	**6,024**	424	1321 %	**5,674**	171	3218 %
Change in fair value of derivatives	**—**	—	— %	**—**	(364)	(100)%
Change in fair value of non-current investments	**(2,675)**	214	(1350)%	**(6,285)**	643	(1077)%
Other	**2,003**	1,134	77 %	**4,186**	7,317	(43)%
	8,648	4,718	83 %	**10,713**	80,203	(87)%

The main components of the net finance costs include interest on long-term debt, the foreign exchange impact from its accounts receivable, cash on hand[1] and long-term debt, the loss on debt refinancing and the change in the fair value of non-current investments.

Third Quarter of Fiscal Year 2021 vs Third Quarter of Fiscal Year 2020

Net finance costs increased and totalled $8,648,000 for the three-month period ended December 31, 2020, compared to net finance costs of $4,718,000 for the same period in 2019. Higher net finance costs are mainly due to an increase of the realized and unrealized foreign exchange loss and a loss on debt refinancing, partially offset by lower interest on long-term debt and the gain from the change in fair value of non-current investments.

The Company benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated Credit Facility. The appreciation of the Canadian dollar against the U.S. dollar as of December 31, 2020, compared to September 30, 2020, contributed to an unrealized foreign exchange loss on its accounts receivable and cash on hand[1] denominated in U.S. dollars that is partially offset by the unrealized foreign exchange gain on the Company's long-term debt denominated in U.S. dollars.

Non-current investments in listed common shares are classified as financial assets at fair value through profit or loss. For the three-month period ended December 31, 2020, the net increase in the fair value of non-current investments represented $2,675,000, resulting from a higher stock price of the investments, while in the comparative period of 2019, the net decrease was $214,000.

The loss on debt refinancing resulted from an amendment to the Company's Credit Facility, effective December 23, 2020, which was increased to fund the completion of the Phase II project. The refinancing was determined to be an unsubstantial modification of the terms of the original Credit Facility. A non-cash loss of $1,863,000 was recognized as a result of the modification.

Lower interest on long-term debt is due to a decrease in the interest rate and the capitalization of borrowing costs on qualifying assets during the development period of the Phase II expansion project, which amounted to $645,000 for the three-month period ended December 31, 2020, (2019: nil) and contributed to the decrease in net finance costs when compared to the same period in 2019.

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

Lower net finance costs for the nine-month period ended December 31, 2020, compared to the same period in 2019, are mainly due to a lower loss on debt refinancing. During the nine-month period ended December 31, 2020, following the amendment to its Credit Facility, the Company incurred a non-cash loss on debt modification of $1,863,000. In comparison, during the nine-month period ended December 31, 2019, the impact of the repayment of the previous credit facilities on August 16, 2019 triggered a loss of $57,274,000. Most of the $57,274,000 loss were non-cash items, including the write-off of capitalized past transaction fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities.

1 Cash on hand includes cash and cash equivalents and short-term investments and excludes restricted cash.

9. Financial Performance (continued)

F. Net Finance Costs (continued)

First Nine Months of Fiscal Year 2021 vs First Nine Months of Fiscal Year 2020 (continued)

Lower net finance costs are also attributable to the reduction in interest, following the refinancing transaction closed on August 16, 2019, which reflects the lower cost of debt, in addition to the capitalization of borrowing costs related to the Phase II expansion project, which amounted to $2,138,000. Moreover, the Company incurred a gain on the change in fair value of its non-current investments, resulting from its equity investments' higher share price.

The decrease in net finance costs is partially offset by higher realized and unrealized foreign exchange losses, due to the revaluation of the net monetary assets denominated in U.S. dollars, following an appreciation of the Canadian dollar against the U.S. dollar as at December 31, 2020, compared to March 31, 2020.

G. Income Taxes

The Company and its subsidiaries are subject to tax in Australia and Canada. As a result of accumulated losses before tax, there are no current or deferred income taxes related to the Australian activities. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available against which the losses can be used. QIO is subject to Québec mining taxes at a progressive tax rate ranging from 16% to 28%, for which each rate is applied to a bracket of QIO's mining profit, depending on the mining profit margin for the year. The mining profit margin represents the mining profit, as defined by the *Mining Tax Act* (Québec), divided by revenues. The progressive tax rates are based on the mining profit margins as follows:

Mining profit margin range	Tax rate
Mining profit between 0% to 35%	**16 %**
Incremental mining profit over 35%, up to 50%	**22 %**
Incremental mining profit over 50%	**28 %**

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the three-month period ended December 31, 2020 (2019: 26.68%).

During the three and nine-month periods ended December 31, 2020, current income and mining tax expenses totalled $67,470,000 and $180,217,000, respectively, compared to $2,644,000 and $70,630,000, respectively, for the same periods in 2019. The variation is mainly due to higher taxable profit.

During the three and nine-month periods ended December 31, 2020, deferred income and mining tax expenses totalled $6,411,000 and $12,117,000, respectively, compared to $15,733,000 and $20,951,000, respectively, for the same periods in 2019. The decrease for the three and nine-month periods ended December 31, 2020 is due to lower accelerated depreciation, resulting from increases in the temporary difference in both years but in lower proportion in the current periods.

Combining the provincial, federal statutory tax rate and mining taxes, the Company's effective tax rate ("ETR") was both 38% for the three and nine-month periods ended December 31, 2020, compared to 38% and 47%, respectively, for the same periods in 2019. Higher ETR for the nine-month period ended December 31, 2019 is related to the 2019 early debt repayment, which was not subject to tax recovery. For the three and nine-month periods ended December 31, 2020, the ETR of 38% was higher than anticipated. In fact, the Company's higher mining profit resulted in the application of a higher tax rate of 22%, as per the progressive mining tax rates schedule detailed above.

The Company benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. The Company paid all of the deferred payments for the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, in the second quarter of fiscal year 2021.

During the nine-month period ended December 31, 2020, the Company paid $122,076,000 in income and mining taxes. The Company also recorded income and mining taxes payable of $115,937,000 as at December 31, 2020, which is due in May 2021 and which has contributed to the increase in current liabilities.

9. Financial Performance (continued)

H. Net Income & EBITDA[1]

Third Quarter of Fiscal Year 2021 vs Third Quarter of Fiscal Year 2020

For the three-month period ended December 31, 2020, the Company generated record net income of $120,771,000 (EPS of $0.25). In the comparative prior year period, the Company reported net income of $30,184,000 (EPS of $0.07). The variation is due to higher gross profit, partially compensated by higher net finance costs.

For the three-month period ended December 31, 2020, excluding the incremental costs related to COVID-19, which totalled $2,215,000 or $1.2/dmt[1] and the loss on debt refinancing, and their related tax impact, the Company generated adjusted net income[1] of $123,419,000 (adjusted EPS[1] of $0.26).

During the three-month period ended December 31, 2020, the Company generated a record EBITDA[1] of $211,904,000, representing an EBITDA margin[1] of 64%, compared to an EBITDA[1] of $57,910,000, representing an EBITDA margin[1] of 34% for the same period in 2019. The variation period over period is primarily due to the higher net average realized selling price[1], partially offset by lower volume of sales, higher production costs and incremental costs related to COVID-19.

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

For the nine-month period ended December 31, 2020, the Company generated net income of $308,491,000 (EPS of $0.65), compared to net income of $102,699,000 (EPS of $0.16) for the same period in 2019. The variation is due to higher gross profit and lower net finance costs. Lower net finance costs are mainly attributable to the amendment to the Credit Facility, resulting in a non-cash loss on debt modification of $1,863,000 in the nine-month period ended December 31, 2020, compared to the non-cash financing loss of $57,274,000 for the same period in 2019, associated with the write-off of capitalized past transactions fees, the write-off of derivative financial instruments and the write-off of the unamortized book value of the previous credit facilities.

For the nine-month period ended December 31, 2020, excluding the incremental costs related to COVID-19, which totalled $9,448,000 or $1.7/dmt[1] and the non-cash loss on debt refinancing of $1,863,000, and their related tax impact, the Company generated adjusted net income[1] of $315,182,000 (adjusted EPS[1] of $0.67). For the nine-month period ended December 31, 2019, mainly excluding the non-recurring non-cash transactions associated with the repayment of the previous credit facilities on August 16, 2019, the Company would have generated an adjusted net income[1] of $154,340,000 (adjusted EPS[1] of $0.27).

For the nine-month period ended December 31, 2020, the Company generated an EBITDA[1] of $537,428,000, representing an EBITDA margin[1] of 61%, compared to an EBITDA[1] of $287,421,000, representing an EBITDA margin[1] of 47% for the same period in 2019. This increase in EBITDA[1] is mainly attributable to the increase in the net average realized selling price[1], partially offset by higher production costs, incremental costs related to COVID-19 and G&A expenses.

[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

9. Financial Performance (continued)

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

Third Quarter of Fiscal Year 2021 vs Third Quarter of Fiscal Year 2020

During the three-month period ended December 31, 2020, the Company realized an AISC[1] of $65.0/dmt, compared to $62.2/dmt for the same period in 2019. The variation mainly relates to higher cost of sales.

Deducting the AISC[1] of $65.0/dmt from the net average realized selling price[1] of $174.2/dmt, the Company generated a cash operating margin[1] of $109.2/dmt for each tonne of high-grade iron ore concentrate sold during the three-month period ended December 31, 2020, compared to $26.8/dmt for the same period in 2019. The variation is essentially attributable to a higher net average realized selling price[1].

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

During the nine-month period ended December 31, 2020, the Company realized an AISC[1] of $62.2/dmt compared to $63.7/dmt for the same period in 2019. The variation is mainly due to lower sustaining capital expenditures in the current period. During the nine-month period ended December 31, 2019, significant sustaining investments were made to accelerate the construction work related to the raising of the tailings containment dams to ensure safe tailings deposition, and considerable amounts were invested in the mining equipment rebuild program to increase mining equipment fleet availability and performance. Ultimately, these past investments allowed the Company to maximize its current operational productivity while managing the challenges related to the COVID-19 pandemic.

The cash operating margin[1] totalled $92.7/dmt for the nine-month period ended December 31, 2020, compared to $43.4/dmt for the same period in 2019. The variation is mainly due to a higher net average realized selling price[1].

J. Non-Controlling Interest

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

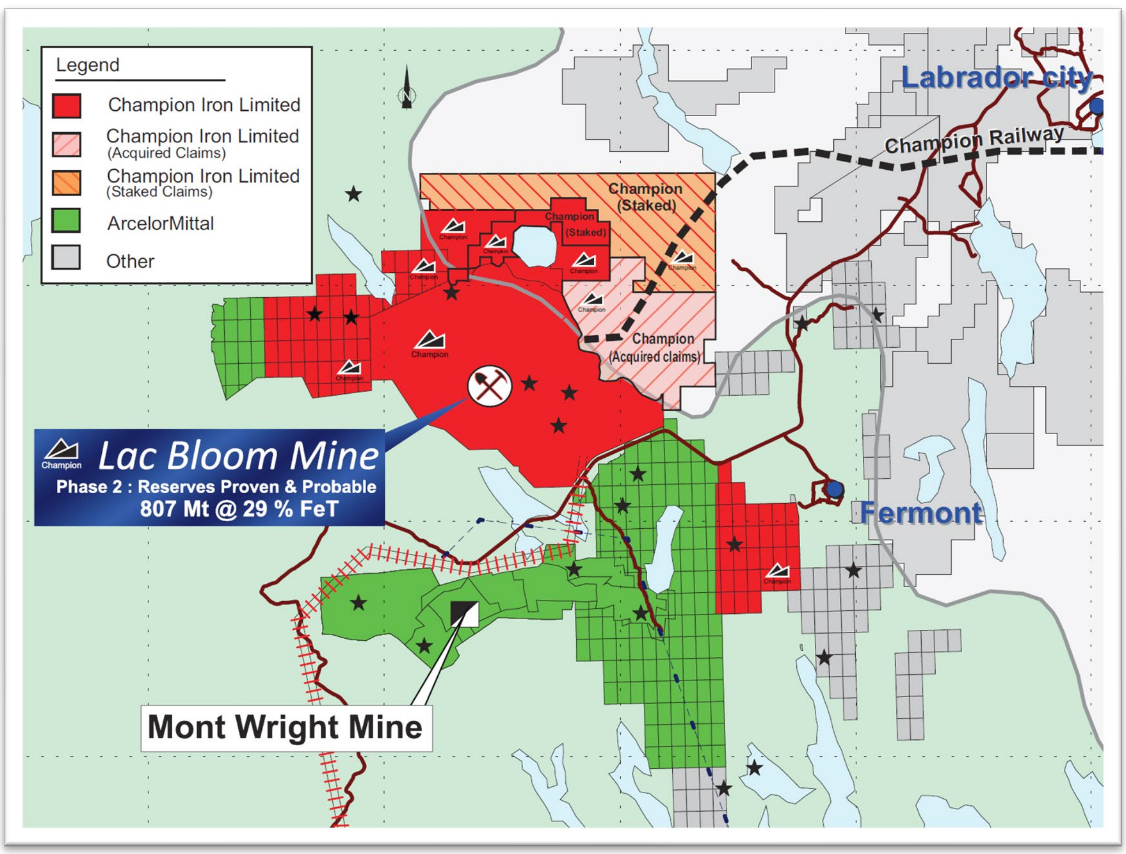
[1] This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

10. Exploration Activities

During the three and nine-month periods ended December 31, 2020, the Company continued to maintain all of its properties in good standing and did not enter into farm-in/farm-out arrangements. During the three and nine-month periods ended December 31, 2020, $91,000 and $355,000 was incurred, respectively, in exploration and evaluation expenditures, compared to $75,000 and $502,000, respectively, for the same periods in 2019. The exploration expenditures mainly consist of fees required to maintain the Company's exploration properties. In addition, during the nine-month period ended December 31, 2020, exploration work included drilling and geophysical work at the Company's Gullbridge-Powderhorn property located in Northern Central Newfoundland, and the acquisition costs of staking additional exploration claims.

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

While the current reserves at Bloom Lake are estimated to support mining operations for 20 years, the acquired claims provide the Company with additional opportunities and are in keeping with the Company's strategy to attempt to extend ore deposits in the vicinity of the Bloom Lake operations, where possible.



11. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Operating cash flows before working capital	**141,519**	51,196	**350,404**	178,205
Changes in non-cash operating working capital	**43,743**	(23,087)	**38,495**	46,748
Net cash flow from operating activities	**185,262**	28,109	**388,899**	224,953
Net cash flow from financing activities	**3,516**	1,734	**(10,986)**	(57,644)
Net cash flow from investing activities	**(94,789)**	(50,982)	**(146,692)**	(129,518)
Net increase (decrease) in cash and cash equivalents	**93,989**	(21,139)	**231,221**	37,791
Effects of exchange rate changes on cash and cash equivalents	**(12,849)**	(2,339)	**(22,944)**	(2,940)
Cash and cash equivalent, beginning of the period	**408,500**	193,753	**281,363**	135,424
Cash and cash equivalent, end of the period	**489,640**	170,275	**489,640**	170,275
Operating cash flow per share[1]	**0.39**	0.06	**0.82**	0.52

Operating

During the three-month period ended December 31, 2020, the Company generated operating cash flows of $141,519,000 before working capital items, compared to $51,196,000 for the same period in 2019. The variation, period over period, is mainly attributable to the higher EBITDA[1], which resulted primarily from a higher net average realized selling price[1]. Changes in working capital for the period were affected by the timing of customer receipts and supplier payments, the change in inventories balance, as well as the mining and income taxes payable balance in the three-month period ended December 31, 2020. Based on the foregoing, the operating cash flow per share[1] for the three-month period ended December 31, 2020 was $0.39, compared to $0.06 for the same period in 2019.

During the nine-month period ended December 31, 2020, the Company's operating cash flows before working capital items totalled $350,404,000, compared to $178,205,000 for the same period in 2019. The variation is mainly attributable to a higher gross profit, largely driven by a higher net average realized selling price[1] and slightly higher volumes of iron ore concentrate sold. Changes in working capital are due to the timing effect of receipts and payments and also include a deferred tax payment of $97,042,000 made in the second quarter of the 2021 fiscal year. The latter represented income and mining taxes related to the fiscal year ended March 31, 2020, as well as monthly installments for the April to September 2020 period, inclusively. The Company benefited from the temporary tax relief programs offered by the Federal and Provincial Governments in Canada in response to the COVID-19 pandemic, which allowed the deferral of tax payments until September 30, 2020. After working capital items, the operating cash flow per share[1] for the period totalled $0.82, compared to $0.52 for the same period in 2019.

Assuming the iron ore concentrate price remains elevated during the remainder of its 2021 fiscal year, the Company expects a higher taxable income in the current fiscal year. As the monthly tax installments are based on the previous fiscal year's taxable income, the estimated amount of income and mining taxes payable for the period from April 1, 2020 to December 31, 2020, which are due in May 2021, totalled $115,937,000, as currently reflected in the Company's Statements of Financial Position.

Financing

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

During the three-month period ended December 31, 2020, the Company incurred and paid $7,825,000 for transaction costs related to the amended Credit Facility, which was increased to fund the completion of the Phase II project. In addition, 15,000,000 warrants and 1,131,000 stock options were exercised for proceeds totalling $18,834,000. Finally, the Company declared and paid the accumulated dividends on QIO's preferred shares, which are held by the Caisse de dépôt et placement du Québec, for the period from August 1, 2020 to December 31, 2020, inclusively, for a total disbursement of $7,240,000, representing the current dividend rate of 9.25%. During the three-month period ended December 31, 2019, 7,500,000 compensation options and 2,500,000 stock options were exercised for proceeds totalling $2,372,000.

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

11. Cash Flows (continued)

Financing (continued)

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

During the nine-month period ended December 31, 2020, the Company incurred and paid $7,825,000 for transaction costs related to the amendment of the Credit Facility, which was increased to fund the completion of the Phase II project. In addition, 15,000,000 warrants and 6,584,000 stock options were exercised for proceeds totalling $21,792,000. Finally, the Company declared and paid the accumulated dividends on the QIO preferred shares for the period from August 17, 2019 to December 31, 2020, inclusively, for a total disbursement of $24,220,000.

During the nine-month period ended December 31, 2019, the Company completed the re-financing of the previous credit facilities, which consisted of two term loans with CDP Investissements Inc. ("CDPI") (US$100,000,000) and Sprott (US$80,000,000), both of which were fully repaid for CA$234,464,000 on August 16, 2019. A drawdown on the original US$180,000,000 (CA$239,148,000) term credit facilities was also completed. Transaction costs of $8,726,000 were incurred for this transaction, for which $1,663,000 were paid during the previous period, resulting in a net payment of $7,063,000.

In addition, during the nine-month period ended December 31, 2019, the Company completed the acquisition of Investissement Québec's 36.8% equity interest in QIO for consideration of $211,000,000. Investissement Québec is a successor to Ressources Québec Inc., which held the equity interest in QIO at the time of the transaction. Following the acquisition, the Company is no longer subject to an NCI in its flagship asset, the Bloom Lake Mine. The Company issued preferred shares to CDPI for proceeds of $181,795,000, net of transaction costs, and reimbursed the unsecured subordinated convertible debenture ("Debenture") with Glencore International AG ("Glencore") for a total cost of $31,980,000.

During the nine-month period ended December 31, 2019, 9,500,000 compensation options, 2,709,000 warrants and 2,500,000 stock options were exercised for proceeds totalling $5,920,000.

Investing

Purchase of property, plant and equipment

During the three and nine-month periods ended December 31, 2020, the Company invested $49,867,000 and $101,506,000, respectively, in additions to property, plant and equipment, compared to $50,907,000 and $129,632,000, respectively, for the same periods in 2019. The following table summarizes the investments made:

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Tailings lifts	**423**	6,467	**7,326**	27,361
Stripping and mining activities	**8,440**	3,801	**15,485**	10,064
Mining equipment rebuild	**2,579**	1,150	**6,754**	15,391
Sustaining capital expenditures	**11,442**	11,418	**29,565**	52,816
Phase II	**31,949**	28,582	**51,116**	47,155
Other capital development expenditures at Bloom Lake	**6,476**	10,907	**20,825**	29,661
Purchase of property, plant and equipment as per cash flows	**49,867**	50,907	**101,506**	129,632

11. Cash Flows (continued)

Investing (continued)

The decrease in tailings related investments for the three and nine-month periods ended December 31, 2020, compared to the same periods in 2019, was anticipated. In 2019, the Company announced an accelerated $30.0 million work program for the raising of the tailings containment dam to ensure safe tailings deposition, which was completed on time and on budget. During the nine-month period ended December 31, 2020, the expenditures related to the construction work on the dykes project and the raising of the tailings dam associated with a new coarse tailing line.

Stripping and mining activities were reduced in the first quarter of the 2021 fiscal year, due to the ramp down of operations as mandated by the Government's COVID-19 containment directives, but resumed during the second quarter of the 2021 fiscal year. During the three-month period ended December 31, 2020, the effort to recover the waste mining activities backlog accumulated during the ramp down of the operations contributed to increase the stripping activities which were anticipated to be higher than in the same period of 2019 as a result of the mine plan.

The Company's mining equipment rebuild program reflects the work planned during the three-month period ended December 31, 2020, despite a slowdown during the first quarter of the 2021 fiscal year. Lower investments in the mining equipment rebuild program during the nine-month period ended December 31, 2020, compared to the same period in 2019, is attributable to the Company's decision to invest in capital expenditures to increase mining equipment fleet availability and performance, whereby the required expenditures were greater for the same period in 2019.

Following the Board's final approval on November 12, 2020, to complete the Phase II project, the Company expects the Phase II related expenditure to accelerate over the coming quarters.

During the three and nine-month periods ended December 31, 2020, other capital development expenditures at Bloom Lake totalled $6,476,000 and $20,825,000, respectively. During the nine-month period ended December 31, 2020, the investments consisted of infrastructure upgrades at the mine, the commissioning of new equipment required to maintain a strip ratio in line with the Phase II mine plan, the acquisition of 100 additional used rail cars at a cost of $5,500,000 and a deposit on a production shovel for $1,200,000. During the three and nine-month periods ended December 31, 2019, other capital development expenditures at Bloom Lake totalled $10,907,000 and $29,661,000, respectively, related to the completion of the Feasibility Study, as well as infrastructure upgrades at the mine and service equipment capacity improvements.

Exploration and evaluation

For the three and nine-month periods ended December 31, 2020, $91,000 and $355,000 were invested, respectively, in exploration and evaluation activities compared to $75,000 and $502,000, respectively, for the same periods in 2019.

During the three-month period ended December 31, 2020, the Company incurred fees required to maintain all its exploration properties and made a payment in relation to exploration work done in the previous quarter.

During the nine-month period ended December 31, 2020, the Company acquired 152 claims (38 km^2), and staked 127 claims (31.2 km^2), directly north of Bloom Lake's operations. Following these transactions, the Company now controls a block of claims totalling 178.2 km^2 situated in the province of Newfoundland and Labrador and in the province of Québec, directly north and west of the Bloom Lake Mining lease. During the nine-month period ended December 31, 2020, the Company incurred fees required to maintain all its exploration properties and exploration expenditures related to drilling and geophysical work at the Company’s Gullbridge-Powderhorn property located in northern-central Newfoundland.

Restricted cash

During the three and nine-month periods ended December 31, 2020, the Company transferred $44,562,000 (US$35,000,000) in a restricted account for potential cost overruns of the Phase II project as a condition to the closing of the amended Credit Facility.

12. Financial Position

As at December 31, 2020, the Company held $489,640,000 in unrestricted cash and cash equivalents along with $17,560,000 in short-term investments. With the existing cash balance, the forecasted cash flows from operations, the available portion of the amended and undrawn long-term debt of US$200,000,000 and the financing offered by the Government up to $70,000,000 to support the investment in SFPPN, the Company is well positioned to fund all its cash requirements for the next 12 months, which relate primarily to the following activities:

- Mine operating costs;
- Sustaining capital expenditures;
- Expenditures in relation to the Phase II expansion project; and
- Payment of mining and income taxes.

The first capital repayment of the Company's amended long-term debt is scheduled for June 30, 2022, while dividends on QIO preferred shares may be accumulated on a quarterly basis at the Company's discretion. As of December 31, 2020, the Company had no capitalized, undeclared and unpaid dividends on its preferred shares.

The following table details the changes to the statement of financial position at December 31, 2020 compared to March 31, 2020:

	As at December 31, 2020	As at March 31, 2020	Variance
(in thousands of dollars)			
Cash and cash equivalents	**489,640**	281,363	74 %
Short-term investments	**17,560**	17,291	2 %
Cash on hand	**507,200**	298,654	70 %
Other current assets	**144,467**	102,895	40 %
Total Current Assets	**651,667**	401,549	62 %
Restricted cash	**44,562**	—	— %
Property, plant and equipment	**448,124**	371,540	21 %
Exploration and evaluation assets	**75,880**	75,525	— %
Other non-current assets	**44,889**	33,984	32 %
Total Assets	**1,265,122**	882,598	43 %
Total Current Liabilities	**205,442**	112,919	82 %
Long-term debt	**242,369**	275,968	(12 %)
Rehabilitation obligation	**47,268**	42,836	10 %
Other non-current liabilities	**85,733**	74,253	15 %
Total Liabilities	**580,812**	505,976	15 %
Equity attributable to Champion shareholders	**684,310**	376,622	82 %
Total Equity	**684,310**	376,622	82 %
Total Liabilities and Equity	**1,265,122**	882,598	43 %

The Company’s total current assets as at December 31, 2020 increased by $250,118,000 since March 31, 2020. The increase was mainly attributable to cash flows from operations, higher trade receivables impacted by a favorable price adjustment and an increase in inventories. The increase is partially offset by a reclassification of $44,562,000 (US$35,000,000) to non-current restricted cash for a contingent fund deposit required under the amended Credit Facility, to cover potential Phase II cost overruns.

Long-term assets consist primarily of capitalized stripping activities, mining equipment overhaul, the acquisition of 100 additional used rail cars and a production shovel, investments made in the Phase II project and other investments made towards the property, plant and equipment. The Company's other non-current assets increased by $10,905,000 since March 31, 2020 mainly due to the investments made in SFPPN, in line with the Feasibility Study.

Higher total current liabilities are due to higher income and mining taxes payable of $115,937,000 as at December 31, 2020, resulting from higher profits since the start of the current fiscal year. The income and mining taxes payable for the fiscal year ending March 31, 2021 are due in May 2021. In addition, higher accounts payable related to Phase II projects also contributed to the increase in total current liabilities.

12. Financial Position (continued)

The decrease in long-term debt is mainly attributable to the unrealized foreign exchange gain on the long-term debt denominated in U.S. dollars, combined with additional transaction costs capitalized against the amended Credit Facility and partially offset by the loss on debt modification.

The increase in equity is mainly attributable to the Company's net income of $308,491,000 for the nine-month period ended December 31, 2020. The increase in equity is partially offset by the payment of the accumulated dividends on QIO's preferred shares, for the period from August 17, 2019 to December 31, 2020, inclusively, totalling $24,220,000.

13. Financial Instruments

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

14. Contingencies

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

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

Contractual obligations and commitments

The following are the contractual maturities of liabilities (with estimated future interest payments) and the future minimum payments of commitments as at December 31, 2020:

(in thousands of dollars)	Less than a year	1 to 5 years	More than 5 years	Total
Accounts payable and other	88,796	—	—	88,796
Long-term debt, including capital and future interest payment	10,779	272,840	—	283,619
Lease liabilities, including interest	791	1,132	534	2,457
Impact and Benefits Agreement	5,207	22,436	92,115	119,758
Take-or-pay fees related to the Port agreement	4,653	19,807	79,715	104,175
Capital expenditure obligations	63,165	—	—	63,165
Service commitment	6,288	12,463	—	18,751
Spare parts purchase commitment	10,703	—	—	10,703
Other	1,090	1,132	534	2,756
	191,472	**329,810**	**172,898**	**694,180**

Other off-balance sheet arrangements

Under the terms of the amended Credit Facility, the undrawn portion of the Credit Facility is subject to standby commitment fees of 1.38% during the pre-completion of Phase II and thereafter between 0.86% and 1.13% until the end of the term. As at December 31, 2020, the undrawn portion of the Credit Facility totalled US$200,000,000.

The Company received a credit approved commitment letter for US$75,000,000 for equipment financing from Caterpillar Financial Services Limited, subject to the execution of definitive documentation, which is expected to occur in the near term.

16. Critical Accounting Estimates and Judgments

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

17. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued and adopted by the Company are disclosed in note 2 to the Financial Statements for the three and nine-month periods ended December 31, 2020.

18. New Accounting Standards Issued and but not yet in Effect

The new accounting standards issued but not yet in effect are disclosed in note 2 to the Financial Statements for the three and nine-month periods ended December 31, 2020.

19. Related Party Transactions

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

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

20. Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures in this document. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

A. Total Cash Cost

Total cash cost, or C1 cash cost, is a common financial performance measure in the iron ore mining industry but it has no standard meaning under IFRS. Champion reports total cash cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flows from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison to other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. Total cash cost includes production costs such as mining, processing and site administration and excludes depreciation to arrive at total cash cost per dmt sold. Other companies may calculate this measure differently.

The total cash cost excludes the "cost of sales - incremental costs related to COVID-19" totalling $2,215,000 or $1.2/dmt for the three-month period ended December 31, 2020 and $9,448,000 or $1.7/dmt for the nine-month period ended December 31, 2020.

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,891,300**	1,922,100	**5,713,500**	5,689,200
(in thousands of dollars except per tonne)				
Cost of sales	**106,291**	104,119	**309,135**	297,647
Total cash cost (per dmt sold)	**56.2**	54.2	**54.1**	52.3

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

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

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,891,300**	1,922,100	**5,713,500**	5,689,200
(in thousands of dollars except per tonne)				
Cost of sales - Incremental Costs related to COVID-19	**2,215**	—	**9,448**	—
Incremental Costs related to COVID-19 (per dmt sold)	**1.2**	—	**1.7**	—

20. Non-IFRS Financial Performance Measures (continued)

C. All-In Sustaining Cost

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

As this measure intends to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions, including economic evaluations for such projects, non-cash share-based payments, exploration expenses that are not sustainable in nature, income and mining taxes expenses, working capital, defined as current assets less current liabilities, or interest costs. The AISC excludes the "cost of sales - incremental costs related to COVID-19" totalling $2,215,000 or $1.2/dmt for the three-month period ended December 31, 2020 and $9,448,000 or $1.7/dmt for the nine-month period ended December 31, 2020.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,891,300**	1,922,100	**5,713,500**	5,689,200
(in thousands of dollars except per tonne)				
Cost of sales	**106,291**	104,119	**309,135**	297,647
Sustaining capital expenditures	**11,442**	11,418	**29,565**	52,816
General and administrative expenses	**5,218**	4,766	**16,611**	12,665
Non-recurring expenses related to re-domiciliation	**—**	(662)	**—**	(662)
	122,951	119,641	**355,311**	362,466
AISC (per dmt sold)	**65.0**	62.2	**62.2**	63.7

20. Non-IFRS Financial Performance Measures (continued)

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

Net average realized selling price and cash operating margin per dmt sold are used by Management to better understand the iron ore concentrate price and margin realized throughout a period. Net average realized selling price is calculated as revenues per the consolidated statement of income divided by iron ore concentrate sold (in dmt). Cash operating margin represents the net average realized selling price per dmt sold less AISC per dmt sold. Cash profit margin represents the cash operating margin per dmt sold divided by the net average realized selling price per dmt sold.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	**2020**	2019
Per tonne sold				
Iron ore concentrate sold (dmt)	**1,891,300**	1,922,100	**5,713,500**	5,689,200
(in thousands of dollars except per tonne)				
Revenues	**329,545**	171,100	**885,113**	609,384
Net average realized selling price (per dmt sold)	**174.2**	89.0	**154.9**	107.1
AISC (per dmt sold)	**65.0**	62.2	**62.2**	63.7
Cash operating margin (per dmt sold)	**109.2**	26.8	**92.7**	43.4
Cash profit margin	**63%**	30%	**60%**	41%

E. EBITDA and EBITDA Margin

The following table sets forth the calculation of EBITDA, a non-IFRS measure which the Company believes to be relevant to assess the Company's ability to generate liquidity by producing operating cash flows to fund working capital needs, service debt obligation and fund capital expenditures. EBITDA margin represents the EBITDA divided by the revenues.

EBITDA is intended to provide additional information to investors and does not have any standardized definition under IFRS. The measure excludes the impact of net finance (income) costs, taxes and depreciation and is not necessarily indicative of operating profit or cash flows from operations as determined under IFRS. Other companies may calculate EBITDA differently.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	**2020**	2019
(in thousands of dollars)				
Income before income and mining taxes	**194,652**	48,561	**500,825**	194,280
Net finance costs	**8,648**	4,718	**10,713**	80,203
Depreciation	**8,604**	4,631	**25,890**	12,938
EBITDA	**211,904**	57,910	**537,428**	287,421
Revenues	**329,545**	171,100	**885,113**	609,384
EBITDA margin	**64%**	34%	**61%**	47%

(Expressed in Canadian dollars, except where otherwise indicated)

20. Non-IFRS Financial Performance Measures (continued)

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

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

For the three and nine-month periods ended December 31, 2020, the Company believes that identifying certain costs directly resulting from the impact of the COVID-19 pandemic and excluding these amounts from the calculation of the non-IFRS measures described below helps Management, analysts and investors assess the direct and incremental impact of COVID-19 on the business as well as the general economic performance during the periods. During the three and nine-month periods ended December 31, 2020, the Company incurred direct, incremental and non-recurring costs of $2,215,000 and $9,448,000, respectively, resulting from the COVID-19 safety measures that are mainly comprised of premium payroll costs from adjusted work schedules, higher transportation costs, on-site COVID-19 testing and laboratory costs, and additional costs for cleaning and disinfecting facilities.

In addition, during the three and nine-month periods ended December 31, 2020, the Company recorded a non-cash loss of $1,863,000 resulting from the debt modification following the amendment to the Credit Facility (refer to note 6 of the Financial Statements). Management is of the opinion that by excluding this non-recurring non-cash transaction, it presents the quarterly results related directly to the Company's recurring business.

	Three Months Ended December 31, 2020		**Nine Months Ended December 31, 2020**	
	Net Income	**EPS**	**Net Income**	**EPS**
Unadjusted	**120,771**	0.25	**308,491**	0.65
Non-cash item				
Loss on debt refinancing	**1,863**	—	**1,863**	—
Cash item				
Cost of sales - incremental costs related to COVID-19	**2,215**	0.01	**9,448**	0.03
Tax effect of adjustment listed above	**(1,430)**	—	**(4,620)**	(0.01)
Adjusted	**123,419**	0.26	**315,182**	0.67

(Expressed in Canadian dollars, except where otherwise indicated)

20. Non-IFRS Financial Performance Measures (continued)

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

The refinancing of the Sprott and CDPI credit facilities completed in the three-month period ended September 30, 2019, resulted in non-cash financing costs associated with derivative instruments that were embedded in the previous credit facilities. Management is of the opinion that by excluding the non-recurring non-cash transactions, it presents the quarterly results related directly to the Company's recurring business.

	Three Months Ended December 31, 2019			Nine Months Ended December 31, 2019		
	Net Income	Net Income attributable to Champion Shareholders	EPS	Net Income	Net Income attributable to Champion Shareholders	EPS
Unadjusted	**30,184**	**30,184**	0.07	**102,699**	**71,075**	0.16
Non-cash items						
Write-off - book value of Debenture	—	—	—	**18,837**	**18,837**	0.04
Write-off - book value of CDPI debt facility	—	—	—	**15,976**	**15,976**	0.04
Write-off - book value of Sprott debt facility	—	—	—	**5,966**	**5,966**	0.01
Write-off - Glencore derivative asset	—	—	—	**1,336**	**1,336**	—
Write-off - CDPI derivative asset	—	—	—	**5,603**	**5,603**	0.01
Write-off - Sprott derivative asset	—	—	—	**5,768**	**5,768**	0.01
	—	—	—	**53,486**	**53,486**	0.11
Cash items						
Debt prepayment penalty fees	—	—	—	**3,788**	**3,788**	0.01
	—	—	—	**3,788**	**3,788**	0.01
Tax impact of adjustments listed above	—	—	—	**(5,633)**	**(5,633)**	(0.01)
Adjusted	**30,184**	**30,184**	0.07	**154,340**	**122,716**	0.27

G. Operating Cash Flow per Share

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use operating cash flow per share to assess the Company's ability to generate and manage liquidity. This measure does not have a standard meaning and is intended to provide additional information. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Operating cash flow per share is determined by applying net cash flow from operating activities to the weighted average number of ordinary shares outstanding used in the calculation of basic earnings per share.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	**2020**	2019
Net cash flow from operating activities	**185,262**	28,109	**388,899**	224,953
Weighted average number of ordinary shares outstanding - Basic	**476,066,000**	437,212,000	**473,479,000**	434,635,000
Operating cash flow per share	**0.39**	0.06	**0.82**	0.52

21. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of January 27, 2021, there are 489,273,197 ordinary shares issued and outstanding.

In addition, there are 2,655,101 ordinary shares issuable on the exercise of options, restricted share units, deferred share units and performance share units and 38,014,583 ordinary shares issuable on the exercise of warrants.

22. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements for the three and nine-month periods ended December 31, 2020 and for the previous quarters as well as with the audited annual financial statements for the year ended March 31, 2020.

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

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Financial Data ($ millions)								
Revenues	329.5	311.0	244.6	175.7	171.1	160.4	277.9	182.2
Operating income	203.3	189.5	118.8	52.1	53.3	57.9	163.3	83.1
EBITDA[1]	211.9	197.8	127.7	61.1	57.9	62.6	166.9	86.5
Net income (loss)	120.8	112.2	75.6	18.4	30.2	(1.7)	74.2	28.2
Adjusted net income[1]	123.4	113.8	78.0	18.4	30.2	49.9	74.2	28.2
Net income attributable to Champion shareholders	120.8	112.2	75.6	18.4	30.2	2.1	38.8	8.8
Earnings per share - basic	0.25	0.24	0.16	0.04	0.07	0.00	0.09	0.02
Earnings per share - diluted	0.24	0.22	0.15	0.04	0.06	0.00	0.08	0.02
Adjusted earnings per share - basic[1]	0.26	0.24	0.17	0.04	0.07	0.11	0.09	0.02
Net cash flow from operations	185.3	128.3	75.3	84.6	28.1	104.9	91.9	38.0
Operating Data								
Waste mined (thousands of wmt)	4,958	4,114	2,613	3,180	3,409	3,572	3,581	3,482
Ore mined (thousands of wmt)	5,183	6,070	4,683	5,413	4,905	5,394	5,105	4,976
Strip ratio	0.96	0.68	0.56	0.59	0.70	0.66	0.70	0.70
Ore milled (thousands of wmt)	5,194	5,563	4,605	4,880	4,639	5,451	4,780	4,754
Head grade Fe (%)	29.7	30.9	31.3	31.7	32.0	32.3	32.5	30.6
Recovery (%)	83.6	85.2	82.3	82.3	81.7	83.9	82.1	80.4
Product Fe (%)	66.4	66.1	66.5	66.5	66.4	66.3	66.2	66.3
Iron ore concentrate produced (thousand wmt)	1,922	2,269	1,799	1,892	1,833	2,190	1,989	1,802
Iron ore concentrate sold (thousands of dmt)	1,891	2,063	1,759	1,888	1,922	1,860	1,907	1,744
Statistics (in dollars per dmt sold)								
Gross average realized selling price	194.8	162.8	149.2	130.5	140.1	140.3	158.9	131.1
Net average realized selling price[1]	174.2	150.7	139.1	93.1	89.0	86.2	145.7	104.4
Total cash cost[1]	56.2	48.5	58.4	53.9	54.2	48.3	54.3	48.4
All-in sustaining cost[1]	65.0	57.4	64.8	59.8	62.2	66.2	62.8	55.4
Cash operating margin[1]	109.2	93.3	74.3	33.3	26.8	20.0	82.9	49.0

1 This is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document included in note 20.

23. Risk Factors

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

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

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

24. Management Responsibility for Financial Statements

Disclosure Controls and Procedures

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

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

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

Internal Control over Financial Reporting

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

There have been no changes in the Company's ICFR that occurred during the period beginning on October 1, 2020 and ended on December 31, 2020 which have materially affected or are reasonably likely to materially affect the Company's ICFR.

Limitations of DC&P and ICFR

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

25. Approval

The Board oversees Management’s responsibility for financial reporting and internal control systems through its Audit Committee. The Audit Committee meets quarterly with Management and quarterly with the Company’s independent auditors to review the scope and results of the annual audit and quarterly reviews, respectively, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board and submitted to the shareholders. The Board has approved the Financial Statements and the disclosure contained in this MD&A as of January 28, 2021. A copy of this MD&A will be provided to anyone who requests it.

26. Nature of Securities

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

27. Additional Information

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

28. Qualified Person and Data Verification

Mr. Nabil Tarbouche (P.Geo.), Senior Geologist at QIO is a "qualified person" as defined by NI 43-101 and has reviewed and approved the disclosure of the scientific and technical information related to Bloom Lake contained in this document (the "Bloom Lake Information"). Mr. Tarbouche's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the Feasibility Study. Mr. Tarbouche is a member of the Ordre des Géologues du Québec. Mr. Tarbouche consents to the inclusion in this document of the Bloom Lake Information in the form and context in which it appears.

29. Cautionary Note Regarding Forward-Looking Statements

This document includes certain information and statements that may constitute “forward-looking information” under applicable Canadian securities legislation. All statements other than statements of historical facts, included in this document that address future events, developments or performance that Champion expects to occur, including Management’s expectations regarding (i) the Company's ability to advance the Phase II expansion project and its funding, completion timeline, impact on nameplate capacity, expected capital expenditures and project economics; (ii) the US$75.0 million Phase II equipment financing from Caterpillar Financial Services Limited and expected closing date; (iii) the anticipated port related work programs required to support the additional volumes from the Phase II project and the joint investments by the Company and Société du Plan Nord in SFPPN; (iv) the completion of the Acquisition and its anticipated timing; (v) the intent to complete an updated feasibility study and revise the scope of the Kami Project; (vi) additional port capacity expected from the Acquisition; (vii) the impact of iron ore prices fluctuations; (viii) global macroeconomics and iron ore industry conditions; (ix) the fluctuations of the ocean freight costs in connection with the fluctuations of the iron ore prices; (x) the impact of exchange rate fluctuations on the Company and its financial results; (xi) the new product test and its impact on securing new customers and expanding product offering; (xii) the improvement of SFPPN’s operational efficiency and associated reduction in port operation costs; (xiii) the Company’s growth; (xiv) the Company's operational improvement; (xv) the Company's cash requirements for the next twelve months; (xvi) the LoM of the Bloom Lake Mine; and (xvii) measures, and the effectiveness thereof, implemented or expected to be implemented to mitigate the risk and contain COVID-19 and the potential impacts on Champion’s business, financial condition and financial results of the outbreak of the COVID-19 pandemic and the recurrence of the costs associated with revised schedules and the related premiums in relation to the COVID-19 pandemic, are forward-looking statements. Statements relating to "reserves" or “resources” are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual reserves and resources may be greater or less than the estimates provided herein. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, including, without limitation, obtaining of the consent of the Ministry of Industry, Energy and Technology of Newfoundland and Labrador in connection with the Acquisition. Although Champion believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such forward-looking statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those expressed in forward-looking statements include, without limitation: the results of feasibility studies; changes in the assumptions used to prepare feasibility studies; project delays; continued availability of capital and financing and general economic, market or business conditions; general economic, competitive, political and social uncertainties; future prices of iron ore; future transportation costs, failure of plant, equipment or processes to operate as anticipated; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; the effects of catastrophes and public health crises, including impact of COVID-19 on the global economy, the iron ore market and Champion’s operations, as well as those factors discussed in the section entitled “Risk Factors” of the Company’s 2020 Annual Information Form and the Company’s MD&A for the fiscal year ended March 31, 2020, all of which are available on SEDAR at www.sedar.com, the ASX at www.asx.com.au and the Company's website at www.championiron.com. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

All of Champion's forward-looking information contained in this document is given as of the date hereof and is based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of its forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risks they entail. Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. The forward-looking statements contained herein are made as of the date hereof or such other date or dates specified in such statements.