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Management's Discussion and Analysis

For the Year Ended March 31, 2026

CHAMPION IRON 

ASX: CIA — TSX: CIA

As at May 28, 2026

Champion Iron Limited

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Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

Introduction

This Management's Discussion and Analysis ("MD&A") of Champion Iron Limited ("Champion" or the "Company") has been prepared as of May 28, 2026, and is intended to supplement the audited consolidated financial statements of the Company for the year ended March 31, 2026, and related notes thereto (the "Financial Statements"), which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), including Australian Interpretations and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements and other information pertaining to Champion are available under the Company's profile on the ASX at www.asx.com.au, SEDAR+ at www.sedarplus.ca 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 this MD&A, is complete and reliable.

Unless otherwise specified, all dollar figures stated herein are expressed in millions of Canadian dollars, except for: (i) tabular amounts, which are expressed in thousands of Canadian dollars; and (ii) per share or per tonne (including dmt and wmt) amounts, which are expressed in Canadian dollars or in United States dollars, as indicated.

The following abbreviations and definitions are used throughout this MD&A: US\$ or U.S. dollar (United States dollar), C\$ (Canadian dollar), Board (Board of Directors of Champion), t (tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), M (million), Mt (million tonnes), FOB (free on board), Fe (iron ore), LoM (life of mine), Bloom Lake or Bloom Lake Mine (Bloom Lake Mining Complex), FID (final investment decision), IID (interim investment decision), DFS (definitive feasibility study), DR (direct reduction), DRI (direct reduced iron), DRPF (direct reduction pellet feed), Kami Project (Kamistatusset project), P61 index (Platts IODEX 61% Fe CFR China index), P62 index (Platts IODEX 62% Fe CFR China index), P65 index (Platts IODEX 65% Fe CFR China index), C3 index (C3 Baltic Capesize index), EBITDA (earnings before income and mining taxes, net finance costs and depreciation), AISC (all-in sustaining cost) and EPS (earnings per share). The terms "Champion" or the "Company" refer to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as applicable. The term "QIO" refers to Quebec Iron Ore Inc., the Company's wholly-owned subsidiary and the operator of Bloom Lake. The term "Ore Reserves" is used in accordance with the JORC Code and refers to "Mineral Reserves" as defined in NI 43-101.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section of this MD&A and to the "Cautionary Note Regarding Forward-Looking Statements" section of this MD&A.

Non-IFRS and Other Financial Measures

Certain financial measures used by the Company to analyze and evaluate its results are non-IFRS financial measures or ratios and supplementary financial measures. Each of these indicators is not a standardized financial measure under IFRS and might not be comparable to similar financial measures used by other issuers. These indicators are intended to provide additional information and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. The non-IFRS and other financial measures that may be included in this MD&A are: EBITDA and EBITDA margin, adjusted net income, adjusted EPS, available liquidity, C1 cash cost per dmt sold, mining and processing costs per dmt produced, land transportation and port handling costs per dmt sold, AISC per dmt sold, cash operating margin, cash profit margin, gross average realized selling price per dmt sold, net average realized selling price per dmt sold or net average realized FOB selling price per dmt sold, and operating cash flow per share. When applicable, a quantitative reconciliation to the most directly comparable IFRS measure is provided in section 22 — Non-IFRS and Other Financial Measures of this MD&A.

Cautionary Note Regarding Forward-Looking Statements

Forward-Looking Statements

This MD&A contains certain information and statements that may constitute "forward-looking information" under applicable securities legislation ("Forward-Looking Statements"). Forward-Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of words such as "will", "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "aims", "targets" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Inherent in Forward-Looking Statements are risks, uncertainties and other factors beyond the Company's ability to predict or control.

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(Expressed in Canadian dollars, except where otherwise indicated)

Cautionary Note Regarding Forward-Looking Statements (continued)

Specific Forward-Looking Statements

All statements, other than statements of historical facts, included in this MD&A that address future events, developments or performance that Champion expects to occur are Forward-Looking Statements. Forward-Looking Statements include, among other things, Management's expectations regarding:

- (i) Bloom Lake's LoM, recovery rates and efforts to improve such rates, production, economic and other benefits, nameplate capacity and related opportunities and benefits;
- (ii) the project to upgrade the Bloom Lake iron ore concentrate to a higher purity and to convert approximately half of Bloom Lake's increased mine capacity to a DR quality pellet feed iron ore (the DRPF project), expected DRPF project timeline, including the anticipated timeline for initial saleable production and full production capacity, capital expenditures, budget and financing, production metrics, technical parameters, pricing premiums, efficiencies, economic and other benefits and the timing thereof, related engagement with, and expectations with respect to, prospective customers, the expected commissioning, commercial shipments of iron ore and ramping-up and achieving full production capacity of the DRPF project and the impact thereof on production, sales and financial results and the timing thereof;
- (iii) the Kami Project Study (including LoM), the Kami Project's potential to produce a DR grade product, DFS and its timing, stakeholder and government engagement, efficiencies and economic and other benefits and evaluation of opportunities to improve project economics;
- (iv) the Kami Partnership (as defined below) with Nippon Steel Corporation and Sojitz Corporation with respect to the Kami Project, the completion of a DFS and the timing thereof, the potential to receive future payments based on the financial performance of the Kami Project, the Partners' (as defined below) contributions to support the DFS, potential IID and FID, the second closing of the Kami Transaction (as defined below) and its timing, the ability of Champion to realize on the benefits of the Kami Transaction, use of the initial cash contributions, subsequent cash contributions, future cash calls, funding thereof and the impact thereof on the Company's liquidity;
- (v) the Dividend Policy (as defined below) and the Company's capital return strategy generally and related policies, expected results and alternative strategies;
- (vi) the shift in steel industry production methods, expected rising demand for higher-purity iron ore products and DRI globally and related market deficit and higher premiums, and the Company's participation therein, contribution thereto and positioning in connection therewith, including the transition of the Company's product offering (including producing high-purity DRPF products) and the expansion of its geography, markets and customer base, related investments and expected benefits thereof;
- (vii) maintaining stripping activities cadence;
- (viii) ore inventory management strategies, including product blending and short-term stockpiling;
- (ix) the Company's safe tailings strategy and tailings investment plan, mining equipment rebuild programs;
- (x) the impact of exchange rates on commodity prices and the Company's financial results;
- (xi) the relationship between iron ore prices and ocean freight costs (including C3 index outlook) and their impact on the Company;
- (xii) the impact of iron ore price fluctuations on the Company and its financial results and the occurrence of certain events and their impact on iron ore prices and demand for high-purity iron ore products;
- (xiii) the Company's cash requirements for the next 12 months relating primarily to capital expenditures, growth project expenditures, dividend payments to shareholders, if declared, capital repayments related to lease liabilities and long-term debt, and mining and income taxes, the Company's positioning to fund such cash requirements and estimated future interest payments;
- (xiv) legal actions, including arbitration and class actions, their potential outcome and effect on the Company's consolidated financial position;
- (xv) production and recovery rates and levels, ore characteristics and the Company's performance and related strategies and work programs to optimize operations, including ore blending optimization;
- (xvi) pricing of the Company's products (including provisional pricing);
- (xvii) the Company's tax position and expectations regarding the absence of taxable profit to utilize losses;
- (xviii) the Company's expected iron ore concentrate production and sales, mining and hauling activities and related costs;
- (xix) the Company's iron ore concentrate pricing trends compared to the P65 index;
- (xx) available liquidity and the Company's financial flexibility, including spending prioritization;
- (xxi) the Company's beliefs regarding non-IFRS and other financial measures, including usefulness of those measures for investors to understand the Company's results and ability to generate operating earnings, compare operating results between periods, evaluate business performance, assess liquidity and cash flows to fund working capital needs and capital expenditures, and service debt obligations;
- (xxii) the Company's beliefs regarding compliance with applicable laws and regulations, including that it has all necessary licenses, permits and approvals required to carry out its activities; and
- (xxiii) the Company's strategic and growth initiatives and opportunities generally and their potential to optimize shareholder returns, unlock value for stakeholders and reinforce the Company's leadership in the high-purity iron ore industry.

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Cautionary Note Regarding Forward-Looking Statements (continued)

Deemed Forward-Looking Statements

Statements relating to "resources" or "reserves" are deemed to be Forward-Looking Statements as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described exist in the quantities predicted or estimated and that the reserves can be profitably mined in the future. Actual resources and reserves may be greater or less than the estimates provided herein. Refer also to "Uncertainty of Mineral Resource and Ore Reserve Estimates" in the section 24 — Risk Factors of this MD&A.

Risks

Although the Company believes the expectations expressed in such Forward-Looking Statements are based on reasonable assumptions, such Forward-Looking Statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of the Company, which may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such Forward-Looking Statements. Factors that could cause actual results to differ materially from those expressed in Forward-Looking Statements include, without limitation:

- iron ore prices;
- energy prices;
- operating costs;
- freight costs;
- general economic, competitive, political and social uncertainties;
- continued availability of capital and financing and general economic, market or business conditions;
- timing of and uncertainty regarding the steel industry shift in production methods, impacting demand for high-purity feed;
- failure of plant, equipment or processes, including those of third-party providers or counterparties, to operate as anticipated;
- delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities;
- the results of feasibility studies;
- changes in the assumptions used to prepare feasibility studies;
- project delays;
- geopolitical events; and
- the effects of catastrophes and public health crises on the global economy, the iron ore market and Champion's operations,

as well as those factors discussed in the section 24 — Risk Factors of this MD&A.

There can be no assurance that any such Forward-Looking Statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such Forward-Looking Statements. Accordingly, readers should not place undue reliance on Forward-Looking Statements.

Additional Updates

All of the Forward-Looking Statements contained in this MD&A are given as of the date hereof or such other date or dates specified in the Forward-Looking Statements and are based upon the opinions and estimates of Champion's Management and information available to Management as at the date hereof. Champion disclaims any intention or obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by law. If the Company does update one or more Forward-Looking Statements, no inference should be drawn that it will make additional updates with respect to those or other Forward-Looking Statements. Champion cautions that the foregoing list of risks and uncertainties is not exhaustive. Readers should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

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(Expressed in Canadian dollars, except where otherwise indicated)

1. Description of Business

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

Champion is a high-purity iron ore producer with operations in Canada and Norway. Through Quebec Iron Ore Inc., Champion owns and operates the Bloom Lake Mining Complex located on the south end of the Labrador Trough, approximately 13 kilometres north of Fermont, Québec. Bloom Lake is an open-pit operation with two concentration plants that primarily source energy from renewable hydroelectric power, having a combined nameplate capacity of 15M wmt per year that produce low contaminant high-purity 66.2% Fe iron ore concentrate with a proven ability to produce a 67.5% Fe direct reduction quality iron ore concentrate. The iron ore concentrate from Bloom Lake is transported by rail, to a ship loading port in Sept-Îles, Québec. Benefiting from one of the highest purity resources globally, Champion is investing to be able to upgrade up to half of the Bloom Lake's mine capacity to a direct reduction quality pellet feed iron ore with up to 69% Fe. Bloom Lake's high-purity and lower contaminant iron ore products have attracted a premium to the P61 index (formerly, the P62 index).

Since April 10, 2026, Champion also owns and operates Rana Gruber ASA ("Rana Gruber"), a Norwegian iron ore producer based in Mo i Rana, Nordland. With continuous production dating back to the 1960's, Rana Gruber produces approximately 1.8M dmt per year of hematite and magnetite iron ore concentrates.

Champion has delivered iron ore concentrates to global markets, including China, Japan, the Middle East, Europe, South Korea, India and Canada. In addition to its producing mines, Champion holds a 51% interest in Kami Iron Mine Partnership (the "Kami Partnership"), jointly owned with Nippon Steel Corporation ("Nippon Steel") and Sojitz Corporation ("Sojitz", and collectively with Nippon Steel, the "Partners"), which owns the Kami Project. The Kami Project is located near available infrastructure, only 21 kilometres southeast of Bloom Lake. Champion also holds a portfolio of exploration and development projects in the Labrador Trough, including the Cluster II properties, situated within 60 kilometres south of Bloom Lake.

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2. Financial and Operating Highlights

	Three Months Ended March 31,			Year Ended March 31,			
	2026	2025	Variance	2026	2025	Variance	2024
Iron ore concentrate produced (wmt)	3,435,100	3,167,000	8 %	14,168,700	13,834,200	2 %	14,162,400
Iron ore concentrate sold (dmt)	3,455,400	3,495,300	(1)%	15,033,400	13,491,200	11 %	11,643,700
Financial Data (in thousands of dollars, except per share data)							
Revenues	414,505	425,345	(3)%	1,769,731	1,606,579	10 %	1,524,294
Net income	23,186	39,140	(41)%	168,736	142,045	19 %	234,191
Adjusted net income ¹	23,186	39,140	(41)%	168,736	142,045	19 %	236,565
EBITDA ¹	114,340	127,378	(10)%	499,324	471,290	6 %	552,549
EBITDA margin ¹	28 %	30 %	(7)%	28 %	29 %	(3)%	36 %
Basic EPS	0.04	0.08	(50)%	0.32	0.27	19 %	0.45
Diluted EPS	0.04	0.07	(43)%	0.32	0.27	19 %	0.44
Adjusted EPS ¹	0.04	0.08	(50)%	0.32	0.27	19 %	0.46
Net cash flows from operating activities	152,062	144,378	5 %	435,931	304,018	43 %	474,585
Dividend per ordinary share paid	—	—	— %	0.20	0.20	— %	0.20
Cash and cash equivalents	296,788	117,451	153 %	296,788	117,451	153 %	400,061
Total assets	3,497,261	3,030,201	15 %	3,497,261	3,030,201	15 %	2,689,551
Total non-current financial liabilities	922,136	666,576	38 %	922,136	666,576	38 %	508,367
Statistics (in dollars per dmt sold)							
Gross average realized selling price ¹	165.1	160.4	3 %	157.7	163.2	(3)%	175.8
Net average realized selling price ¹	120.0	121.7	(1)%	117.7	119.1	(1)%	130.9
C1 cash cost ¹	82.7	80.0	3 %	78.5	78.3	— %	75.9
AISC ¹	96.9	93.1	4 %	94.9	94.9	— %	90.9
Cash operating margin ¹	23.1	28.6	(19)%	22.8	24.2	(6)%	40.0
Statistics (in U.S. dollars per dmt sold) ²							
Gross average realized selling price ¹	120.5	111.8	8 %	114.1	117.3	(3)%	130.3
Net average realized selling price ¹	87.5	84.9	3 %	85.2	85.5	— %	97.0
C1 cash cost ¹	60.3	55.7	8 %	56.8	56.3	1 %	56.3
AISC ¹	70.6	64.9	9 %	68.7	68.2	1 %	67.4
Cash operating margin ¹	16.9	20.0	(16)%	16.5	17.3	(5)%	29.6

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 — Key Drivers of this MD&A.

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(Expressed in Canadian dollars, except where otherwise indicated)

3. Quarterly Highlights

Operations and Sustainability

- No serious workplace-related injuries or major environmental incidents were reported during the three-month period ended March 31, 2026;
- Employee recordable injury frequency rate of 1.54 for the year, down from 1.98 in the previous year, which continues to compare favourably with Québec's industry statistics;
- Met or exceeded most annual sustainability targets set in the Company's previous sustainability report, which incorporated industry best practice disclosure frameworks, including the Global Reporting Initiative, the Sustainability Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures;
- Quarterly production of 3.4 million wmt of high-purity 66.2% Fe concentrate for the three-month period ended March 31, 2026, an 8% increase over the same prior-year period, and comparable to that of the second quarter of the 2026 financial year, during which the Company also completed scheduled semi-annual maintenance at both concentration plants;
- Quarterly sales of 3.5 million dmt for the three-month period ended March 31, 2026, comparable to the same prior-year period, despite a railway interruption caused by a third-party train derailment that impacted operations until January 12, 2026, with continued rail service disruptions thereafter until the rail operator's activities resumed to normal, as well as particularly challenging winter conditions;
- Iron ore concentrate stockpiled at Bloom Lake and at the Port of Sept-Îles decreased to 1.3 million wmt as at March 31, 2026, from 1.5 million wmt as at December 31, 2025; and
- Strong mining performance at Bloom Lake with 20.9 million wmt of material mined and hauled during the three-month period ended March 31, 2026, an increase of 3% compared to the same prior-year period, driven by additional and improved utilization of loading and drilling equipment and haul trucks availability.

Financial Results

- Revenues of \$414.5 million for the three-month period ended March 31, 2026, compared to \$425.3 million for the same period in 2025;
- C1 cash cost for the iron ore concentrate loaded onto vessels at the Port of Sept-Îles totalled \$82.7/dmt¹ [US\$60.3/dmt]² for the three-month period ended March 31, 2026, up from \$80.0/dmt¹ [US\$55.7/dmt]² for the same period in 2025. C1 cash cost for the period was negatively impacted by lower volumes transported to the port yard facilities due to rail service disruptions and severe winter conditions, along with a significant rise in fuel prices at the end of the quarter attributable to the conflict in the Middle East;
- Net income totalled \$23.2 million for the three-month period ended March 31, 2026, representing EPS of \$0.04, compared to net income of \$39.1 million and EPS of \$0.08 for the same period in 2025. This decrease was primarily driven by lower gross profit;
- EBITDA of \$114.3 million¹ for the three-month period ended March 31, 2026, down from \$127.4 million¹ for the same period in 2025;
- Net cash flows from operating activities of \$152.1 million for the three-month period ended March 31, 2026, compared to \$144.4 million for the same period in 2025, positively impacted by lower current income and mining taxes, partially offset by lower EBITDA;
- Cash balance, excluding the unused portion of the initial cash contributions from Nippon Steel and Sojitz that is held in a restricted cash account by the Kami Partnership, totalled \$296.8 million as at March 31, 2026, an increase of \$51.7 million since December 31, 2025, benefiting from robust net cash flows from operating activities, while the Company continued to advance the DRPF project and invest in sustainable capital expenditures;
- Strong available liquidity of \$812.4 million¹ as at March 31, 2026, compared to \$751.4 million¹ as at December 31, 2025, supporting growth initiatives and general corporate purposes; and
- The Board approved a revised shareholder return framework designed to adapt to market conditions, with future semi-annual dividends equivalent to 30% to 40% of the Company's trailing six-month free cash flows, and the potential for special dividends at the discretion of the Board (the "Dividend Policy"). The Dividend Policy provides flexibility for potentially higher dividend distributions in periods of strong financial results and low capital investments, while preserving the Company's balance sheet in periods of softer profitability and increased capital requirements. The Dividend Policy will apply to the semi-annual results of the 2027 financial year. While maintaining a continued focus on preserving the Company's liquidity in response to volatile macroeconomic conditions, the Board declared a semi-annual dividend of \$0.02 per ordinary share on May 27, 2026 (Montréal) / May 28, 2026 (Sydney), in connection with the annual results for the period ended March 31, 2026.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 — Key Drivers of this MD&A.

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3. Quarterly Highlights (continued)

Development and Growth Initiatives

- On April 17, 2026, the Company completed the acquisition of 100% of the shares of Rana Gruber, a leading Norwegian producer of high-purity iron ore. The acquisition was completed at a total purchase price of approximately US\$300 million, plus related fees and expenses (the "Acquisition"), which was funded by a combination of a newly secured 4-year US\$150 million term loan (the "Term Loan"), the net proceeds of an equity private placement of US\$100 million from Caisse de dépôt et placement du Québec ("La Caisse"), and cash on hand. Additional details on the Acquisition are provided in the Company's press release dated April 10, 2026 (Montréal), available under its profile on the ASX at www.asx.com.au, SEDAR+ at www.sedarplus.ca and the Company's website at www.championiron.com;
- In connection with the Acquisition, Champion and certain of its subsidiaries refinanced the Company's syndicated senior credit facilities, effective on April 1, 2026, in order to, among other things, extend the maturity to April 2030, establish the Term Loan and amend the US\$400 million senior secured revolving credit facility, including to take into account the Acquisition; and
- The Kami Partnership received financial support from Natural Resources Canada, under the First and Last Mile Fund (formerly, the Critical Minerals Infrastructure Fund), to advance feasibility work for the Kami Project's key energy and transportation infrastructure.

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4. Dividend on Ordinary Shares

To align shareholder's interests with the Company's financial capacity, the Board approved a revised shareholder return framework for future dividends designed to adapt to market conditions. Under this Dividend Policy, the Company aims to provide semi-annual dividends equivalent to 30% to 40% of the Company's trailing six-month free cash flows (defined as cash flows from operating activities less cash flows used in investing activities, and net of lease liability payments), with the potential for special dividends at the discretion of the Board. The Dividend Policy provides flexibility for higher dividend distributions in periods of strong financial results and low capital investments, while preserving the Company's balance sheet in periods of softer profitability and increased capital requirements. The Dividend Policy will apply to the semi-annual results of the 2027 financial year.

While maintaining a continued focus on preserving the Company's liquidity in response to volatile macroeconomic conditions, the Board declared a semi-annual dividend of \$0.02 per ordinary share on May 27, 2026 (Montréal) / May 28, 2026 (Sydney), in connection with the annual results for the period ended March 31, 2026. Registered shareholders at the close of business on June 12, 2026 (Montréal and Sydney), will be entitled to receive payment of the dividend on July 8, 2026 (Montréal and Sydney).

5. DRPF Project Update

The DRPF project is designed to upgrade Bloom Lake's second plant to produce approximately up to 7.5M wmt per year of DR quality pellet feed iron ore grading up to 69% Fe with a combined silica and alumina content below 1.2%. Benefiting from a rare high-purity resource, the Company has an opportunity to produce one of the highest quality DRPF products available on the seaborne market, which could attract a substantial premium over the Company's current high-purity 66.2% Fe iron ore concentrate.

During the three-month period ended March 31, 2026, the Company continued commissioning activities as scheduled and invested \$39.0 million in the DRPF project, with cumulative investments totalling \$479.5 million at the end of the quarter, compared to an estimated cumulative project investment of \$500 million, in line with the inflation-adjusted estimated total capital expenditure of \$470.7 million detailed in the project study highlights released in January 2023. During the three-month period ended March 31, 2026, the Company incurred expenditures that related mainly to late-stage construction activities, including mechanical, piping and electrical work, which are progressing in accordance with the project timeline. Commissioning activities advanced concurrently with construction work, with the strengthening of pre-operational verifications and wet commissioning, enabling the successful completion of initial production tests in March 2026. Remaining capital expenditures are expected to be incurred during the ramp-up period until initial saleable production is achieved, anticipated to occur by the end of June 2026. Full production capacity is expected to be achievable approximately one year after initial production testing. Accordingly, the Company could begin to realize the benefits from sales of DR quality iron ore concentrate in the second half of the 2026 calendar year.

In the short term, due to the DRPF project's commissioning phase and related tie-in work, the Company will likely experience temporary disruptions over several days at its second concentration plant, which are expected to negatively impact production during that time. Considering that iron ore inventories are being destocked at a robust pace, the interruptions caused by the DRPF commissioning may impact the cadence of iron ore volume sales in future periods. Accordingly, the Company is evaluating its iron ore inventory management strategies, which may include product blending and short-term stockpiling of different iron ore qualities.

The DRPF project ramp-up and product quality stabilization phase is expected to span over several months, following the initial shipments of DR quality iron ore. Until Champion successfully delivers the DRPF product that meets customers' quality specifications, sales may be directed to the spot market. Accordingly, during the ramp-up period, Champion does not expect to fully benefit from DRPF premiums or freight savings.

Additional details on the DRPF project, including key assumptions and capital costs, are provided in the Company's press release dated January 26, 2023 (Montréal), available under its profile on the ASX at www.asx.com.au, SEDAR+ at www.sedarplus.ca and the Company's website at www.championiron.com. Except for the inflation-adjusted estimated total capital expenditure as outlined above, the Company is not aware of any new information or data that materially affects the information included in the DRPF project study and confirms that all material assumptions and technical parameters underpinning the estimates in the DRPF project study continue to apply and have not materially changed.

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6. Kami Joint Arrangement

On April 1, 2021, the Company acquired the Kami mining properties located in the Labrador Trough geological belt in southwestern Labrador, near Québec's eastern border. The Kami Project is a DR grade quality iron ore project near available infrastructure, situated 21 kilometres southeast of the Company's operating Bloom Lake Mine.

On March 14, 2024, the Company voluntarily filed the Kami Project Study (as defined in section 10 — Mineral Resources and Ore Reserves of this MD&A), which evaluated a 25-year LoM and an average annual DR quality iron ore concentrate production of approximately 9.0M wmt per year grading above 67.5% Fe.

On July 21, 2025, the Company entered into a framework agreement with the Partners to form the Kami Partnership for the joint ownership and potential development of the Kami Project (the "Framework Agreement"), pursuant to which the Partners agreed to initially contribute \$245 million to acquire an aggregate 49% interest in the Kami Partnership (the "Kami Transaction").

On September 29, 2025, the Partners made their initial cash contributions in an aggregate amount of \$68.6 million to secure their aggregate 49% interest in the Kami Partnership (the "Initial Closing") and paid their pro-rata share of the DFS costs already incurred by the Company. Until an FID is made, the Partners have different options to exit the Kami Partnership by requiring Champion to acquire their interests (refer to note 3 to the Financial Statements). The second closing of the Kami Transaction remains subject to the completion of a DFS, expected to be completed in the second half of the 2026 calendar year, and Champion and the Partners proceeding with positive IID elections to pursue work towards an FID, as well as other customary closing conditions (the "Second Closing"). Pursuant to the Second Closing, Nippon Steel and Sojitz would be required to make a subsequent contribution to the Kami Partnership in the aggregate amount of \$176.4 million.

Through the Kami Transaction, the Kami Project can benefit from up to \$480 million in cumulative contributions before Champion is required to provide additional capital beyond funds initially contributed by Nippon Steel and Sojitz. Additionally, Champion will retain operatorship of the Kami Partnership and may also receive future payments based on the Kami Partnership's financial performance, if and when the Kami Project becomes operational.

During the three-month period ended March 31, 2026, the Company and the Partners continued to advance exploration work and the DFS ahead of a potential IID and, ultimately, an FID. The Kami Partnership also received financial support from Natural Resources Canada, under the First and Last Mile Fund (formerly, the Critical Minerals Infrastructure Fund), to advance feasibility work for the Kami Project's key energy and transportation infrastructure.

Engagement with local stakeholders, including First Nations communities, remains a priority, reinforcing a collaborative approach to ensure the Kami Project delivers long-term regional benefits. Additionally, the Company is in discussions with various levels of government to explore potential additional support and is evaluating opportunities to enhance the Kami Project's economics.

Additional details on the Kami Project, including the Kami Project Study, are available on the Kami Project's website at www.kami.ca under the [About Kami](#) section. The information on the Kami Project's website is not incorporated by reference into this MD&A.

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Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

7. Key Drivers

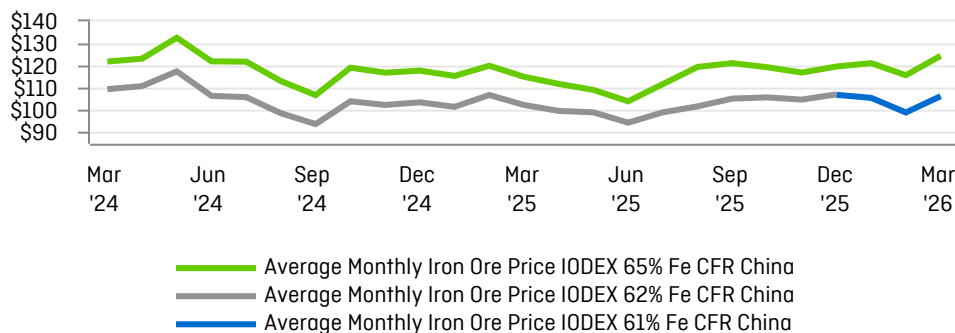
Iron Ore Concentrate Price

The price of iron ore concentrate is a critical factor influencing the Company's financial performance. The iron ore concentrate price fluctuates daily and is affected by several industries and macroeconomic factors beyond the Company's control. Due to the high-quality properties of its greater than 66% Fe iron ore concentrate, the Company's iron ore product has proven to attract a premium over the P61 index (formerly, the P62 index), widely used as the reference price in the industry. As such, the Company sells its products based on the high-purity P65 index. The premium captured by the P65 index is attributable to steel mills recognizing that higher iron ore grades offer the benefit of optimizing output while also significantly decreasing CO₂ emissions in the steelmaking process.

During the three-month period ended March 31, 2026, the P65 index averaged US\$120.8/dmt, representing an increase of 3% year-over-year and 2% quarter-over-quarter. Following a softer start to the quarter, seasonally affected by the Chinese New Year, iron ore prices strengthened through March. Accordingly, iron ore prices recovered as China's authorities signaled economic policy support, combined with the ripple effect of the conflict in the Middle East which raised fuel prices, negatively impacting production and freight costs across the iron ore sector. Additionally, ongoing contract negotiations between China's state-backed iron ore purchasing entity and major suppliers also created tightness in certain iron ore grades. On the supply side, market availability remained broadly ample, supported by robust shipment volumes from major producers, despite normal seasonal weather-related disruptions. Notably, during the quarter, the premium of the P65 index over the new P61 index widened, reflecting continued preference for higher-purity material. Concurrently, portside inventories remained at historically elevated levels.

According to the World Steel Association¹, global crude steel production decreased by 2.3% year-over-year for the three-month period ended March 31, 2026, totalling 459.2 million tonnes. The decline was primarily driven by weaker output in China, where production fell by 4.6% year-over-year amid softer domestic demand, tighter steelmaking margins, and the usual seasonal slowdown during the Lunar New Year holiday and winter pollution-related controls. Additionally, Chinese steel exports, an important outlet for absorbing domestic surplus, moderated following the implementation of tighter export licensing requirements commencing in the beginning of the year. Growth in emerging markets remained resilient, underpinned by robust infrastructure-related demand, with India, Southeast Asia and the Middle East continuing to lead regional expansions.

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



¹ World Steel Association

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7. Key Drivers (continued)

Iron Ore Concentrate Price (continued)

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

- Certain sales are based on P65 index prices set in months prior to the beginning of the reporting quarter; and
- Sales remaining in the quarter are based on P65 index prices subsequent to the date of the sale, according to a mutually agreed final quotation period, which generally depends on the discharge date. Considering that vessels are subject to freight routes that usually take up to 55 days before reaching the port of discharge, these sales are influenced by the volatility of the P65 index prices after the date of the sale.
 - For tonnage sold early in the reporting quarter, the final quotation period may be within the reporting quarter. Those volumes are typically mostly exposed to the back-ended months of the reporting quarter due to the aforementioned typical freight routes.
 - For tonnage sold in the reporting quarter and for which the final quotation period is after the reporting quarter, the Company provisionally prices the sales based on the P65 index forward iron ore prices at quarter-end to estimate the selling price upon or after the vessel's arrival at the port of discharge. These tonnes are exposed to variations in iron ore index prices after the end of the quarter, in particular in the initial months of the following quarter due to the aforementioned typical freight routes. The impact of iron ore price fluctuations, compared to the estimated price at the end of the preceding quarter, is accounted for as a provisional pricing adjustment to revenues in the following quarter. Historically, sales volumes that remain exposed to provisional pricing adjustments at the end of a quarter represent approximately 30% to 80% of total quarterly sales volumes.

During the three-month period ended March 31, 2026, an average final price of US\$117.2/dmt was established for the 2.5 million tonnes of iron ore that were subject to provisional pricing adjustments as at December 31, 2025, which were previously evaluated using an average expected price of US\$117.4/dmt. Accordingly, during the three-month period ended March 31, 2026, negative pricing adjustments of \$0.3 million were recorded for tonnes subject to provisional pricing adjustments as at December 31, 2025. For the total volume of 3.5 million dmt sold during the quarter ended March 31, 2026, the negative pricing adjustments represent US\$0.1/dmt. As at March 31, 2026, 2.3 million tonnes of iron ore sold remained subject to provisional pricing adjustments, with a final selling price to be determined in subsequent reporting periods. A gross average forward provisional price of US\$120.2/dmt was used as at March 31, 2026, to estimate the sales subject to final pricing.

The following table details the Company's gross revenue exposure, as at March 31, 2026, subject to movements in iron ore prices for the provisionally priced sales volume:

	As at March 31,
	2026
Dry metric tonnes subject to provisional pricing adjustments	2,328,900
(in thousands of U.S. dollars)	
10% increase in iron ore prices	27,990
10% decrease in iron ore prices	(27,990)

These sensitivities demonstrate the monetary impact on gross revenues in U.S. dollars resulting from a 10% increase and 10% decrease in gross realized selling prices as at March 31, 2026, while holding all other variables constant, including foreign exchange rates. The relationship between iron ore prices and exchange rates is complex, and movements in exchange rates can impact net realized selling price in Canadian dollars. The above sensitivities should, therefore, be used with caution.

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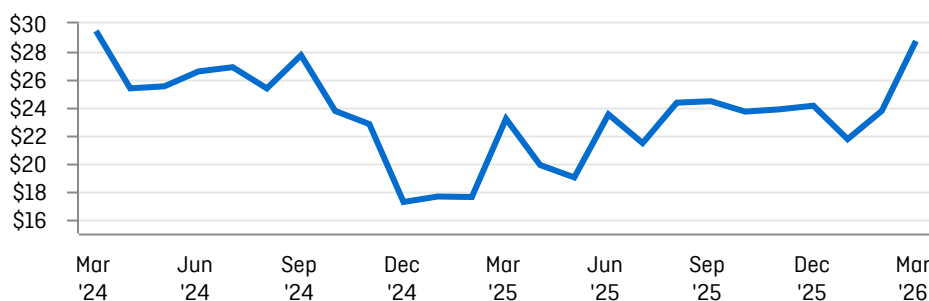
(Expressed in Canadian dollars, except where otherwise indicated)

7. Key Drivers (continued)

Sea Freight

Sea freight is an important component of the Company's cost structure as it ships nearly all of its iron ore concentrate to several regions overseas, including China, Japan, Europe, India, the Middle East and South Korea. The common reference route for dry bulk material from the Americas to Asia is the Tubarao (Brazil) to Qingdao (China) route, which encompasses 11,000 nautical miles. The freight cost per tonne associated with this route is captured in the C3 index, which is considered the reference ocean freight cost for iron ore shipped from Brazil to Asia. There is no index for the route between the Port of Sept-Îles (Canada) and China. This route totals approximately 14,000 nautical miles and is subject to different weather conditions during the winter season. Therefore, the freight cost per tonne associated with this voyage is higher than the C3 index price. Additionally, the Company can be exposed to ice premiums in relation to the C3 index for a portion of its first and third quarters, but most particularly in its fourth quarter which is entirely subject to the effective period of ice premiums.

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



During the three-month period ended March 31, 2026, the C3 index averaged US\$24.8/t, up 27% year-over-year and 4% quarter-over-quarter. Freight rates increased materially late in the period as conflicts emerged in the Middle East, resulting in higher bunker fuel prices, increased war-risk related insurance premiums and vessel rerouting costs, which added volatility and upward pressure across dry bulk markets. Brazil-China freight rates consequently exceeded US\$30/t in the final weeks of the quarter, reaching a multi-year high. Additionally, strong volumes of Brazilian iron ore, as well as Guinean bauxite shipments provided further support through Atlantic vessel demand and tighter freight market availability.

The industry has identified a historical relationship between the iron ore price and the C3 index for the Tubarao to Qingdao route. Based on this observed correlation, when the price of iron ore fluctuates, the ocean freight rate usually fluctuates in tandem over time. As the freight cost for ocean transport between Sept-Îles and China is largely influenced by the C3 index, a decrease in iron ore prices typically results in lower ocean freight costs for the Company, resulting in a natural hedge of an important revenue component.

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

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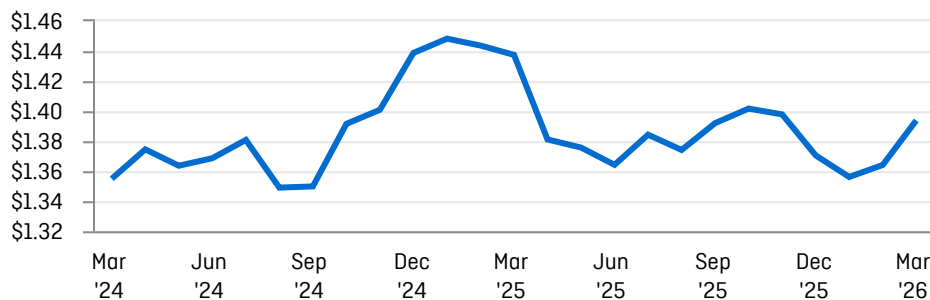
7. Key Drivers (continued)

Currency

The Canadian dollar is the Company's functional and reporting currency. The Company is exposed to foreign currency fluctuations as its sales, sea freight costs and the majority of its long-term debt and lease liabilities are denominated in U.S. dollars. Consequently, the Company's operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar.

The strengthening of the U.S. dollar would positively impact the Company's net income and cash flows while the strengthening of the Canadian dollar would reduce its net income and cash flows. As the majority of the Company's long-term debt and lease liabilities are denominated in U.S. dollars, the Company is also subject to ongoing non-cash foreign exchange adjustments, which may impact its financial results. However, the Company maintains a cash balance and has trade receivables in U.S. dollars, enabling the Company to mitigate foreign exchange exposure. Assuming a stable selling price, a variation of C\$0.01 against the U.S. dollar would impact gross revenues by approximately 1%. Assuming a stable long-term debt balance, a variation of C\$0.01 against the U.S. dollar would impact debt revaluation by approximately 1%.

Monthly Closing Exchange Rate – C\$/US\$



Exchange rates were as follows:

	C\$ / US\$					
	FY2026	Average FY2025	Variance	FY2026	Closing FY2025	Variance
Q1	1.3841	1.3683	1 %	1.3643	1.3687	– %
Q2	1.3773	1.3641	1 %	1.3921	1.3499	3 %
Q3	1.3947	1.3982	– %	1.3706	1.4389	(5)%
Q4	1.3717	1.4352	(4)%	1.3939	1.4376	(3)%
Year-end as at March 31	1.3820	1.3913	(1)%	1.3939	1.4376	(3)%

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

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Management's Discussion and Analysis

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8. Bloom Lake Mine Operating Activities

	Three Months Ended March 31,			Year Ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Operating Data						
Waste mined and hauled (wmt)	10,979,800	10,886,200	1 %	46,920,300	36,637,700	28 %
Ore mined and hauled (wmt)	9,915,100	9,470,100	5 %	40,551,500	39,884,000	2 %
Material mined and hauled (wmt)	20,894,900	20,356,300	3 %	87,471,800	76,521,700	14 %
Stripping ratio	1.11	1.15	(3)%	1.16	0.92	26 %
Ore milled (wmt)	9,744,200	9,160,300	6 %	40,655,700	39,674,900	2 %
Head grade Fe (%)	28.8	29.2	(1)%	28.9	29.2	(1)%
Fe recovery (%)	80.6	78.3	3 %	79.5	78.9	1 %
Product Fe (%)	66.2	66.5	— %	66.4	66.4	— %
Iron ore concentrate produced (wmt)	3,435,100	3,167,000	8 %	14,168,700	13,834,200	2 %
Iron ore concentrate sold (dmt)	3,455,400	3,495,300	(1)%	15,033,400	13,491,200	11 %

Fourth Quarter of the 2026 Financial Year vs Fourth Quarter of the 2025 Financial Year

Bloom Lake produced 3.4 million wmt of high-purity 66.2% Fe concentrate during the three-month period ended March 31, 2026, an 8% increase over the same period in 2025, mainly attributable to higher mill productivity and Fe recovery, partially offset by lower head grade. During the three-month period ended March 31, 2026, the Fe recovery rate increased to 80.6% from 78.3% for the same period in 2025, benefiting from improved performance of the gravimetric systems, following work programs and operational optimizations. While Fe recovery rates are expected to fluctuate in accordance with the mine plan and variations in ore grade, the Company remains focused on improving and stabilizing Fe recovery rates over time.

Iron ore concentrate sales volumes during the three-month period ended March 31, 2026, were comparable to the same prior-year period, and exceeded production for the fifth consecutive quarter, as the Company continued to destock iron ore concentrate inventories stockpiled at Bloom Lake and at the Port of Sept-Îles. Volumes sold were affected by a third-party train derailment that impacted rail services early in the period, with disruptions affecting a significant portion of the quarter. Despite this impact, cumulative iron ore concentrate inventories at Bloom Lake and at the port totalled 1.3 million wmt as at March 31, 2026, compared to 1.5 million wmt as at December 31, 2025. The Company is currently evaluating its on-site and port inventory management strategies in anticipation of the expected change to its product offering with DRPF quality iron ore, in order to maintain adequate levels of stockpiled iron ore saleable products, manage inventories of different iron ore qualities, production and sales logistics.

During the three-month period ended March 31, 2026, the Company mined and hauled 20.9 million wmt of waste and ore, exceeding the 20.4 million wmt recorded in the same prior-year period. This strong mining performance was driven by the addition of loading equipment and the recent commissioning of a new drill, as well as improved utilization and availability of haul trucks. The stripping ratio for the three-month period ended March 31, 2026 was 1.11, compared to a 1.15 ratio recorded in the same prior-year period. Champion anticipates maintaining this stripping cadence in upcoming periods, consistent with its LoM plan.

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

8. Bloom Lake Mine Operating Activities (continued)

2026 Financial Year vs 2025 Financial Year

The Company produced 14.2 million wmt of high-purity iron ore concentrate during the year ended March 31, 2026, an annual record representing an increase of 2% compared to the previous year, during which production was interrupted for approximately one week due to nearby forest fires in July 2024. Challenges related to the ore hardness particularly impacted grinding efficiency and Fe recovery this year, mainly in the first financial quarter, during which Champion had to adjust its operating and maintenance strategies to manage varying ore feed characteristics. The Fe recovery rate for the year ended March 31, 2026, was 79.5%, compared to 78.9% for the previous year. During the year ended March 31, 2026, two scheduled annual power interruptions also impacted operations.

The iron ore head grade was 28.9% for the year ended March 31, 2026, consistent with the LoM head grade average and down from the 29.2% head grade average for the previous year.

Sales volumes reached 15.0 million dmt for the year ended March 31, 2026, an annual record representing an increase of 11%, compared to the previous year, mainly attributable to the addition of railcars and rolling stock by the Company and rail operator, respectively, from which Champion began to benefit during the second half of the previous year. The comparative period was also impacted by an interruption of rail haulage activities associated with an outage at the Company's load-out facility.

Due to the aforementioned elements, during the year ended March 31, 2026, the Company significantly reduced the level of iron ore concentrate stockpiled at Bloom Lake by 53% from the previous year, decreasing to 1.2 million wmt as at March 31, 2026, compared to 2.6 million wmt as at March 31, 2025.

The Company mined and hauled 87.5 million wmt of material during the year ended March 31, 2026, an annual record representing an increase of 14%, compared to 76.5 million wmt in the prior year, mostly attributable to Champion's investments in additional mining equipment during the second half of the previous year. The solid performance at the mine resulted in a stripping ratio of 1.16 for the year ended March 31, 2026, up from a stripping ratio of 0.92 recorded for the same period in the previous year.

9. Financial Performance

	Three Months Ended			Year Ended		
	2026	2025	Variance	2026	2025	Variance
Financial Data <small>(in thousands of dollars)</small>						
Revenues	414,505	425,345	(3)%	1,769,731	1,606,579	10 %
Cost of sales	285,785	279,644	2 %	1,180,823	1,056,243	12 %
Other expenses	27,893	19,619	42 %	97,000	81,221	19 %
Net finance costs	19,733	11,286	75 %	34,221	57,539	(41)%
Net income	23,186	39,140	(41)%	168,736	142,045	19 %
EBITDA ¹	114,340	127,378	(10)%	499,324	471,290	6 %
Statistics <small>(in dollars per dmt sold)</small>						
Gross average realized selling price ¹	165.1	160.4	3 %	157.7	163.2	(3)%
Net average realized selling price ¹	120.0	121.7	(1)%	117.7	119.1	(1)%
C1 cash cost ¹	82.7	80.0	3 %	78.5	78.3	— %
AISC ¹	96.9	93.1	4 %	94.9	94.9	— %
Cash operating margin ¹	23.1	28.6	(19)%	22.8	24.2	(6)%

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 – Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

A. Revenues

	Three Months Ended March 31,			Year Ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Indexes (in U.S. dollars per tonne)						
P65	120.8	116.9	3 %	116.4	118.7	(2)%
C3	24.8	19.5	27 %	23.3	23.4	— %
Statistics (in dollars per dmt sold) ²						
Gross average realized selling price ¹	120.5	111.8	8 %	114.1	117.3	(3)%
Freight and other costs	(32.9)	(28.0)	18 %	(29.8)	(31.4)	(5)%
Provisional pricing adjustments	(0.1)	1.1	(109)%	0.9	(0.4)	(325)%
US\$ Net average realized FOB selling price¹	87.5	84.9	3 %	85.2	85.5	— %
C\$ Net average realized FOB selling price¹	120.0	121.7	(1)%	117.7	119.1	(1)%

Fourth Quarter of the 2026 Financial Year vs Fourth Quarter of the 2025 Financial Year

Revenues totalled \$414.5 million for the three-month period ended March 31, 2026, a decrease of \$10.8 million from \$425.3 million in the same period in 2025. As outlined in the previous section, with similar sales volumes, lower revenues were attributable to a stronger Canadian dollar during the three-month period ended March 31, 2026, compared to the same period last year, partially offset by a higher average net realized selling price in U.S. dollars.

For the three-month period ended March 31, 2026, the gross average realized selling price of US\$120.5/dmt¹ was in line with the P65 index average price of US\$120.8/dmt. The 2.3 million dmt of iron ore subject to pricing adjustments as at March 31, 2026, were evaluated using an average forward selling price of US\$120.2/dmt, which is comparable to the P65 index average price for the period. In addition, index prices on sales contracts based on backward-looking pricing were also comparable to the P65 index average price during the period. During the quarter, the Company continued to prepare for the transition to a higher-purity DRPF product and intentionally reduced volumes sold under long-term sales contracts to retain a greater proportion of its available iron ore products for the short-term and spot markets, which have recently experienced greater pricing volatility and discounts.

Negative provisional pricing adjustments on prior-quarter sales of \$0.3 million were recorded during the three-month period ended March 31, 2026, representing an unfavourable impact of US\$0.1/dmt for the 3.5 million dmt sold during the quarter. A final average selling price of US\$117.2/dmt was established for the 2.5 million dmt of iron ore subject to pricing adjustments as at December 31, 2025, which were provisionally priced at US\$117.4/dmt.

Freight and other costs totalled US\$32.9/dmt during the three-month period ended March 31, 2026, representing an 18% increase compared to US\$28.0/dmt in the same prior-year period, mainly driven by a 27% rise in the average C3 index. Freight costs recognized during the period partially reflect the recent increase in market rates driven by the escalation of the conflict in Iran as outlined in section 7 – Key Drivers. The rise in the C3 index observed in March 2026 should be reflected in the next quarter considering that Champion books vessels three to five weeks prior to the desired laycan period.

After taking into account sea freight and other costs of US\$32.9/dmt and the negative provisional pricing adjustments of US\$0.1/dmt, the Company obtained a net average realized selling price of US\$87.5/dmt (C\$120.0/dmt¹) for its high-purity iron ore concentrate shipped during the three-month period ended March 31, 2026.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 – Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 – Key Drivers of this MD&A.

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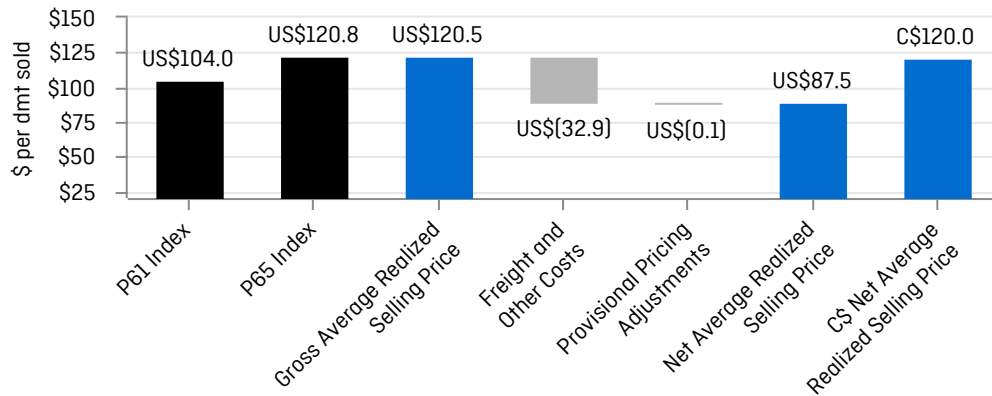
(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

A. Revenues (continued)

Fourth Quarter of the 2026 Financial Year vs Fourth Quarter of the 2025 Financial Year (continued)

Q4 FY2026 Net Average Realized Selling Price



2026 Financial Year vs 2025 Financial Year

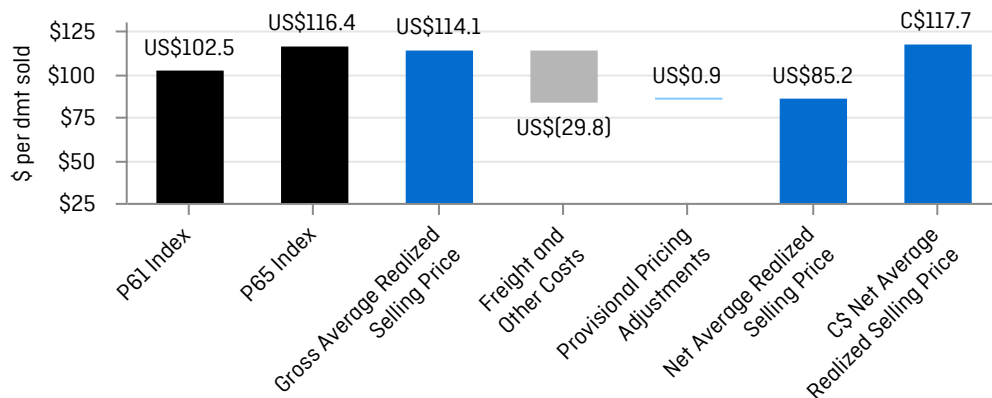
Revenues totalled \$1,769.7 million for the year ended March 31, 2026, an increase of \$163.2 million, compared to \$1,606.6 million for the previous year, mainly due to an 11% year-over-year increase in sales volumes, outlined in the previous section.

The Company sold its product at a gross average realized selling price of US\$114.1/dmt¹ for the year ended March 31, 2026, below the P65 index average price of US\$116.4/dmt for the period. In preparation for the planned transition to include higher purity DRPF material in its product offering in the 2026 calendar year, Champion strategically reduced the volume of iron ore concentrate sold under long-term sales contracts, retaining a greater proportion of its iron ore concentrate production for short-term and spot markets, which have experienced greater pricing volatility and pricing discounts.

Freight and other costs for the year ended March 31, 2026, totalled US\$29.8/dmt, a decrease of 5% compared to the previous year, while the average C3 index was comparable.

After accounting for sea freight and other costs of US\$29.8/dmt and positive provisional pricing adjustments of US\$0.9/dmt, the Company achieved a net average realized selling price of US\$85.2/dmt (C\$117.7/dmt)¹ for its high-purity iron ore concentrate sold during the period.

FY2026 Net Realized Selling Price



¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 – Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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9. Financial Performance (continued)

B. Cost of Sales and C1 Cash Cost

	Three Months Ended March 31,			Year Ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Iron ore concentrate produced (dmt)	3,326,200	3,069,200	8 %	13,729,900	13,415,200	2 %
Iron ore concentrate sold (dmt)	3,455,400	3,495,300	(1)%	15,033,400	13,491,200	11 %
(in thousands of dollars, except per dmt data)						
Mining and processing costs	199,489	190,391	5 %	732,798	721,785	2 %
Change in iron ore concentrate inventories	3,931	5,792	(32)%	75,342	(9,378)	(903)%
Land transportation and port handling costs	82,365	83,461	(1)%	372,683	343,836	8 %
Cost of sales	285,785	279,644	2 %	1,180,823	1,056,243	12 %
C1 cash cost per dmt sold¹	82.7	80.0	3 %	78.5	78.3	— %
Mining and processing costs per dmt produced ¹	60.0	62.0	(3)%	53.4	53.8	(1)%
Land transportation and port handling costs per dmt sold ¹	23.8	23.9	— %	24.8	25.5	(3)%

Fourth Quarter of the 2026 Financial Year vs Fourth Quarter of the 2025 Financial Year

For the three-month period ended March 31, 2026, the cost of sales totalled \$285.8 million with a C1 cash cost of \$82.7/dmt¹, compared to \$279.6 million with a C1 cash cost of \$80.0/dmt¹ for the same period in 2025.

Despite a significant rise in fuel prices at the end of the quarter, attributable to the conflict in the Middle East, mining and processing costs totalled \$60.0/dmt produced¹ for the three-month period ended March 31, 2026, representing a 3% decrease, compared to \$62.0/dmt produced¹ in the same prior-year period, mainly resulting from an 8% increase in production volumes.

Land transportation and port handling costs include both fixed and variable components and are significantly influenced by the volume hauled from Fermont to the Port of Sept-Îles. Although shipment volumes were substantially lower than in the comparative period, overall costs remained broadly comparable. The decrease in volumes, driven by the train derailment and severe winter conditions, previously outlined, reduced volume-based rebates and resulted in lower absorption of fixed costs. Semi-annual contractual price indexation also contributed to higher land transportation and port handling costs during the quarter. Despite these factors, land transportation and port handling costs per tonne sold for the three-month period ended March 31, 2026, were \$23.8/dmt sold¹, consistent with the prior-year period, reflecting comparable sales volumes.

The C1 cash cost was also impacted by changes in the valuation of iron ore concentrate inventory, which incorporate mining and processing costs from the previous quarter, along with variations in production and sales volumes.

2026 Financial Year vs 2025 Financial Year

For the year ended March 31, 2026, the cost of sales totalled \$1,180.8 million with a C1 cash cost of \$78.5/dmt¹, compared to \$1,056.2 million with a C1 cash cost of \$78.3/dmt¹ for the previous year.

Mining and processing costs for the 13.7 million dmt produced in the year ended March 31, 2026, totalled \$53.4/dmt produced¹, comparable to the previous year as the 2% cost increase was more than offset by higher production volumes. Higher mining costs, driven by increased stripping activities, with an additional 10.3 million tonnes of waste mined and hauled during the year ended March 31, 2026, compared to the previous year, were partially offset by lower processing costs resulting from reduced subcontracting expenses.

Land transportation and port handling costs for the year ended March 31, 2026, were \$24.8/dmt sold¹, compared to \$25.5/dmt sold¹ for the previous year. This decrease was due to higher sales volumes favourably impacting fixed port handling costs, and volume discounts from higher tonnage hauled.

The C1 cash cost was also impacted by changes in iron ore concentrate inventory valuation, which incorporate mining and processing costs from the previous quarters, along with variations in production and sales volumes. The 1.4 million wmt reduction in stockpiled iron ore concentrate inventory during the year negatively impacted cash costs, as the valuation of these tonnes reflected higher production costs.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 – Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

C. Other Expenses

(in thousands of dollars)	Three Months Ended March 31,			Year Ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Share-based payments	598	(712)	(184)%	11,644	5,397	116 %
General and administrative expenses	17,836	12,457	43 %	55,055	48,734	13 %
Sustainability and other community expenses	5,714	4,972	15 %	19,938	18,562	7 %
Innovation and growth initiatives	3,745	2,902	29 %	10,363	8,528	22 %
	27,893	19,619	42 %	97,000	81,221	19 %

For the three-month period and year ended March 31, 2026, share-based payments were impacted by the change in value of the related liability, which varies based on the price of the Company's shares at each reporting date, and the quarterly vesting. The increase in general and administrative expenses for the three-month period and year ended March 31, 2026, was mainly attributable to legal and consultant fees in relation to the Rana Gruber acquisition and increased management activities related to the Kami Partnership. Sustainability and community-related expenses, as well as innovation and growth initiative expenses, for the three-month period and year ended March 31, 2026, were higher than in the same prior-year periods, mainly due to higher workforce-related costs.

D. Net Finance Costs

(in thousands of dollars)	Three Months Ended March 31,			Year Ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Interest expense on long-term debt	9,985	6,759	48 %	36,694	28,083	31 %
Standby commitment fees on long-term debt	734	660	11 %	2,893	2,792	4 %
Interest expense on lease liabilities	1,539	1,288	19 %	6,012	4,370	38 %
Interest income	(2,413)	(1,003)	141 %	(9,178)	(9,618)	(5)%
Other finance costs	1,401	4,299	(67)%	8,779	13,577	(35)%
	11,246	12,003	(6)%	45,200	39,204	15 %
Realized and unrealized foreign exchange loss (gain)	8,487	(717)	(1284)%	(10,979)	18,335	(160)%
	19,733	11,286	75 %	34,221	57,539	(41)%

Fourth Quarter of the 2026 Financial Year vs Fourth Quarter of the 2025 Financial Year

The Company recorded net finance costs, before a realized and unrealized foreign exchange loss (gain), of \$11.2 million for the three-month period ended March 31, 2026, broadly comparable to the same period in 2025. Higher interest expenses on long-term debt, associated with a higher debt balance, were partially offset by higher borrowing costs capitalized on the DRPF project which totalled \$8.6 million during the quarter, compared to \$5.7 million for the same prior-year period.

The foreign exchange loss of \$8.5 million for the three-month period ended March 31, 2026, resulted from the revaluation of net monetary liabilities denominated in U.S. dollars. The depreciation of the Canadian dollar at the end of the quarter, compared to December 31, 2025, on the Company's net payable position, mainly consisting of borrowings, lease liabilities, trade receivables, and cash denominated in U.S. dollars, contributed to the increase in net finance costs.

2026 Financial Year vs 2025 Financial Year

Net finance costs, before a realized and unrealized foreign exchange loss (gain), increased to \$45.2 million for the year ended March 31, 2026, compared to \$39.2 million for the previous year. This increase was primarily driven by higher interest expenses, with a higher debt balance during the year, partially offset by higher capitalization of borrowing costs related to the construction of the DRPF infrastructure. During the year ended March 31, 2026, borrowing costs of \$31.2 million were capitalized, compared to \$16.7 million for the previous year, reflecting the construction progress of the project and the build-up of qualifying assets.

The foreign exchange gain of \$11.0 million for the year ended March 31, 2026, resulted from the revaluation of net monetary liabilities denominated in U.S. dollars, with the strengthening of the Canadian dollar against the U.S. dollar as at March 31, 2026, compared to March 31, 2025.

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

E. Income Taxes

The Company and its subsidiaries are subject to tax in Australia and Canada. There is no deferred tax asset recognized in respect of the unused losses in Australia as the Company believes it is not probable that there will be a taxable profit available against which the losses can be used.

QIO is subject to Québec mining taxes at a progressive tax rate based on its mining profit margin as follows:

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

In addition, QIO is subject to income taxes in Canada where the combined provincial and federal statutory rate was 26.50% for the year ended March 31, 2026 (2025: 26.50%).

During the three-month period and year ended March 31, 2026, current income and mining tax expenses totalled \$5.2 million and \$40.7 million, respectively, compared to \$34.2 million and \$79.1 million, respectively, for the same periods in 2025. This decrease was mainly attributable to a higher amortizable asset tax base which increased deductible tax depreciation. With net tax payments of \$73.0 million during the year ended March 31, 2026, and a payable net balance of \$22.7 million as at March 31, 2025, the Company had net income and mining taxes receivable of \$9.6 million as at March 31, 2026.

During the three-month period and year ended March 31, 2026, deferred income and mining tax expenses totalled \$22.7 million and \$75.4 million, respectively, compared to \$1.3 million and \$44.0 million, respectively, for the same periods in 2025. The variation in deferred tax expenses was mainly attributable to temporary differences between the carrying amounts of property, plant and equipment and the tax basis.

The combined provincial and federal statutory tax and mining tax rate was 38% and the Company's effective tax rate was 41% for the year ended March 31, 2026, compared to 46% for the previous year. The lower effective tax rate for the current period was mainly due to the impact of foreign exchange losses (not deductible) or gains (not taxable) and the withholding tax associated with the dividend received from QIO.

F. Net Income & EBITDA

Fourth Quarter of the 2026 Financial Year vs Fourth Quarter of the 2025 Financial Year

For the three-month period ended March 31, 2026, the Company generated net income of \$23.2 million (EPS of \$0.04), compared to \$39.1 million (EPS of \$0.08) for the same prior-year period. These decreases were mainly attributable to a lower gross profit and an unrealized foreign exchange loss resulting from the revaluation of net monetary liabilities denominated in U.S. dollars, partially offset by the change in fair value of derivative assets and lower income and mining taxes.

For the three-month period ended March 31, 2026, the Company generated EBITDA of \$114.3 million¹, representing an EBITDA margin of 28%¹, compared to \$127.4 million¹, representing an EBITDA margin of 30%¹, for the same period in 2025. With comparable sales volumes, lower EBITDA and EBITDA margins were mainly driven by a stronger Canadian dollar compared to the same period last year, which negatively impacted net average realized selling price, and a higher cash cost, partially offset by an increase in the fair value of derivative assets.

2026 Financial Year vs 2025 Financial Year

For the year ended March 31, 2026, the Company generated net income of \$168.7 million (EPS of \$0.32), compared to \$142.0 million (EPS of \$0.27) for the previous year. These increases were mainly due to an unrealized foreign exchange gain resulting from the revaluation of net monetary liabilities denominated in U.S. dollars and the change in fair value of derivative assets, partially offset by lower operating income.

For the year ended March 31, 2026, the Company generated EBITDA of \$499.3 million¹, representing an EBITDA margin of 28%¹, compared to \$471.3 million¹, representing an EBITDA margin of 29%¹, for the previous year. This increase in EBITDA was mainly attributable to higher sales volumes. The decrease in EBITDA margin was attributable to revenues increasing at a higher rate than EBITDA.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 – Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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(Expressed in Canadian dollars, except where otherwise indicated)

9. Financial Performance (continued)

G. All-in Sustaining Cost & Cash Operating Margin

	Three Months Ended March 31,			Year Ended March 31,		
	2026	2025	Variance	2026	2025	Variance
Iron ore concentrate sold (dmt)	3,455,400	3,495,300	(1)%	15,033,400	13,491,200	11 %
(in dollars per dmt sold)						
Net average realized selling price ¹	120.0	121.7	(1)%	117.7	119.1	(1)%
C1 cash cost ¹	82.7	80.0	3 %	78.5	78.3	— %
Sustaining capital expenditures	9.0	9.5	(5)%	12.7	13.0	(2)%
General and administrative expenses	5.2	3.6	44 %	3.7	3.6	3 %
AISC¹	96.9	93.1	4 %	94.9	94.9	— %
Cash operating margin¹	23.1	28.6	(19)%	22.8	24.2	(6)%

Fourth Quarter of the 2026 Financial Year vs Fourth Quarter of the 2025 Financial Year

During the three-month period ended March 31, 2026, the Company realized an AISC of \$96.9/dmt¹, compared to \$93.1/dmt¹ for the same period in 2025. This increase was mainly due to higher cash cost and general and administrative expenses, while sustaining capital expenditures were mostly in line with the comparative period.

The Company generated a cash operating margin of \$23.1/dmt¹ for each tonne of high-purity iron ore concentrate sold during the three-month period ended March 31, 2026, compared to \$28.6/dmt¹ for the same prior-year period. This decrease was mainly due to a higher AISC for the period.

2026 Financial Year vs 2025 Financial Year

During the year ended March 31, 2026, the Company recorded an AISC of \$94.9/dmt¹, consistent with the previous year. Higher iron ore concentrate sales volumes contributed to lower unit costs, offsetting the rise in cost of sales, sustaining capital expenditures and general and administrative expenses, favourably impacting AISC for the period.

The cash operating margin totalled \$22.8/dmt¹ for the year ended March 31, 2026, compared to \$24.2/dmt¹ for the previous year. This decrease was due to a lower net average realized selling price for the period, as the AISC remained stable year-over-year.

10. Mineral Resources and Ore Reserves

Tonnage and quality information contained in the following tables have been rounded and, as a result, the figures may not add up to the totals quoted. The abbreviations "Total M&I" and "Total P&P" used throughout this section refer to total measured and indicated, and total proven and probable, respectively.

Governance Arrangements and Internal Controls

Mineral resources and ore reserves are subject to a systematic internal peer review. As a control measure, external technical audits are conducted when required. A technical audit completed in 2021 by independent consultants did not identify any major risks or flaws in the estimation. Likewise, a subsequent audit conducted in 2025, focused on reserves and long-term planning practices, did not identify any major risks or flaws. In general, any estimation update would be based on new information, including, but not limited to, drilling information, calibration to production and changes to assumptions. Information used in estimation updates is validated by a "qualified person" as defined in National Instrument 43-101 — Standards of Disclosure for Mineral Projects ("NI 43-101") or a "competent person", as defined in the the Joint Ore Reserves Committee Code (2012 edition and its updates) (the "JORC Code"), as applicable.

Tonnages and grades included in this section have been reviewed by the Company's internal resource and reserve working team.

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10. Mineral Resources and Ore Reserves (continued)

Bloom Lake Resources and Reserves as at March 31, 2026

Bloom Lake resources and reserves are based on the technical report titled "Mineral Resources and Mineral Reserves for the Bloom Lake Mine, Fermont, Québec, Canada", prepared pursuant to NI 43-101 and Chapter 5 of the ASX Listing Rules, by André Allaire, P.Eng., PhD, and Benoit Ouellet, P.Eng., of BBA Inc.; Jérôme Martin, P.Eng., of Soutex; Erik Ronald, P.Geo., of SRK Consulting (U.S.) Inc.; and Vincent Blanchet, P.Eng., and Olivier Hamel, P.Eng., of QIO and dated September 28, 2023 (the "2023 Technical Report").

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

During the 2026 financial year, mining activities continued on the basis of the 2023 Technical Report. Since the filing of the 2023 Technical Report, the Bloom Lake resources and reserves were adjusted for pit designs, model updates and depletion from mining operations.

- Bloom Lake measured and indicated resources totalled 1,249 Mt as at March 31, 2026, compared to 1,151 Mt as at March 31, 2025;
- Bloom Lake inferred resources totalled 255 Mt as at March 31, 2026, compared to 198 Mt as at March 31, 2025; and
- Bloom Lake proven and probable reserves totalled 601 Mt at 28.3% Fe as at March 31, 2026, compared to 636 Mt at 28.6% Fe as at March 31, 2025.

Relative to the information reported as at March 31, 2025, the changes to mineral resources and ore reserves as at March 31, 2026 are due to:

- Resource only: Reference price increased from US\$110.2/dmt to US\$130.5/dmt, accounting for the majority of the variance;
- Depletion from mining activities;
- Routine adjustments to the unit cost model and geological model;
- Inclusion of the Sudbury Hill satellite deposit, a small and shallow outcrop not connected to the main deposit (approximately 4 Mt); and
- Minor operational changes to the pit designs.

The Bloom Lake mineral resources reported are inclusive of the Bloom Lake ore reserves. As at March 31, 2026, the Bloom Lake mineral resources reported were estimated using an iron ore reference price of US\$130.5/dmt (P65 index), while the ore reserves were estimated using an iron ore reference price of US\$100.0/dmt (P65 index). A linear premium was applied to 66.2% Fe concentrate (US\$2.41/dmt and US\$1.85/dmt respectively for resources and reserves). For the portion of iron ore concentrate to be produced at DR grade (representing approximately 50% of the total future production), a flat premium was applied instead. Bloom Lake proven reserves and measured resources as at March 31, 2026, include 1.5 Mt of pre-concentration stockpiles.

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

Category	Mt Tonnage (dmt)	Champion Interest	Attributable (dmt)	Fe (%)	CaO (%)	MgO (%)	As at	
							March 31, 2026	March 31, 2025
Measured	130	100 %	130	30.1	1.1	1.0	0.3	150
Indicated	1,120	100 %	1,120	28.0	1.3	1.2	0.5	1,001
Total Measured and Indicated	1,249	100 %	1,249	28.2	1.3	1.2	0.5	1,151
Inferred	255	100 %	255	26.7	1.6	1.3	0.4	198

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

Category	Mt Tonnage (dmt)	Champion Interest	Attributable (dmt)	Fe (%)	CaO (%)	MgO (%)	As at	
							March 31, 2026	March 31, 2025
Proven	127	100 %	127	29.7	1.1	1.0	0.3	148
Probable	474	100 %	474	27.9	2.1	1.9	0.5	488
Total Proven and Probable	601	100 %	601	28.3	1.9	1.7	0.5	636

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10. Mineral Resources and Ore Reserves (continued)

Kami Project Resources and Reserves as at March 31, 2026

Kami Project resources and reserves are based on the technical report titled "Pre-feasibility Study for the Kamistiatusset (Kami) Iron Ore Property, Newfoundland and Labrador, Canada", prepared pursuant to NI 43-101 and Chapter 5 of the ASX Listing Rules and dated March 14, 2024 (the "Kami Project Study"). Since no mining activities are underway, resources and reserves are unchanged since March 14, 2024. Additional details on the Kami Project, including the Kami Project Study, are available on the Kami Project's website at www.kami.ca under the [About Kami](#) section.

On September 29, 2025, the Company and the Partners completed the Initial Closing of the Kami Transaction, whereby Nippon Steel and Sojitz acquired an aggregate 49% interest in the Kami Partnership in exchange for cash contributions. The Company's share in the resources and reserves of the Kami Project has, therefore, decreased from 100% as at March 31, 2025 to 51% as at March 31, 2026. This change is reflected in the tables below.

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

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

Category	Mt Tonnage (dmt)	Champion Interest	Attributable (dmt)	Fe (%)	MagFe (%)	HemFe (%)	MnO (%)
Measured	212	51 %	108	30.2	14.8	13.0	1.6
Indicated	763	51 %	389	29.5	16.2	10.0	1.5
Total Measured and Indicated	975	51 %	497	29.6	15.9	10.7	1.5
Inferred	163	51 %	83	29.2	14.5	11.9	1.2

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

Category	Mt Tonnage (dmt)	Champion Interest	Attributable (dmt)	Fe (%)	MagFe (%)	HemFe (%)
Proven	167	51 %	85	29.7	13.2	13.8
Probable	476	51 %	243	29.0	15.1	10.6
Total Proven and Probable	643	51 %	328	29.2	14.6	11.4

Material Changes

There were no material changes in the Company's mineral resource and ore reserve estimates in the year ended March 31, 2026, other than the impact of depletion at the Bloom Lake Mine and the change attributable to the decrease of the Company's ownership of the Kami Project from 100% to 51% on September 29, 2025.

Additional information on the Company's exploration projects can be found in its Annual Report and Annual Information Form for the year ended March 31, 2026, available under the Company's profile on the ASX at www.asx.com.au, SEDAR+ at www.sedarplus.ca and the Company's website at www.championiron.com.

Qualified Person and Data Verification

Mr. Vincent Blanchet, P. Eng., Engineer at QIO, the Company's subsidiary and operator of Bloom Lake, is a "qualified person" as defined by NI 43-101 and has reviewed and approved, or has prepared, as applicable, the disclosure of the scientific and technical information contained in section 10 — Mineral Resources and Ore Reserves of this MD&A and has confirmed that the relevant information is an accurate representation of the available data and studies for the relevant project. Mr. Blanchet's review and approval does not include statements as to the Company's knowledge or awareness of new information or data or any material changes to the material assumptions and technical parameters underpinning the 2023 Technical Report. Mr. Blanchet is a member of the *Ordre des ingénieurs du Québec*.

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11. Exploration Activities and Regional Growth

During the year ended March 31, 2026, the Company maintained all its properties in good standing and did not enter into any farm-in arrangements. As outlined in section 6 — Kami Joint Arrangement of this MD&A, the Company transferred its Kami properties to the Kami Partnership and, on September 29, 2025, an aggregate 49% interest in the Kami Partnership was acquired by Nippon Steel and Sojitz in exchange for cash contributions. The Kami Partnership was created to jointly conduct and fund certain components of the DFS on a pro-rata basis, in accordance with the Partners' respective ownership interests.

During the three-month period and year ended March 31, 2026, \$1.3 million and \$17.6 million in exploration and evaluation expenditures were incurred, respectively, compared to \$11.0 million and \$27.7 million, respectively, for the same prior-year periods. The lower investment level year-over-year reflected the transfer of the Kami properties to the Kami Partnership and the Partners' acquisition of the aggregate 49% interest in the Kami Partnership in September 2025.

Exploration and evaluation expenditures were related to activities carried out in Québec and Newfoundland and Labrador. Details on exploration projects, including maps, are available on the Company's website at www.championiron.com under the [Operations & Projects](#) section.

12. Cash Flows

The following table summarizes cash flow activities:

(in thousands of dollars, except per share data)	Three Months Ended March 31,		Year Ended March 31,	
	2026	2025	2026	2025
Operating cash flows before working capital	89,355	83,043	430,409	367,326
Changes in non-cash operating working capital	62,707	61,335	5,522	(63,308)
Net cash flows from operating activities	152,062	144,378	435,931	304,018
Net cash flows used in investing activities	(91,388)	(111,568)	(424,429)	(615,749)
Net cash flows from (used in) financing activities	(12,980)	(8,777)	164,385	23,414
Net increase (decrease) in cash	47,694	24,033	175,887	(288,317)
Effects of exchange rate changes on cash	4,002	322	3,450	5,707
Cash, beginning of the period	245,092	93,096	117,451	400,061
Cash, end of the period	296,788	117,451	296,788	117,451
Operating cash flow per share¹	0.29	0.28	0.82	0.59

A. Operating

During the three-month period ended March 31, 2026, the Company generated operating cash flows of \$89.4 million before changes in working capital items, an increase of \$6.3 million, compared to \$83.0 million for the same prior-year period, mainly driven by lower current income and mining taxes of \$29.0 million, partially offset by lower EBITDA of \$13.0 million¹ and a change in the fair value of derivative assets of \$11.0 million. The changes in non-cash operating working capital increased cash flows from operating activities by \$62.7 million during the period, mainly due to lower trade receivables, partially offset by higher prepaid expenses. The operating cash flow per share for the three-month period ended March 31, 2026, was \$0.29¹, compared to \$0.28¹ for the same prior-year period.

During the year ended March 31, 2026, the Company's operating cash flows before working capital items totalled \$430.4 million, compared to \$367.3 million for the previous year, mostly driven by higher EBITDA of \$28.0 million¹ and a \$38.4 million decrease in current income and mining taxes. The changes in non-cash operating working capital positively impacted operating cash flows by \$5.5 million due to lower inventories and lower trade receivables, partially offset by lower accounts payable and lower income and mining taxes payable. These variations are detailed in section 13 — Financial Position of this MD&A. The operating cash flow per share for the year ended March 31, 2026, totalled \$0.82¹, compared to \$0.59¹ for the previous year.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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(Expressed in Canadian dollars, except where otherwise indicated)

12. Cash Flows (continued)

B. Investing

i. Purchase of Property, Plant and Equipment

(in thousands of dollars)	Three Months Ended March 31,		Year Ended March 31,	
	2026	2025	2026	2025
Tailings lifts	8,276	6,150	67,573	71,765
Stripping and mining activities	9,900	15,372	48,948	48,679
Other sustaining capital expenditures	12,986	11,708	73,748	54,906
Sustaining Capital Expenditures	31,162	33,230	190,269	175,350
DRPF project	38,997	51,773	139,978	244,250
Other capital development expenditures at Bloom Lake	19,573	14,460	65,180	156,775
Purchase of Property, Plant and Equipment as per Cash Flows	89,732	99,463	395,427	576,375

Sustaining Capital Expenditures

The tailings-related investments for the three-month period and year ended March 31, 2026, were in line with the Company's long-term plan to support the LoM operations. As part of its ongoing tailings infrastructure monitoring and inspections, Champion remains committed to its safe tailings strategy and continues to implement its long-term investment plan for tailings infrastructure.

During the third quarter of the 2025 financial year, the Company proceeded with the expansion of its tailings and waste storage capacity to accommodate increased operational throughput, and also initiated other expansion phases in the current year. Tailings-related construction activities are typically conducted between May and November, when weather conditions are more favourable.

Stripping and mining activities for the three-month period and year ended March 31, 2026, were comprised of \$3.9 million and \$21.7 million, respectively, of mine development costs, including topographic and pre-cut drilling work, the details of which are contained in the Company's mine plan (\$2.5 million and \$29.5 million, respectively, for the same periods in 2025). During the three-month period and year ended March 31, 2026, stripping and mining activities were also comprised of \$6.0 million and \$27.2 million, respectively, of capitalized stripping costs (\$12.9 million and \$19.2 million, respectively, for the same periods in 2025).

Other sustaining capital investments for the three-month period and year ended March 31, 2026, mainly included expenditures related to mining equipment rebuild programs. These are aligned with the Company's long-term investment strategy to support growth initiatives across the LoM.

DRPF Project

During the three-month period and year ended March 31, 2026, the Company spent \$39.0 million and \$140.0 million, respectively, in capital expenditures related to the DRPF project (\$51.8 million and \$244.3 million, respectively, for the same prior-year periods). Investments during the year mainly consisted of construction activities, including mechanical, piping and electrical work, all of which are progressing as planned. Cumulative investments totalled \$479.5 million as at March 31, 2026. A detailed description of the project is presented in section 5 — DRPF Project Update of this MD&A.

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(Expressed in Canadian dollars, except where otherwise indicated)

12. Cash Flows (continued)

B. Investing (continued)

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

Other Capital Development Expenditures at Bloom Lake

During the three-month period and year ended March 31, 2026, other capital development expenditures at Bloom Lake totalled \$19.6 million and \$65.2 million, respectively (\$14.5 million and \$156.8 million, respectively, for the same periods in 2025), and are detailed as follows:

(in thousands of dollars)	Three Months Ended		Year Ended	
	March 31,	2025	March 31,	2025
Infrastructure improvements and conformity (i)	4,023	6,000	24,203	36,828
Mine maintenance garage expansion	152	847	681	8,922
Deposits or final payment for mining equipment	1,611	2,752	17,812	22,289
Railcars	—	—	—	69,370
Other (ii)	13,787	4,861	22,484	19,366
Other Capital Development Expenditures at Bloom Lake	19,573	14,460	65,180	156,775

(i) Infrastructure improvements and conformity expenditures included various capital projects aimed at improving the performance or capacity of assets and complying with various regulations governing mining practices.

(ii) Other expenditures included cash borrowing costs capitalized on the DRPF project.

ii. Other Main Investing Activities

During the three-month period and year ended March 31, 2026, the Company invested \$1.3 million and \$17.6 million, respectively, in exploration and evaluation assets (\$11.0 million and \$27.7 million, respectively, for the same prior-year periods) and made advance payments of \$0.2 million and \$10.0 million, respectively, to third-party service providers for major replacement parts and asset improvement capital expenditures (\$0.9 million and \$10.1 million, respectively, for the same prior-year periods).

C. Financing

During the three-month period ended March 31, 2026, the Company made capital repayments on its lease liabilities of \$4.5 million (\$3.2 million for the same prior-year period), and repaid \$8.5 million on its long-term debt (net repayment of \$5.5 million for the same prior-year period).

During the year ended March 31, 2026, the Company made two dividend payments to shareholders totalling \$106.7 million (\$103.6 million for the same prior-year period) and La Caisse exercised warrants to acquire 15 million ordinary shares of Champion, resulting in total proceeds to the Company of \$36.7 million. In addition, Champion issued US\$500 million of 7-year Senior Unsecured Notes for net proceeds, after transaction costs, of \$666.8 million. Concurrently, the Company used the proceeds from the notes offering to repay its senior credit facilities totalling \$456.3 million. During the year ended March 31, 2026, the Company also made a net drawdown on its long-term debt of \$40.4 million (\$136.8 million for the same prior-year period) and made payments on lease liabilities of \$16.6 million (\$9.3 million for the same prior-year period).

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13. Financial Position

The following table details the changes to the consolidated statements of financial position:

(in thousands of dollars)	As at March 31, 2026	As at March 31, 2025	Variance
Cash	296,788	117,451	153 %
Receivables	179,652	202,470	(11)%
Inventories	289,341	357,489	(19)%
Other current assets	61,869	54,895	13 %
Total Current Assets	827,650	732,305	13 %
Advance payments	80,368	76,307	5 %
Property, plant and equipment	2,322,105	2,046,406	13 %
Exploration and evaluation assets	98,370	148,029	(34)%
Other non-current assets	95,644	27,154	252 %
Investment in a joint venture	73,124	—	100 %
Total Assets	3,497,261	3,030,201	15 %
Total Current Liabilities	318,744	358,682	(11)%
Long-term debt	922,136	666,576	38 %
Lease liabilities	93,791	78,619	19 %
Provisions	131,873	141,628	(7)%
Net deferred tax liabilities	400,483	325,105	23 %
Other non-current liabilities	95,975	24,193	297 %
Total Liabilities	1,963,002	1,594,803	23 %
Total Equity	1,534,259	1,435,398	7 %
Total Liabilities and Equity	3,497,261	3,030,201	15 %

Assets

The Company's cash balance on March 31, 2026, compared to the amount held on March 31, 2025, is detailed in section 12 — Cash Flows of this MD&A.

The decrease in receivables was mostly attributable to the settlement of the Kami DFS costs, concurrently with the Initial Closing of the Kami Transaction, as outlined in section 6 — Kami Joint Arrangement of this MD&A. Lower trade receivables also contributed to the decrease in receivables, primarily due to lower uncollected shipments at year-end, partially offset by higher forward prices as at March 31, 2026, compared to March 31, 2025.

The decrease in inventories was mainly attributable to the reduced volume of iron ore concentrate stockpiled as at March 31, 2026, compared to March 31, 2025.

The additions to property, plant and equipment are detailed in section 12 — Cash Flows of this MD&A. The increase was also attributable to additional right-of-use assets related to certain equipment.

The new investment in a joint venture and the decrease in exploration and evaluation assets are discussed in section 6 — Kami Joint Arrangement of this MD&A.

The increase in other non-current assets was primarily due to a \$55.4 million receivable from the Kami Partnership, corresponding to the \$68.6 million initial cash contributions from Nippon Steel and Sojitz made on September 29, 2025, less the Company's pro-rata share of the costs incurred thereafter.

Liabilities and Equity

The decrease in current liabilities was mainly attributable to the timing of payments to suppliers and lower income and mining taxes payable, partially offset by new mobile equipment lease liabilities and higher interest expense accrued on the US\$500 million Senior Unsecured Notes completed on July 2, 2025.

The increase in long-term debt was mainly attributable to closing the US\$500 million Senior Unsecured Notes offering, partially offset by the repayment of the Company's senior term loan and revolving facility, as well as an unrealized foreign exchange gain on long-term debt denominated in U.S. dollars.

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13. Financial Position (continued)

Liabilities and Equity (continued)

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

Other non-current liabilities included a \$68.6 million liability, representing the maximum amount repayable to the Partners if they exercise their options to exit the Kami Partnership.

Total equity increased by \$98.9 million since the beginning of the financial year as the dividend payment on the Company's ordinary shares was more than offset by the net income generated during the twelve-month period and the proceeds from the exercise of warrants held by La Caisse.

Liquidity

The Company believes it is well positioned to fund all of its cash requirements for the next 12 months from its existing cash balance, forecasted cash flows from operating activities and undrawn available credit facilities.

As at March 31, 2026, the Company held \$296.8 million in cash and had \$515.6 million in undrawn loans under the revolving facility for total available liquidity of \$812.4 million¹. Subsequent to year-end, the Company completed the refinancing of its revolving credit facility to extend the maturity from November 2027 to April 2030.

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

- Sustaining and other capital expenditures;
- Growth projects expenditures, including remaining DRPF project expenditures;
- Semi-annual dividend payments to shareholders, if declared;
- Capital repayments related to lease liabilities and long-term debt; and
- Payment of mining and income taxes.

On April 10, 2026, the Company completed the acquisition of 92.48% of the issued and outstanding shares of Rana Gruber, pursuant to its previously announced recommended voluntary cash tender offer. The Company subsequently completed the compulsory acquisition of the remaining shares and became the owner of 100% of Rana Gruber on April 17, 2026. The Acquisition was completed at a total purchase price of approximately US\$300 million, plus related fees and expenses, which was funded through a combination of a new secured 4-year term loan of US\$150 million, the net proceeds of an equity private placement of US\$100 million from La Caisse, and approximately US\$50 million in cash from the Company's financial liquidities.

Future cash calls by the Kami Partnership are not expected to affect the Company's liquidity in the short term. It is expected that the proceeds of the initial cash contributions to the Kami Partnership by the Partners will be used to cover the Company's pro-rata share of the costs, thus reducing the amount of the contribution note receivable from the Kami Partnership issued in connection with the Kami assets transfer from the Company to the Kami Partnership.

14. Financial Instruments

The nature and extent of risks arising from the Company's financial instruments are summarized in note 26 to the Financial Statements.

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

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15. Contingencies

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

In relation to the Kami Project, the Second Closing of the Kami Transaction remains subject to: i) the completion of a DFS, expected to be completed in the second half of the 2026 calendar year, and ii) Champion and the Partners proceeding with positive IID elections to pursue work towards an FID, as well as other customary closing conditions. Until an FID is made, the Partners have different options to exit the Kami Partnership by requiring Champion to acquire their interests. Details on contingencies related to the Kami Project and other contingencies are disclosed in notes 28 and 30 to the Financial Statements.

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

Contractual Obligations and Commitments

The following table details the contractual maturities of the Company's liabilities segmented by period, including estimated future interest payments and future minimum payments of the commitments, as at March 31, 2026:

(in thousands of dollars)	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Accounts payable and other (excluding current portion of lease liabilities and cash-settled share-based payment liability)	236,342	—	—	236,342
Long-term debt	112,495	430,367	839,128	1,381,990
Lease liabilities	23,970	60,054	69,753	153,777
Commitments as per note 30 to the Financial Statements	109,802	68,374	177,805	355,981
	482,609	558,795	1,086,686	2,128,090

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

Contingent upon the Kami Project advancing to commercial production, Champion will be subject to a fixed production payment on future tonnes sold. The Company is also subject to limited production payments on its Consolidated Fire Lake North, Lac Lamêlée, Moiré Lake, O'Keefe-Purdy and Harvey-Tuttle properties.

Other Off-Balance Sheet Arrangements

As at March 31, 2026, the undrawn portion of the revolving facility is subject to standby commitment fees.

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17. Material Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Production start date

The Company assessed the stage of its mining asset construction project to determine when it has reached the commercial production phase. Commercial production is achieved when the project is substantially completed and ready for its intended use. The Company considers various relevant criteria to assess when the commercial production phase is considered to have commenced including, but not limited to:

- Level of capital expenditure incurred compared to original budget;
- Majority of the assets making up the mining project are substantially complete and ready for use;
- Completion of a reasonable period of testing of the mine plant and equipment; and
- Ability to produce iron ore concentrate in saleable form (within specifications) and to sustain ongoing production of iron ore concentrate.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either included as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements or reserve development. It is also at this point that depreciation commences.

Mineral resources and ore reserves

Mineral resource and ore reserve estimates (referred to as mineral resource and mineral reserve under the National Instrument 43-101) are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral resources and ore reserves based on information compiled by qualified persons relating to geological and technical data, on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Recovery of ore reserves is based on factors such as estimated future prices, expected future production and production costs and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. Such an analysis requires complex geological judgments and estimates. Estimates of mineral resources and ore reserves have an impact on the following items:

- Capitalized stripping costs recognized as inventory or charged as cost of sales in profit or loss as it may change due to changes in stripping ratios;
- Depreciation charge as changes in estimates of mineral resources and ore reserves may affect the useful life or units-of-production method of calculation for depreciation;
- Rehabilitation obligation as changes in estimates may affect the expected date to settle the obligation; and
- Carrying value of non-financial assets as changes in estimates may affect estimated future cash flows and therefore impact impairment analysis.

The Company expects that, over time, its mineral resource and ore reserve estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Definition of separate open pits

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, initial stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping of the second and subsequent pits is considered to be production phase stripping. The judgment as to whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances.

The following factors would point towards the initial stripping costs for the individual pits being accounted for separately:

- If the second and subsequent pits are mined consecutively following that of the first pit, rather than concurrently;
- If separate investment decisions are made to develop each pit, rather than a single investment decision being made at the outset;
- If the pits are operated as separate units in terms of mine planning and the sequencing of overburden removal and ore mining, rather than as an integrated unit; and
- If the pits extract ore from separate and distinct ore bodies, rather than from a single ore body.

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17. Material Judgments, Estimates and Assumptions (continued)

Definition of separate open pits (continued)

If the designs of the second and subsequent pits are significantly influenced by opportunities to optimize output from several pits, including the co-treatment or blending of the output from the pits, then this would point to treatment as an integrated operation for the purposes of accounting for initial stripping costs. The relative importance of each of the above factors is considered in each case. The Company operates three open pits at the Bloom Lake Mine. Starting on April 1, 2025, the Company assessed that the three open pits were integrated and as such, the Company uses one stripping ratio (March 31, 2025: two stripping ratios).

Depreciation of non-current assets

Property, plant and equipment are depreciated over their useful life, or over the remaining life of the mine if that is shorter and there is no reasonable alternative use for the asset by the Company. The useful lives of the major assets of a cash-generating unit ("CGU") are often dependent on the life of the mine to which they relate. Where this is the case, the lives of mining properties, plant, concentrators and other long-lived processing equipment are generally limited to the expected life of mine, which is estimated on the basis of the mining plan. Where the major assets of a CGU are not dependent on the life of mine, management applies judgment in estimating the remaining service potential of long-lived assets.

Recovery of exploration and evaluation assets

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which the Company has the right to explore in a specific area, actual and planned expenditures, and results of exploration. Management judgment is also applied in determining whether an economically viable operation can be established or whether activities have not reached a stage that permits a reasonable assessment of the existence of ore reserves, significant negative industry or economic trends, CGUs, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest.

Joint arrangement

Judgment is required to determine when the Company has joint control, which requires an assessment of the key strategic activities of the arrangement to determine which activities most significantly affect the returns of the arrangement over its life. When unanimous consent is required over the decisions about the key strategic activities, the parties whose consent is required have joint control over the arrangement. The judgments around which activities are considered to be strategic are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing this assessment, the Company has determined that the key strategic activities for the Kami Partnership relate to the managing of the asset while it is being designed, developed and constructed, during its operating life and during the closure period. Those activities include the determination of the life of mine plan, entering into decisive long-term operating contracts for rail and port services, approval of budgets for significant operating costs and capital expenditures, obtaining funding, management of financial assets, and appointment, remuneration and termination of key management personnel. The control and key strategic activities of the arrangement are reassessed whenever there is a change in circumstances or contractual terms.

Judgment is also required to classify a joint arrangement as either a joint operation or a joint venture. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. In making this determination, the structure and the legal form of the arrangement, the contractual terms and other facts and circumstances are analyzed. This assessment requires judgment and has led the Company to conclude that the Kami Partnership is a joint venture for the purposes of the consolidated financial statements, as the Company only has rights to the net assets of the arrangement proportionate to its ownership interest.

Lease liabilities and right-of-use assets

The Company makes judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include determining contracts in scope of IFRS 16, determining the contract term, determining the interest rate used for discounting future cash flows, assessing purchase option and separating components of a contract. The lease term determined by the Company generally comprises a non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as the useful life of right-of-use assets. Lease payments include the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The separation of components of a contract requires estimates and judgments for allocating the consideration in the contract to each lease component and non-lease component.

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17. Material Judgments, Estimates and Assumptions (continued)

Provisions

The provisions are based on the best estimate of the amount that the Company would rationally pay to settle the present obligation at the end of the reporting period or to transfer it to a third party. Assumptions based on the current economic environment have been made, which management believes to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed at each reporting period to take into account any material changes to the assumptions, including regulatory changes and cost increases associated with site areas used for tailings and waste for the rehabilitation obligation, and revisions to future expenditures following the completion of projects, changes in projects concepts and additional data from field studies for the compensation plans' obligation.

Actual costs will ultimately depend upon future market prices for the necessary works required that will reflect market conditions at the time. Furthermore, the timing of rehabilitation is likely to depend on when Bloom Lake ceases to produce at economically viable rates. This, in turn, will depend upon future iron ore prices, which are inherently uncertain.

Revenue recognition

At each reporting period, the Company re-estimates sales subject to provisional pricing with reference to forward price indices. The forward price depends on the final quotation period as per sale contracts, which usually depends on the date when the vessel arrives at its final destination. The arrival date is initially estimated at the sale date and then re-evaluated before each reporting date. Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues.

18. New Accounting Standards or Amendments Issued and Adopted by the Company

The Company adopted the following new accounting standard for the first time for the financial year beginning April 1, 2025. No amendments to existing standards have been adopted by the Company on April 1, 2025.

AASB S2 (IFRS S2), Climate-related Disclosures ("IFRS S2")

A set of climate-related financial disclosures, including climate-related physical risks, transition risks and opportunities, required under AASB S2, is covered in the section 07 — Sustainability Report of the Annual Report for the year ended March 31, 2026.

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

The following amendments to existing standards and the new standard have been issued and are applicable to the Company for its annual period beginning on April 1, 2026, and thereafter, with an earlier application permitted:

Amendments to AASB 9 (IFRS 9), Financial Instruments ("IFRS 9") and AASB 7 (IFRS 7), Financial Instruments: Disclosures ("IFRS 7")

The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with Environmental, Social and Governance (ESG) linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

AASB 18 (IFRS 18), Presentation and Disclosure in Financial Statements ("IFRS 18")

IFRS 18 replaces IAS 1 - Presentation of Financial Statements and requires: i) income and expenses in the income statement to be classified into three new defined categories "Operating", "Investing" and "Financing" and two new subtotals "Operating profit or loss" and "Profit or loss before financing and income tax"; ii) disclosures about management-defined performance measures, which are non-IFRS measures related to the income statement, used in public communications to communicate management's view of the entity's financial performance; and iii) an appropriate level of aggregation and disaggregation based on similar characteristics and specific disclosure requirements for entities that present operating expenses by function in the income statement.

The Company is currently evaluating the impact of adopting the amendments and the new standard on the Company's consolidated financial statements.

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20. Related Parties

Related party transactions consist of transactions with key management personnel and joint ventures.

Key management personnel

The Company considers members of the Board and some of its senior officers to be key management personnel. Transactions with key management personnel are disclosed in note 29 to the Financial Statements.

Joint venture

As outlined in section 6 – Kami Joint Arrangement of this MD&A, the Company holds a 51% interest in the Kami Partnership, formed for the joint ownership and potential development of the Kami Project.

Transactions and balances with the joint venture, accounted for using the equity method, are summarized below:

	On September 29,
(in thousands of dollars)	2025
Contributed net assets	
Current assets	313
Non-current assets (i)	78,868
Current liabilities	(3,175)
Non-current liabilities	(28)
	75,978
Cash received (Feasibility Study repayment)	(15,630)
Investment received	60,348

(i) Non-current assets include \$78.7 million of exploration and evaluation assets contributed to the Kami Partnership.

During the year ended March 31, 2026, Champion invoiced management fees and other services to the Kami Partnership totalling \$4.2 million, and recognized interest income of \$651 on restricted cash held within the joint venture for the Company's benefit.

	As at March 31,
(in thousands of dollars)	2026
Investment in a joint venture	73,124
Joint venture's contribution note	55,446
Other receivables (from a joint venture)	1,047

The joint venture does not have any future minimum payments of commitments as at March 31, 2026.

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21. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the Financial Statements, the unaudited condensed interim consolidated financial statements for the previous quarters, and the audited annual consolidated financial statements for the financial year ended March 31, 2025.

	Q4 2026	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Financial Data (in millions of dollars, except per share data)								
Revenues	414.5	472.3	492.9	390.0	425.3	363.2	351.0	467.1
Operating income	57.3	111.0	132.7	10.6	84.6	50.8	39.6	145.5
Net income	23.2	65.0	56.8	23.8	39.1	1.7	19.8	81.4
Adjusted net income ¹	23.2	65.0	56.8	23.8	39.1	1.7	19.8	81.4
EBITDA ¹	114.3	152.4	174.8	57.8	127.4	88.2	74.5	181.2
Basic EPS	0.04	0.12	0.11	0.05	0.08	0.00	0.04	0.16
Adjusted EPS ¹	0.04	0.12	0.11	0.05	0.08	0.00	0.04	0.16
Diluted EPS	0.04	0.12	0.11	0.05	0.07	0.00	0.04	0.15
Net cash flows from (used in) operating activities	152.1	81.7	121.0	81.1	144.4	(6.4)	134.7	31.4
Operating Data								
Waste mined and hauled (thousands of wmt)	10,980	12,089	12,888	10,964	10,886	9,694	9,324	6,734
Ore mined and hauled (thousands of wmt)	9,915	10,550	10,016	10,071	9,470	10,348	9,287	10,779
Stripping ratio	1.11	1.15	1.29	1.09	1.15	0.94	1.00	0.62
Ore milled (thousands of wmt)	9,744	10,443	9,968	10,501	9,160	10,305	9,125	11,084
Head grade Fe (%)	28.8	29.1	29.6	28.2	29.2	29.3	29.1	29.1
Fe recovery (%)	80.6	79.7	79.6	78.2	78.3	79.1	78.7	79.3
Product Fe (%)	66.2	66.5	66.5	66.3	66.5	66.3	66.3	66.3
Iron ore concentrate produced (thousands of wmt)	3,435	3,661	3,552	3,521	3,167	3,621	3,170	3,877
Iron ore concentrate sold (thousands of dmt)	3,455	3,895	3,851	3,832	3,495	3,287	3,266	3,443
Statistics (in dollars per dmt sold)								
Gross average realized selling price ¹	165.1	162.9	157.5	146.0	160.4	158.8	161.8	171.6
Net average realized selling price ¹	120.0	121.3	128.0	101.8	121.7	110.5	107.5	135.7
C1 cash cost ¹	82.7	73.9	76.2	81.9	80.0	78.7	77.5	76.9
AISC ¹	96.9	89.7	96.9	96.2	93.1	93.9	101.4	91.6
Cash operating margin ¹	23.1	31.6	31.1	5.6	28.6	16.6	6.1	44.1
Statistics (in U.S. dollars per dmt sold) ²								
Gross average realized selling price ¹	120.5	116.8	114.2	105.5	111.8	113.4	118.9	125.3
Net average realized selling price ¹	87.5	86.9	92.9	73.4	84.9	78.8	79.0	99.2
C1 cash cost ¹	60.3	53.0	55.3	59.2	55.7	56.3	56.8	56.2
AISC ¹	70.6	64.3	70.4	69.5	64.9	67.2	74.3	66.9
Cash operating margin ¹	16.9	22.6	22.5	3.9	20.0	11.6	4.7	32.3

¹ This is a non-IFRS financial measure, ratio or other financial measure. This measure is not a standardized financial measure under the financial reporting framework used to prepare the Financial Statements and might not be comparable to similar financial measures used by other issuers. Refer to the section 22 — Non-IFRS and Other Financial Measures of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measure when applicable.

² See the "Currency" subsection included in section 7 — Key Drivers of this MD&A.

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22. Non-IFRS and Other Financial Measures

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

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

Non-IFRS Financial Measures

EBITDA	Earnings before income and mining taxes, net finance costs and depreciation
Adjusted net income	Net income plus start-up costs, if any, less gain on disposal of non-current investments, plus write-off of non-current investment and the related tax effect of these items
Available liquidity	Cash and cash equivalents, plus short-term investments, plus undrawn amounts under credit facilities

Non-IFRS Ratios

EBITDA margin	EBITDA as a percentage of revenues
Adjusted EPS	Adjusted net income per basic weighted average number of ordinary shares outstanding
C1 cash cost per dmt sold	Cost of sales before start-up costs, if any, divided by iron ore concentrate sold in dmt
AISC per dmt sold	C1 cash cost, plus sustaining capital expenditures and general and administrative expenses, divided by iron ore concentrate sold in dmt
Cash operating margin	Net average realized selling price, less AISC
Gross average realized selling price per dmt sold	Revenues before provisional pricing adjustments and freight and other costs, divided by iron ore concentrate sold in dmt
Cash profit margin	Cash operating margin as a percentage of net average realized selling price

Other Financial Measures

Net average realized selling price or net average realized FOB selling price per dmt sold	Revenues divided by iron ore concentrate sold in dmt
Mining and processing costs per dmt produced	Mining and processing costs, divided by iron ore concentrate produced in dmt
Land transportation and port handling costs per dmt sold	Land transportation and port handling costs, divided by iron ore concentrate sold in dmt
Operating cash flow per share	Net cash flows from (used in) operating activities per basic weighted average number of ordinary shares outstanding

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Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

EBITDA and EBITDA Margin

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

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

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

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
(in thousands of dollars)	2025	2025	2025	2026	2026
Income before income and mining taxes	24,213	104,072	105,456	51,078	284,819
Net finance costs (income)	(13,256)	25,643	2,101	19,733	34,221
Depreciation	46,796	45,108	44,851	43,529	180,284
EBITDA	57,753	174,823	152,408	114,340	499,324
Revenues	390,027	492,890	472,309	414,505	1,769,731
EBITDA margin	15%	35%	32%	28%	28%

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
(in thousands of dollars)	2024	2024	2024	2025	2025
Income before income and mining taxes	137,377	31,777	21,347	74,646	265,147
Net finance costs	8,259	7,486	30,508	11,286	57,539
Depreciation	35,524	35,273	36,361	41,446	148,604
EBITDA	181,160	74,536	88,216	127,378	471,290
Revenues	467,084	350,980	363,170	425,345	1,606,579
EBITDA margin	39%	21%	24%	30%	29%

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Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

Adjusted Net Income and Adjusted EPS

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

Management's determination of the components of adjusted net income and adjusted EPS is performed periodically and is based, in part, on its review of non-IFRS financial measures and ratios used by mining industry analysts.

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2025	2025	2025	2026	2026
<small>(in thousands of dollars, except shares and per share data)</small>					
Net income	23,784	56,794	64,972	23,186	168,736
Adjusted net income	23,784	56,794	64,972	23,186	168,736
<small>(in thousands)</small>					
Weighted average number of ordinary shares outstanding – Basic	522,702	533,251	533,251	533,251	530,621
Adjusted EPS (in dollars)	0.05	0.11	0.12	0.04	0.32
	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2024	2024	2024	2025	2025
<small>(in thousands of dollars, except shares and per share data)</small>					
Net income	81,357	19,807	1,741	39,140	142,045
Adjusted net income	81,357	19,807	1,741	39,140	142,045
<small>(in thousands)</small>					
Weighted average number of ordinary shares outstanding – Basic	518,080	518,111	518,251	518,251	518,173
Adjusted EPS (in dollars)	0.16	0.04	0.00	0.08	0.27

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

Available Liquidity

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

	As at March 31,	As at December 31,
(in thousands of dollars)	2026	2025
Cash	296,788	245,092
Undrawn amounts under credit facilities	515,600	506,340
Available liquidity	812,388	751,432

C1 Cash Cost per dmt sold

C1 cash cost per dmt is a common financial performance measure in the iron ore mining industry. Champion reports its C1 cash cost on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flows from its mining operations.

This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison with other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. The cost of sales includes production costs such as mining, processing and mine site-related general and administrative expenses, as well as rail and port operating costs. Depreciation expense is not a component of C1 cash cost.

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2025	2025	2025	2026	2026
Iron ore concentrate sold (dmt)	3,831,800	3,850,900	3,895,300	3,455,400	15,033,400
(in thousands of dollars, except per dmt data)					
Cost of sales	313,928	293,398	287,712	285,785	1,180,823
C1 cash cost (per dmt sold)	81.9	76.2	73.9	82.7	78.5

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2024	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,442,800	3,265,700	3,287,400	3,495,300	13,491,200
(in thousands of dollars, except per dmt data)					
Cost of sales	264,911	252,960	258,728	279,644	1,056,243
C1 cash cost (per dmt sold)	76.9	77.5	78.7	80.0	78.3

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

All-in Sustaining Cost per dmt sold

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-purity iron ore concentrate. As this measure is intended to represent the cost of selling iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions that would increase production capacity or mine life, including economic evaluations for such projects. Also, it does not include innovation and growth initiative expenses, start-up costs and exploration expenses that are not sustainable in nature, income and mining tax expenses, working capital, defined as current assets less current liabilities, net finance costs, or other income or expenses. This measure does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

The Company calculates AISC as the sum of C1 cash costs, sustaining capital, including deferred stripping costs, and general and administrative expenses divided by the iron ore concentrate sold, 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.

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2025	2025	2025	2026	2026
Iron ore concentrate sold (dmt)	3,831,800	3,850,900	3,895,300	3,455,400	15,033,400
(in thousands of dollars, except per dmt data)					
Cost of sales	313,928	293,398	287,712	285,785	1,180,823
Sustaining capital expenditures ¹	42,241	69,910	46,956	31,162	190,269
General and administrative expenses	12,581	9,894	14,744	17,836	55,055
	368,750	373,202	349,412	334,783	1,426,147
AISC (per dmt sold)	96.2	96.9	89.7	96.9	94.9

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2024	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,442,800	3,265,700	3,287,400	3,495,300	13,491,200
(in thousands of dollars, except per dmt data)					
Cost of sales	264,911	252,960	258,728	279,644	1,056,243
Sustaining capital expenditures ¹	38,008	65,919	38,193	33,230	175,350
General and administrative expenses	12,350	12,114	11,813	12,457	48,734
	315,269	330,993	308,734	325,331	1,280,327
AISC (per dmt sold)	91.6	101.4	93.9	93.1	94.9

¹ Purchase of property, plant and equipment as per the consolidated statements of cash flows are classified into sustaining capital expenditures, DRPF project and other capital development expenditures at Bloom Lake. Sustaining capital expenditures are defined as capital expenditures to sustain or maintain the existing assets to achieve operations as per the mine plan, from which future economic benefits will be derived. Refer to section 12 – Cash Flows of this MD&A.

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Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

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

Cash Operating Margin per dmt sold and Cash Profit Margin

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

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2025	2025	2025	2026	2026
Iron ore concentrate sold (dmt)	3,831,800	3,850,900	3,895,300	3,455,400	15,033,400
(in thousands of dollars, except per dmt data)					
Revenues	390,027	492,890	472,309	414,505	1,769,731
Net average realized selling price (per dmt sold)	101.8	128.0	121.3	120.0	117.7
AISC (per dmt sold)	96.2	96.9	89.7	96.9	94.9
Cash operating margin (per dmt sold)	5.6	31.1	31.6	23.1	22.8
Cash profit margin	6%	24%	26%	19%	19%

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2024	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,442,800	3,265,700	3,287,400	3,495,300	13,491,200
(in thousands of dollars, except per dmt data)					
Revenues	467,084	350,980	363,170	425,345	1,606,579
Net average realized selling price (per dmt sold)	135.7	107.5	110.5	121.7	119.1
AISC (per dmt sold)	91.6	101.4	93.9	93.1	94.9
Cash operating margin (per dmt sold)	44.1	6.1	16.6	28.6	24.2
Cash profit margin	32%	6%	15%	24%	20%

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Management's Discussion and Analysis

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

Gross Average Realized Selling Price per dmt sold

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

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

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2025	2025	2025	2026	2026
Iron ore concentrate sold (dmt)	3,831,800	3,850,900	3,895,300	3,455,400	15,033,400
(in thousands of dollars, except per dmt data)					
Revenues	390,027	492,890	472,309	414,505	1,769,731
Provisional pricing adjustments	26,552	(40,935)	(4,373)	299	(18,457)
Freight and other costs	142,687	154,436	166,539	155,844	619,506
Gross revenues	559,266	606,391	634,475	570,648	2,370,780
Gross average realized selling price (per dmt sold)	146.0	157.5	162.9	165.1	157.7

	June 30,	September 30,	December 31,	Three Months Ended March 31,	Year Ended March 31,
	2024	2024	2024	2025	2025
Iron ore concentrate sold (dmt)	3,442,800	3,265,700	3,287,400	3,495,300	13,491,200
(in thousands of dollars, except per dmt data)					
Revenues	467,084	350,980	363,170	425,345	1,606,579
Provisional pricing adjustments	(27,947)	22,947	17,407	(5,389)	7,018
Freight and other costs	151,547	154,425	141,568	140,627	588,167
Gross revenues	590,684	528,352	522,145	560,583	2,201,764
Gross average realized selling price (per dmt sold)	171.6	161.8	158.8	160.4	163.2

23. Share Capital Information

The Company's share capital consists of ordinary shares without par value. As of May 27, 2026, there were 560,046,922 ordinary shares issued and outstanding, including the shares issued subsequent to the year ended March 31, 2026, related to the Rana Gruber Acquisition, and 7,415,251 restricted share units, deferred share units and performance share units issued under the Company's Omnibus Incentive Plan.

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24. Risk Factors

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

Iron Ore Prices

The Company's principal business is the exploration, development and production of iron ore. The Company's operating results and financial condition are largely dependent on movements in the price of iron ore, over which the Company has no control. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply and demand balance. Given the historical volatility of iron ore prices and lower prices experienced in recent years, there are no assurances that the iron ore price will remain at economically attractive levels. An increase in iron ore supply without a corresponding increase in iron ore demand would be expected to result in a decrease in the price of iron ore. Similarly, a decrease in iron ore demand without a corresponding decrease in the supply of iron ore would be expected to result in a decrease in the price of iron ore.

A continued decline in iron ore prices would adversely impact the business of the Company and could affect the feasibility of the Company's projects. A continued decline in iron ore prices would also be expected to adversely impact the Company's ability to attract financing. There is no assurance that, even as commercial quantities of iron ore are produced, a profitable market will exist for it. A decline in the price of iron ore may also require Champion to write down its ore reserves and mineral resources, which could materially adversely affect the Company's business, operating results and financial condition.

Iron ore prices are also affected by numerous other factors beyond the Company's control, including the exchange rate of the United States dollar with other major currencies, the overall state of the economy and expectations for economic growth (including as a result of global and regional demand, epidemics, extreme seasonal weather conditions, geopolitical events such as the conflicts in the Middle East and between Russia and Ukraine, global economic conditions, including trade protection measures such as tariffs and import and export restrictions as well as retaliation measures adopted in response thereof, or the tensions between China and other countries, production levels, and costs and transportation costs in major iron ore producing regions). The escalation of conflicts in the Middle East during the first half of 2026 resulted in a material increase in geopolitical risk to global iron ore and steel markets, via higher costs, disrupted trade flows, and weaker demand confidence. See also "Freight Costs", "Trade Barriers" and "Epidemic Outbreaks, Boycotts and Geopolitical Events" below.

The Company cannot predict the future impact of those factors on iron ore prices, nor whether those factors will continue or if other factors that may negatively affect iron ore prices and high-purity iron ore premiums will emerge. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing operations and development activities would be evaluated and, if warranted, could be reduced or discontinued. Any reduction or discontinuation of operations or development activities could in turn materially and adversely affect the Company's business, operating results and financial condition.

Operating Costs

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

Energy prices (including the price for fuel needed for operations at the mine site) can be affected by numerous factors beyond the Company's control, including global and regional supply and demand, political, geopolitical and economic conditions and applicable regulatory regimes. The prices and various sources of energy the Company relies on have increased significantly recently and may increase further from current levels in the future, which could materially adversely affect the Company's business, operating results and financial condition.

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24. Risk Factors (continued)

Operating Costs (continued)

In the normal course of operations, the Company manages each of these risks to mitigate, where possible, the effect they have on operating results. However, any significant change in any of the foregoing could have a negative impact on the Company's operating costs, which could in turn materially adversely affect the Company's business, operating results and financial condition. See also "Freight Costs" and "Epidemic Outbreaks, Boycotts and Geopolitical Events" below.

Freight Costs

Sea freight is an important component of the Company's cost structure as it ships nearly all of its iron ore concentrate to several regions overseas. The Company uses external sea freight to ship most of its iron ore concentrate. Global sea freight capacity issues, which have from time to time been exacerbated by factors beyond the Company's control, including port congestion globally and, in recent years, the ongoing conflicts in the Middle East and related disruption to shipping through the Strait of Hormuz and high fuel prices which continue to face upward pressure, in addition to ongoing inflationary pressure, persist worldwide. Such dynamics, in tandem with limited capacity and equipment, has resulted in the past and may continue to cause longer shipping times and price increases. Although the Company is seeking to manage and reduce its freight premium volatility, including through freight contracts, the Company remains exposed to fluctuations in freight costs. Adverse fluctuations in freight costs, including as a result of general economic conditions, rising fuel prices, decreased vessel availability or otherwise, could materially adversely affect the Company's business, operating results and financial condition.

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

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. To develop its Bloom Lake Mine, the Company has entered into agreements for various infrastructure requirements, including power, rail transportation and port access with various industry participants (including external service and utility providers such as rail companies, loading and port authorities) necessary for the transportation and handling of production of Bloom Lake iron ore. Disruption in such services, including due to equipment or infrastructure breakdown or deficiencies (such as the third-party train derailment which occurred on the Quebec North Shore and Labrador railway, which forced the Company to stockpile high-purity iron ore concentrate at its mine site) have in the past affected and could in the future affect the operating results and financial condition of the Company and its ability to transport its product according to its schedules and contractual commitments. Most of the Company's other mineral properties are located in relatively remote areas at a distance from existing infrastructure. Active mineral exploitation at any of these other properties would require building, adding or extending infrastructure, which could add to the time and cost required for mine development. These are important determinants affecting capital and operating costs.

Liquidity / Financing Risk

The Company may need to obtain additional financing in the future through the sale of equity or debt securities, the optioning or selling its properties, or otherwise. In addition to the capital expenditures required to maintain its operations, the execution of the Company's growth strategy will require the Company to incur significant capital expenditures in the future, including in connection with the DRPF project, the development of the Kami Project and the Company's other strategic initiatives to participate in the efforts to decarbonize the iron and steel industry. To do so, the Company may need to raise additional capital. In addition, the Company may need significant amounts of ongoing capital to manage uncertain development and permitting timelines and the volatility associated with fluctuating mineral prices. These financing requirements could adversely affect the Company's credit ratings and its ability to access capital markets in the future. Financial markets, including banking, debt and equity markets, can also be extremely volatile and can prevent the Company from gaining access to the capital required to maintain and grow its business. No assurance can be given that additional financing will be available for further exploration and development of the Company's properties when required, upon terms acceptable to the Company or at all. Current geopolitical events, including the imposition by the United States of tariffs on foreign imports into the United States as well as measures adopted by other countries in retaliation thereof, could also impact the Company's ability to obtain additional financing. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties, which could in turn materially adversely affect the Company's business, operating results and financial condition.

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24. Risk Factors (continued)

Liquidity / Financing Risk (continued)

As of March 31, 2026, the Company \$296.8 million in cash with a face value of long-term debt of approximately \$971.1 million, including (i) an outstanding debt of US\$500 million on its 7-year senior unsecured notes bearing interest at a rate of 7.875%, (ii) an outstanding debt of US\$64.5 million under the Caterpillar Financial Services Limited equipment facility, (iii) an outstanding debt of US\$46.2 million under the Railcars Loan, (iv) a fully drawn loan with Investissement Québec, with an outstanding debt of \$44.8 million, and (v) a fully drawn loan with Fonds de Solidarité des Travailleurs du Québec, with an outstanding debt of \$75 million. Although the Company has been successful in repaying debt in the past and restructuring its capital structure with a lower cost of capital, there can be no assurance that it can continue to do so. In addition, the Company may in the future assume additional debt or reduce its holdings of cash in connection with funding future growth initiatives, existing operations, capital expenditures or in pursuing other business opportunities. The Company's level of indebtedness could have important consequences for its operations, and the Company's ability to finance its operations, capital expenditures and working capital needs could also be impacted by a rise in interest rates as any such increase in interest rates would lead to higher costs of borrowing for the Company. In particular, the Company may need to use a large portion of its cash flows to repay the principal and pay interest on its debt as well as payment under lease liabilities, which will reduce the amount of funds available to finance its operations and other business activities. The Company's debt level may also limit its ability to pursue other business opportunities, borrow money for operations or capital expenditures or implement its business strategy.

As of March 31, 2026, the Company had \$515.6 million in available undrawn financing.

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

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

Global Economic and Financial Conditions and Capital Markets

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

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008, 2009, 2020, 2025 and the first half of 2026. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2019, although the strength of recovery has varied by region and by country. In the latter half of 2011 and in 2012 and 2013, debt crises in certain European countries and other factors adversely affected the recovery. Similarly, the ongoing conflicts in the Middle East and between Russia and Ukraine, and changes by the United States to tariffs on foreign imports into the United States as well as measures adopted in retaliation thereof have resulted in slowdowns and increased volatility in world economies and a continued state of uncertainty in the geopolitical environment as well as national and global economies. In recent years, solvency concerns of the United States and other banks have had a destabilizing effect on financial markets. Global financial markets could suddenly and rapidly destabilize in response to future events. Global capital markets have continued to display increased volatility in response to global events. In addition, increasing geopolitical tensions could have multiple unforeseen implications for the global financial markets. Future crises may be precipitated by any number of causes, including geopolitical instability (including as a result of the uncertainty surrounding the imposition of tariffs or other protectionist measures by one or more countries and the effect of such tariffs on the global financial markets), changes to energy prices, natural disasters, epidemics, or sovereign defaults.

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24. Risk Factors (continued)

Global Economic and Financial Conditions and Capital Markets (continued)

A slowdown in the financial markets or other economic conditions, including, but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, changes in interest rates and changes in tax rates may materially adversely affect the Company's business, operating results and financial condition.

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

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions, geopolitical risk and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. The Chinese market is a significant source of global demand for commodities, including steel and iron ore. Chinese demand has been a major driver in global commodities markets for a number of years. A slowing in China's economic growth could result in lower prices and demand for the Company's products and negatively impact its operating results or financial condition. The Company could also experience these adverse effects if demand in China slowed for other reasons, such as trade disputes, increased self-sufficiency, tariffs or expectations with respect to tariffs on commodities, increased reliance on other suppliers to meet demand or a prolonged market disruption event, including as a result of geopolitical events or global conflicts. Notably, escalating trade tensions between China and other countries could put pressure on iron ore prices, as increased anti-dumping measures and tariffs would likely curb both direct and indirect Chinese steel exports and therefore demand for iron ore in China. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Company's ability to obtain financing and to achieve production which, in turn, could materially adversely affect the Company's business, operating results and financial condition. See also "Global Economic and Financial Conditions and Capital Markets" above.

Trade Barriers

Threatened and imposed tariffs as well as threatened or imposed retaliatory tariffs between countries have continued a state of uncertainty in the geopolitical environment as well as national and global economies. The Company may be negatively affected by these trade barriers and other governmental protectionist measures, which can be imposed suddenly and unpredictably. The implementation or expansion of any such measures could decrease the Company's ability to sell its products if imposed on the iron ore it is selling in a given market. Trade barriers, trade conflicts and trade wars may also exacerbate many of the risks the Company is already exposed to, including iron ore prices risk, inflation risk, liquidity and financing risk and operating risk.

Foreign Exchange

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

Interest Rates

The Company is exposed to interest rate risk, mainly as a result of certain borrowings being at variable rates of interest. As of March 31, 2026, US\$64.5 million of the Company's borrowings were at variable rates. To manage inflation risks in accordance with their mandates, the central banks of several jurisdictions, including Canada, have historically increased their benchmark rates in an effort to reduce inflation. Any prevailing high interest rates could have a material adverse impact on the interest payable under the Company's long-term debt, long-term leases and other financial instruments, which could impact the Company's business, operating results and financial condition.

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Structural Shift in the Steel Industry's Production Methods

With an increased focus on decarbonizing the steel industry, a structural shift in the industry's production methods is underway. This dynamic is expected to create additional demand for higher-purity iron ore products, as the industry transitions towards DR iron. However, DR grade quality iron ore represents a niche product in the iron ore industry, and while it is expected that an increasing number of customers will seek to participate in the iron and steel industry's decarbonization, it is not possible to predict how the demand and pricing (which currently tends to be directly negotiated between producers and sellers without an available global pricing index) for DR grade quality iron will evolve in the future, or whether producing DR grade quality iron ore will be more profitable than other production methods, including other production methods that are expected to favour the iron and steel industry's decarbonization. In addition, developments in alternative or analogous technologies or improvements in current production methods may harm the Company's competitive position and growth prospects or materially adversely affect the Company's business, operating results or financial condition, including in ways which it currently does not anticipate. Even if the steel industry and the Company's customers adopt DR grade quality iron, the Company may be unable to maintain or improve its competitive position, which could materially adversely affect its business, operating results or financial condition. See also "Development and Expansion Projects Risks" below.

Carbon Emissions, Global Carbon Tax and Carbon Import Duties

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

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

Mineral Exploration, Development and Operating Risks

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

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

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Mineral Exploration, Development and Operating Risks (continued)

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

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

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

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

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

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

Champion Iron Limited

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24. Risk Factors (continued)

Climate Change, Natural Disasters and Unusually Adverse Weather

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

In addition, the physical risks of climate change may also have an adverse effect on the Company's business and operations. These may include increased incidence of extreme weather events and conditions, resource shortages, water droughts, changes in rainfall and storm patterns and intensities and changing temperatures. An assessment of physical climate risks potentially impacting Bloom Lake, the Port of Sept-Îles and the railways essential for material transportation highlighted three specific risks: potential interruption of rail services due to flooding, forest fires or extreme heat; the risk of flooding at the mine site; and potential impact of a storm or a flood at the port. For instance, in July 2024, the Company had to proceed with the preventive evacuation of Bloom Lake's facilities in response to nearby forest fires. While the forest fires did not cause damage to the Company's facilities, they resulted in approximately one week of production losses, which negatively impacted revenues for the period.

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

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

Water Management

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

Permits and Licenses

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

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Management's Discussion and Analysis

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24. Risk Factors (continued)

Cybersecurity Threats

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

Uncertainty of Mineral Resource and Ore Reserve Estimates

Although the mineral resource and ore reserve estimates disclosed by the Company have been carefully prepared by "qualified persons" as defined by NI 43-101, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of mineral resources and ore reserves can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short-term factors relating to mineral resources and ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the operating results. Material changes in mineral resources and ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources and ore reserves are reported as general indicators of LoM and should not be interpreted as assurances of potential LoM or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and ore reserves and corresponding grades. Until ore is actually mined and processed, mineral resources and ore reserves and grades must be considered as estimates only. Furthermore, mineral resource and ore reserve estimates may change over time as new information becomes available, particularly actual production data, further drilling and market factors, such as changes in supply of, demand for or pricing of iron ore.

Additionally, investors should not assume that mineral resources are capable of being directly converted to ore reserves under NI 43-101. Mineral resources are not ore reserves and have a greater degree of uncertainty as to their feasibility and prospects for economic extraction. Mineral resources that are not ore reserves do not have demonstrated economic viability. Mineral resources that are in the inferred category are even more risky. An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. Inferred mineral resources have a lower level of confidence than that applying to any other category of mineral resources and is considered too speculative geographically to have the economic considerations applied to them that would enable them to be categorized as ore reserves. In accordance with Canadian securities laws, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101. Finally, the quantity of mineral resources and ore reserves may vary depending on mineral prices. Any material change in resources, mineral resources or ore reserves, or grades or stripping ratios, in particular those of the Bloom Lake Mine, will affect the economic viability of the Company's projects.

Uncertainties and Risks Relating to Feasibility Studies

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

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24. Risk Factors (continued)

Uncertainties and Risks Relating to Feasibility Studies (continued)

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

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

Dependence on the Bloom Lake Mine

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

Development and Expansion Projects Risks

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

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24. Risk Factors (continued)

Development and Expansion Projects Risks (continued)

In addition, there is no assurance that the Company will be able to realize, in full or in part, the anticipated benefits it expects to generate from the DRPF project. In the short term, due to the DRPF project's commissioning phase and related tie-in work, the Company is likely to experience temporary disruptions over several days at its second concentration plant, which are expected to negatively impact production during that time. Also, the DRPF project's ramp-up and product quality stabilization phase is expected to span over several months following the initial shipments of DR quality iron ore. Until Champion successfully delivers the DRPF product that meets customers' quality specifications, sales may be directed to the spot market. Accordingly, during the ramp-up period, Champion does not expect to fully benefit from DRPF premiums or freight savings. See also "Structural Shift in the Steel Industry's Production Methods" above.

Joint Ventures and Option Agreements

From time to time, the Company may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for its participation in larger projects, allowing involvement in a greater number of projects and reducing financial exposure in respect of any one project. From time to time, the Company may enter into option agreements and joint ventures as a means of gaining property interests, developing properties or raising funds (for instance, the Partnership formed for the joint ownership and development of the Kami Project). The Company may also enter into other strategic alliances, partnerships or investments.

Risks associated with the foregoing include the sharing of confidential information, the reduced ability to exert control over strategic, tactical and operational decisions, the diversion of management's time and focus from operating its business, the use of resources that may be needed in other areas of the business, disagreements with partners on when and how to develop and operate projects, the inability of, or the failure by, partners to meet their obligations to the joint venture or third-parties, unforeseen costs or liabilities, litigation or other claims arising in connection with partnerships or joint ventures, and the possibility of adverse tax consequences. In determining whether or not the Company will participate in a particular project, the structure of its participation and the interest therein to be acquired by it, the Company's Board will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

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

Replacement of Ore Reserves

Mines have limited lives based on proven ore reserves and probable ore reserves. The Bloom Lake Mine is currently the Company's main source of production. The Company's ability to maintain, past the current LoM at the Bloom Lake Mine (which is 15 years as of March 31, 2026), or increase its annual production will depend on its ability to bring new mines into production and to expand ore reserves at the Bloom Lake Mine. Bloom Lake's current LoM is determined based on the Company's best estimate given the information available to the Company, and this estimate and the underlying assumptions may prove to be incorrect.

Exploration for minerals is highly speculative in nature and exploration projects involve many risks. Many projects are unsuccessful and there are no assurances that current or future exploration programs will be successful. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish ore reserves and to construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current or future exploration programs may be successful. There is a risk that depletion of ore reserves will not be offset by discoveries. As a result, the reserve base of the Company may decline if ore reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current LoM, based on current production rates, which could have a material and adverse effect on the Company's business, operating results and financial condition.

Premium paid for High-Purity Iron Ore

The Company currently receives a premium over the P61 index prices (formerly, the P62 index) for the iron ore it produces. In addition to applicable market forces, the premium received reflects the quality of the Company's product. If the Company is unable to continue to produce to quality specifications, its product may no longer command a premium to index prices, which may materially adversely affect the Company's business, operating results and financial condition. See "Iron Ore Prices" and "Development and Expansion Projects Risks" above.

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24. Risk Factors (continued)

Environmental Risks and Hazards

The operations of the Company are subject to environmental laws and regulations relating to the protection of the environment (including living things), occupational health and safety, hazardous or toxic substances, wastes, pollutants, contaminants or other regulated or prohibited substances or dangerous goods (collectively, "Environmental Laws"), as adopted and amended from time to time. Environmental Laws provide for, among other things, restrictions and prohibitions on spills, releases and emissions of various substances produced in association with, or resulting from, mining industry operations, such as seepage from tailings disposal areas that result in environmental pollution, and mandate, among other things, the maintenance of air and water quality standards and land reclamation. A breach of Environmental Laws may result in the imposition of fines, penalties, restrictive orders or other enforcement actions.

In addition, certain types of operations require the submission and approval of environmental impact assessments or other environmental authorizations. Environmental Laws are evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The Company incurs substantial costs to comply with Environmental Laws, regulations and permits that apply to the Company's operations and to address the outcome of inspections. The required compliance and actions are often time-consuming, and any failure to comply could result in significant fines and penalties or cancellation of the Company's permits. This cost of compliance with such changes to Environmental Laws has a potential to adversely impact the Company's business, operating results and financial condition.

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

Land Reclamation and Mine Closure Costs

Land reclamation requirements are generally imposed on mining companies in order to minimize long-term effects of land disturbance. The Company is required to submit for government approval a reclamation plan in connection with certain mining sites, to submit financial warranties covering the anticipated cost of completing the work required under such a plan, and to pay for the reclamation work upon the completion or cessation of certain mining activities. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required. Therefore, the amount that the Company is required to spend could be materially higher than current estimates. Any significant increases over the Company's current estimates of future cash outflows for reclamation costs, as a result of the Company being required to carry out unanticipated reclamation work or otherwise, could have an adverse impact on the Company's business, operating results and financial condition. Although the Company includes liabilities for estimated reclamation costs in its financial statements, it may be necessary to spend more than what is projected to fund required reclamation work.

Applicable Laws and Regulations

Exploration, development and mining of minerals are subject to extensive and complex federal, provincial and local Environmental Laws and other laws and regulations within the jurisdiction of the respective project and the jurisdiction of the Company's incorporation, including laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters. The costs of compliance and any changes to the Company's operations mandated by new or amended laws or regulations, may be significant. Such costs and delays may materially adversely impact the Company's business, operating results or financial condition. Furthermore, any violations of these laws or regulations may result in substantial fines and penalties, remediation costs, third-party damages, or a suspension or cessation of the Company's operations, which could materially adversely affect the Company's business, operating results or financial condition. The Company is exposed to these potential liabilities through its current projects and operations as well as exploration and development projects and operations that it may in the future close, sell or dispose of otherwise. The Company may incur material costs and liabilities resulting from claims for damages to property or injury to persons arising from its operations. If the Company is subject to sanctions, costs and liabilities in respect of these matters, its mining operations and, as a result, its business, operating results and financial condition could be materially adversely affected.

In addition, no assurance can be given that new laws and regulations will not be enacted or that existing laws and regulations will not be applied in a manner that could limit or curtail exploration, development or production activities. Amendments to current laws and regulations governing operations and activities of mining and exploration companies, or the more stringent implementation and application thereof, could cause increases in exploration expenses, capital expenditures or production costs or a reduction in the levels of production at the Company's producing properties or require abandonment or delays in exploring or developing the Company's properties, which, in turn, could materially adversely affect the Company's business, operating results and financial condition.

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Applicable Laws and Regulations (continued)

In November 2024, the Québec National Assembly adopted An Act to Amend the Mining Act and Other Provisions ("Bill 63"). This statute amends the Mining Act (Québec) as well as other provincial laws and regulations in several ways. Among other things, the new legislation grants enhanced powers to the Québec Minister of Natural Resources and Forests (the "Minister") to control mining operations. For instance, the Minister may impose, at the time the Minister considers appropriate, new conditions and requirements to prevent or limit the impact that mining exploration activities may have on local and Indigenous communities, or to prioritize or reconcile competing uses of land. Similar conditions may also be imposed by the Minister when granting a mining lease. Bill 63 also introduced a no-fault liability regime for mining operators for certain events that will be determined by regulation. This regime could require the Company to make reparation for any harm or injury caused in the exercise of a mining right in connection with such events. These changes will affect the regulatory landscape within which the Company operates in Québec and could potentially result in increased obligations and liabilities as well as permitting delays or restrictions for its projects in Québec.

Potential First Nations Land Claims

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

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

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

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

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

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

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Availability of Energy

The Company's mining operations and facilities are intensive users of energy, including electricity, diesel and other consumables that are essential to its business and there is no certainty that the Company will be able to continue to access sources of power on economically feasible terms, or that such sources of power will be available in sufficient quantities, for all of its projects and requirements. The availability of energy may be negatively impacted due to a variety of reasons, including fluctuations in climate, severe weather conditions, inadequate infrastructure capacity, equipment failure or the ability to extend supply contracts on economic terms. The inability for the Company to secure sufficient power for all of its projects and requirements or to do so on economically favourable terms could have a material adverse effect on the Company's business, operating results and financial condition.

Epidemic Outbreaks, Boycotts and Geopolitical Events

The occurrence of epidemic outbreaks, boycotts and geopolitical events, such as the ongoing conflicts in the Middle East and between Russia and Ukraine, trade protection measures like tariffs and import and export restrictions (including tariffs imposed on foreign imports into the United States as well as measures adopted by other countries in retaliation thereof), tensions between China and other countries, or the occurrence of similar disruptions, could materially adversely affect the Company's business, operating results or financial condition. Some of these events have resulted and could result in additional increases in energy and fuel prices, shutdowns or outages at the Company's facilities, temporary lack of an adequate workforce, temporary or long-term disruption in the supply of raw materials, equipment and product parts required to conduct business, temporary disruption in ocean freight overseas, or disruption to the Company's information systems. The Company may incur expenses or delays relating to such events outside of its control, which could materially adversely affect its business, operating results and financial condition.

Increasing global instability could impact its operations with worsening supply chain disruptions or macro-economic conditions. Governments have warned that conflicts like the one between Russia and Ukraine may increase the risk of coordinated cyberattacks on critical infrastructures. Additionally, the Russia-Ukraine conflict has triggered global sanctions across many jurisdictions, which have impacted and may continue to impact the global trade flows of iron ore products and steel. This may also have an impact on the Company's historical business relationships. While the Company has risk mitigation measures in place such as advance placement of orders to secure materials and supplier diversification (alternate sourcing), continuation or further escalation of the conflict could continue to result in additional inflationary pressure, and supply chain and transportation disruption, which could materially adversely affect the Company's business, operating results and financial condition. Moreover, the Middle East is an important contributor to global oil supplies and any instability in the region, as a result of an escalation of the Israel-Palestine conflict, the commencement of the United States' and Israel's military operations against Iran in February 2026 or otherwise, have caused and may cause further price hikes due to current or potential supply or shipping routes disruptions (including disruption to shipping through the Strait of Hormuz), which can in turn increase market volatility, affect global inflation rates and trade balances. See also "Trade Barriers" above.

No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company or, where applicable, in the name of its joint venture partners, there can be no assurance that such title will ultimately be secured. Title to, and the area of, mineral concessions may be disputed, and there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. Third-parties may have valid claims on underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including land claims by indigenous groups, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to conduct its operations on one or more of its properties as currently anticipated or permitted or to enforce its rights in respect of its properties. Even if a claim is unsuccessful, it may potentially affect the Company's current operations due to the high costs of defending against the claim and its impact on Management's time. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained a secure claim or title to individual mineral properties or mining concessions may be severely constrained. If the Company loses a commercially viable property, such a loss could lower its future revenues or cause it to cease operations if the property represented all or a significant portion of its ore reserves at the time of the loss, which, in turn, could materially adversely affect its business, operating results and financial condition.

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Reliance on Small Number of Significant Purchasers and Geographical Areas

The Company relies on a small number of significant direct purchasers of its iron ore. As a result of this reliance, the Company could be subject to adverse consequences if any of these direct purchasers breaches its purchase commitments, reduces its purchases or ceases to buy from the Company or becomes insolvent, including incurring losses on the production already shipped or being forced to sell a greater volume of its production in the spot market, which is subject to additional market price fluctuations. Additionally, the Company delivers its product to a relatively small number of geographical areas, namely China, Japan, the Middle East, Europe, South Korea, India and Canada, which concentrates the Company's exposure regionally.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Company requires and will continue to require a variety of raw materials in its business as well as a wide variety of mining equipment. Since 2021, supply chains have been affected by a number of factors, including inflation affecting the price of raw materials and transportation, and supply chain disruptions resulting from geopolitical events (including tariffs and import and export restrictions as well as retaliation measures adopted in response thereof) and conflicts and other factors. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected, including requiring the suspension of its operations.

Dependence on Third-Parties

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

Reliance on Information Technology Systems

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

The Company incorporates and expects to continue to incorporate AI technologies into its business and operations from time to time. However, there can be no assurance that investments made in these technologies and related processes and tools will provide a valuable return, if any. Moreover, AI capabilities continue to develop rapidly and are becoming more generally available, increasing the risk that AI could become disruptive to the Company's business. Failure to keep pace with the advancement of new technologies such as AI could impact the Company's competitive advantage and negatively affect its business, financial condition and operating results. Implementation and reliance on new technologies, including machine learning and generative AI, within the Company and through third-party providers, increase the risk that flaws in algorithms, processes or data may result in inaccurate decisions and potentially increase the cost of operational or cybersecurity related interruptions.

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

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Litigation

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

ESG Matters

There is increased investor attention on environmental, social and governance (ESG) issues more generally and increased expectations to meet global standards and best practices. To the extent mining companies fall out of favour with some investors due to the mining industry's real or perceived impacts on climate change, and its perceived role in a transition to a low carbon economy, this could negatively affect the Company's shareholder base and access to capital. There has also been increased regulatory attention to ESG issues, which has resulted in new, pending and proposed legislation in Canada and Australia, including anti-greenwashing disclosure rules, including amendments to the Competition Act that became law in June 2024 which could subject the Company to substantial monetary penalties and reputational harm should the Company inadvertently fail to properly comply with the explicit provisions targeting misleading environmental benefit claims. Additionally, Australia's climate-related financial disclosure regime, which requires businesses which meet certain regulatory thresholds under the Corporations Act 2001 (Cth), to include mandatory climate reporting against Australian Sustainability Standards Board aligned standards in their annual financial reporting, commenced in January 2025. While the Company has been actively monitoring the impact of such anti-greenwashing disclosure rules and seeks to mitigate any related risks, there can be no assurance that challenges regarding its disclosure will not take place in the future. Additionally, the lack of consistent legal requirements across jurisdictions and rapidly evolving regulatory landscapes worldwide represents an additional challenge for the Company.

In addition, government policies are evolving to support the transitioning to a low carbon economy by implementing climate and sustainability-related legislation and regulations, including carbon pricing proposals, mandates for emission reductions and supply chain mapping disclosures. While additional regulation of emissions in the future appears likely, the Company cannot predict whether any such regulations could ultimately have a material adverse effect on the Company's business or financial results. See also "*Climate Change, Natural Disasters and Unusually Adverse Weather*" and "*Potential First Nations Land Claims*" above and "*Reputational Risk*" below.

Reputational Risk

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

Reputation loss may lead to increased challenges in developing and maintaining community relations, ability to secure labour and ability to finance, ability to secure permits and governmental approvals, decreased investor confidence and impediments to the Company's overall ability to advance its projects, which, in turn, could materially adversely affect its business, operating results and financial condition.

Dependence on Management and Key Personnel

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

Champion Iron Limited

Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Volatility of Stock Price

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

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

Shareholder Activism

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

Internal Controls and Procedures

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

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

Insurance and Uninsured Risks

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

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Management's Discussion and Analysis

(Expressed in Canadian dollars, except where otherwise indicated)

24. Risk Factors (continued)

Potential Conflicts of Interest

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

Employee Relations

The Company's ability to achieve its future goals and objectives is dependent, in part, on maintaining good relations with its employees, minimizing employee turnover and attracting new skilled employees. Work stoppages, prolonged labour disruptions or other industrial relations events at the Company's major capital projects, as well as inability to recruit and retain qualified employees, could lead to project delays or increased costs and could materially adversely affect the Company's business, operating results and financial condition.

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

Competitive Conditions

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential and for management and technical personnel. The Company's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Company will compete in each of these respects, as well as with respect to equipment, suppliers and purchasers, with other parties, many of which have or may have greater financial resources, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and a greater ability to withstand losses than the Company.

The Company may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding, to acquire it on acceptable terms or to acquire suitable producing properties or prospects for mineral exploration in the future. The Company is predicting a long-term shortage of skilled workers for the mining and metals processing industries, and competition for the available workers limits its ability to attract and retain employees as well as engage third-party contractors. Accordingly, there can be no assurance that any of the Company's future acquisition efforts will be successful or that it will be able to attract and retain required personnel. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects. Any failure to do so could have a material adverse effect on the Company's business, financial condition, operating results and prospects.

Dilution and Future Sales

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

Anti-Corruption and Anti-Bribery Laws

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

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24. Risk Factors (continued)

Forced Labour and Child Labour

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

Ability to Support the Carrying Value of Non-Current Assets

As of March 31, 2026, the carrying value of the Company's non-current assets was approximately \$2,669.6 million, or approximately 76% of the Company's total assets. Non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. If indication of impairment exists, a non-current asset's recoverable amount is estimated. Such estimation is subjective and it involves making estimates and assumptions with respect to a number of factors, including, but not limited to, mine design, estimates of production levels and timing, ore reserves and mineral resources, ore characteristics, operating costs and capital expenditures, as well as economic factors beyond management's control, such as iron ore prices, discount rates and observable net asset value multiples. If the recoverable amount is lower than the carrying value, the Company may be required to record an impairment loss on the non-current asset, which will reduce the Company's earnings. The timing and amount of such impairment charges are uncertain.

Fluctuating Mineral Prices

Factors beyond the control of the Company may affect the marketability of any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company's control. These factors include market fluctuations, inflationary pressures impacting costs to extract minerals, the proximity and capacity of natural resource markets and processing equipment, international economic and political conditions, inflation or deflation and expectations with respect to inflation or deflation, interest rates and expectations with respect to interest rates, global and regional levels of supply and demand and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, and there can be no assurance that the market price of these minerals will remain at current levels or that such prices will improve. The combination of these factors may result in the Company not receiving an adequate return on invested capital, and a loss of all or part of an investment in the Company's securities may result.

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

Disclosure Controls and Procedures

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

- i. material information relating to the Company is made known to Management by others, particularly during the period in which the annual filings are being prepared; and
- ii. information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the periods specified in securities legislation.

The CEO and CFO of the Company have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of the Company's DC&P as defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings as at March 31, 2026, and have concluded that such DC&P were designed and operating effectively.

Internal Control over Financial Reporting

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

The CEO and CFO of the Company have evaluated the design and operating effectiveness of its ICFR as defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings. The evaluation was based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the CEO and CFO concluded that, as at March 31, 2026, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Company's ICFR that occurred during the period beginning on January 1, 2026, and ended on March 31, 2026, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

Limitations of DC&P and ICFR

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

26. Approval

The Board oversees Management's responsibility for financial reporting and internal control systems through its Audit Committee. The Audit Committee meets quarterly with Management and with the Company's independent auditors to review the scope and results of the annual audit and quarterly reviews, as applicable, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board and submitted to the shareholders. The Board has approved the Financial Statements and the disclosure contained in this MD&A as of May 28, 2026.

27. Nature of Securities

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

Champion Iron Limited

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(Expressed in Canadian dollars, except where otherwise indicated)

28. Additional Information

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

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