Annual Report

For the Year Ended March 31, 2019

CHAMPION IRON

TSX: CIA - ASX: CIA

As at June 20, 2019

About Champion

Champion Iron Limited is an independent Australia company producing and exporting high-grade iron ore concentrate from its key asset, the Bloom Lake Mine, a long-life, large-scale open pit operation located in northern Quebec, Canada approximately 300 km north of Sept-Iles and 13 km by road from the town of Fermont. The Company declared commercial production at the Bloom Lake Mine as of June 30, 2018. As at March 31, 2019, Champion owned a 63.2% beneficial interest in its subsidiary, Quebec Iron Ore Inc. ("QIO") while Ressources Québec ("RQ"), a subsidiary of governmental agency Investissement Québec, was the owner of the remaining 36.8% share. The Bloom Lake Mine assets are held in QIO. On May 29, 2019, the Company announced a transaction to acquire RQ's 36.8% equity interest in QIO. For more information on the proposed transaction, please refer to the Company's press release dated May 29, 2019, available on SEDAR at www.sedar.com.

Champion's values

Pride

Develop a collective sense of belonging in all spheres of iron ore mining.

Ingenuity

Leverage employee creativity and expertise to achieve and maintain efficient practices aimed at operational excellence.

Respect

Respect for people, resources, the environment, safety standards, partnerships and equipment.

Transparency

Promote transparent communications through active listening and open dialogue.

FY2019 HIGHLIGHTS

- **Revenue of $655m[1]**
- **EBITDA of $278m (FY 2018: loss of $80m)**
- **Average realized price of $91.9/dmt after sea freight costs[1]**
- **Total cash cost of $49.4/dmt[1]**
- **All-in sustaining cost of $55.8/dmt[1]**
- **Cash on hand of $153m (FY 2018: $25m)**
- **Record concentrate sold for the Bloom Lake Mine of 7,127,000 dmt[1]**

[1] The Company shipped its first vessel of high-grade iron ore concentrate on April 1, 2018 and as such did not have revenues for the FY 2018 nor did it incurred producing costs.

Chairman's report

June 20, 2019
To the shareholders,

In June 2018, we declared commercial production at our flagship Bloom Lake Mine and, subsequently, our Company has become the largest publicly listed, pure-play producer of high-grade iron ore globally. Our results have strengthened the vision behind our countercyclical acquisition of Bloom Lake in 2016, after iron ore prices declined to a decade low, leaving this former-producer dormant near the town of Fermont, in north-eastern Quebec. As Champion's long-term vision mobilized a team of talented individuals, we were able to reposition this asset on the global cost curve. Today, we are proud to report strong earnings from our first year of operations, with Bloom Lake demonstrating that it is a low-cost, sustainable producer of high-grade iron ore concentrate, located in a superior mining jurisdiction.

Looking ahead, I am encouraged by the opportunities in front of us. The Company has an enviable portfolio of world-class assets with substantial reserves and a solid pipeline of growth projects, most notably our Phase II expansion at Bloom Lake whereby we recently released the robust findings of a Feasibility Study which demonstrates the viability to more than double production from 7.4 Mtpa to 15 Mpta of high-grade iron ore concentrate. This growth opportunity comes at an ideal time as the global dynamics of iron ore are changing rapidly, in particular with the demand for high-grade material. Recent tragic events in Brazil with Vale have triggered substantial price increases for iron ore and the resulting production shortfall is expected to impact global supply for the short to medium term. Against the backdrop of shifting market dynamics, our high-grade iron ore is well aligned to benefit from this shift, especially in Asia where steel makers are focused on more complex steel products, in addition to China's increased focus on reducing emissions in the steel-making process. Such dynamics are positively impacting the realized price of our high-grade material and we expect this environment to continue in the foreseeable future. The upward trend in demand for our product, following our ramp-up at Bloom Lake, resulted in sales to 12 different global customers as we successfully concluded our first year of operations.

Since our first quarter of operation, Champion has proven its ability to produce iron ore profitably and now enjoys a healthy operating margin of $49/dmt as reported in our fourth quarter which ended on March 31, 2019, resulting in net income of $147.6 million from $655.1 million in revenues. Given this position of strength, our Company strengthened its balance sheet with a major capital restructuring in May of this year when we announced a new long-term financing agreement with Caisse de dépôt et placement du Québec for proceeds of C$185 million in addition to a commitment for a fully underwritten US$200 million credit facility with the Bank of Nova Scotia and Societe Generale. The foregoing will substantially reduce our cost of debt as we retire the financial instruments we undertook in 2017 to fund the recommissioning of Bloom Lake. Concurrently with the foregoing investment and refinancing, Champion also announced the acquisition of the remaining 36.8% equity minority interest in the subsidiary that owns Bloom Lake, which is held by Ressources Québec (acting as a mandatary of the Government of Quebec), following which our Company increases its stake in Bloom Lake to 100%. By agreeing to pay a total cash consideration of $211 million for RQ's interest in Bloom Lake, Champion is grateful to be able to deliver RQ an excellent return for their early-stage investment and we thank the Government of Quebec for believing in the project when capital was scarce, highlighting the fact that we are very fortunate to operate in a jurisdiction with such support.

As the Phase II Feasibility Study demonstrates, the Company is at an exciting stage as it prepares to benefit from and utilize the substantial capital invested by Bloom Lake's former owner to double the capacity of the mine. Champion continues to adhere to its strategy of building a long-term sustainable mining company and believes that this growth opportunity, together with strong capital management, demonstrate our commitment to accretive growth for our shareholders. Our Board of Directors has approved a preliminary budget to fund the long lead items required for Bloom Lake's Phase II expansion and further communication regarding this growth initiative will be provided in the coming months.

In tandem with our strategy for growth and expansion, we hold fast to our Company's foundational values of ingenuity, respect, pride and transparency. Our deep commitment to sustainability has resulted in investments to significantly reduce our greenhouse gas emissions by over 33,000 t/yr, representing a reduction equivalent to the removal of over 12 million liters of diesel. The strength of our Company's values also transpires in our work to maintain and build relationships with First Nations, support thriving communities and advocate for important environmental initiatives.

On April 1, 2019, we announced the promotion of David Cataford as our Company's new Chief Executive Officer. David was most recently Champion's COO, having worked with our Company since 2014. He was instrumental in all facets of the acquisition and eventual recommissioning of Bloom Lake, where he brought intimate knowledge of the asset, as well as the surrounding dynamics of the Labrador Trough. Supporting this transition, our Company has built a culture that attracts top talent and provides individuals with a platform to succeed. We recently added several senior management roles to further support our activities and enable our team to effectively address all the inherent risks and incredible opportunities related to our business.

In closing, I would like to thank our partners and stakeholders who have joined our vision to recommission Bloom Lake and transform Champion into an emerging leader in the mining industry. I also acknowledge and am grateful for the efforts and contributions of all our employees and staff and the traditional owners of the land and local inhabitants for their continuing support of Champion's activities.

Sincerely,

[s] *Michael O'Keeffe*

Michael O'Keeffe
Executive Chairman

Report on Operations

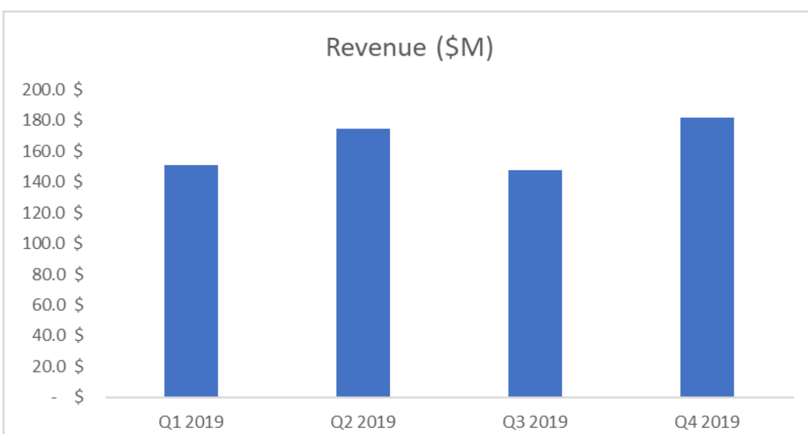
Champion's report on operations should be read in conjunction with the Directors' Report and the Financial Statements.

Champion's strategy

Further to announcement made on May 29, 2019 to acquire the minority interest of 36.8% in its flagship asset, the Bloom Lake Mine, the Company continues to focus on improving the Bloom Lake mine and pursue organic growth opportunities with the recent completion of positive feasibility study in connection with the proposed Bloom Lake Phase II expansion project which aims at doubling the mine's annual production. In addition, through its wholly-owned subsidiary Champion Iron Mines Limited (CIML), the Company owns interests in 9 properties (each a "Property"), covering approximately 752 square kilometres (collectively, the "Fermont Holdings") located in the Fermont Iron Ore District of northeastern Quebec. The Company also owns 100% of the Gullbridge-Powderhorn property located in Northern Central Newfoundland.

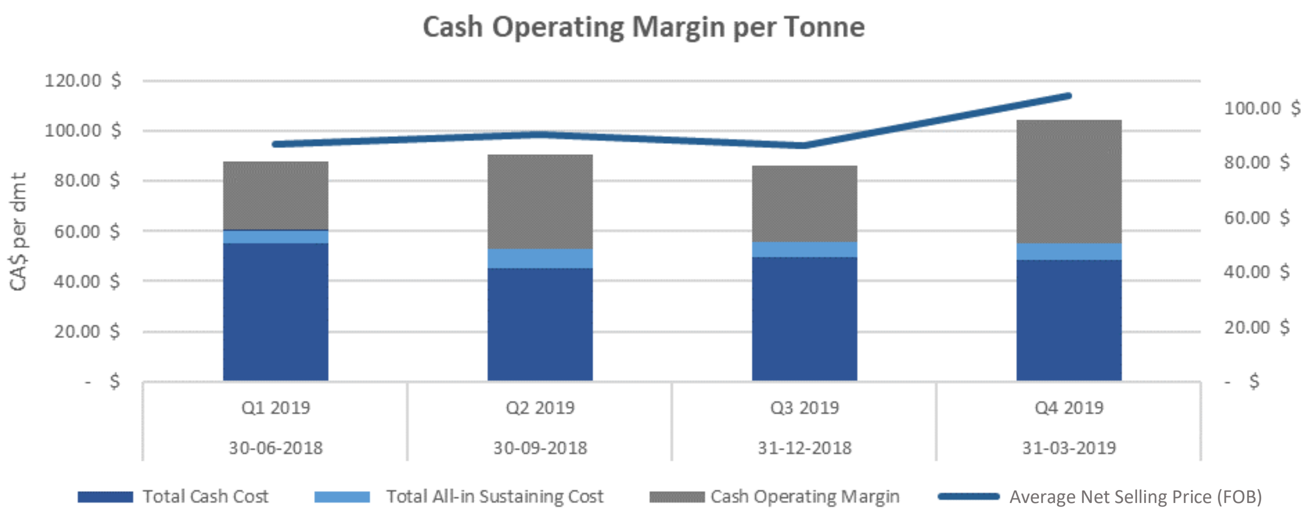
Revenues

The Company entered pre-commercial production on April 1, 2018 with the shipment of its first vessel to China and declared commercial production on June 30, 2018. As a result, there are no comparative figures for the same periods the year prior. During its first year of operations, the Company sold 7.1 million tonnes of high-grade iron ore concentrate establishing a production record for the Bloom Lake Mine. The average gross realized price of the 66.2% iron ore concentrate was US$93.4/dmt for the period. Deducting an average freight cost of US$23.4/dmt to ship its concentrate from Sept-Iles, Quebec, to its customers located in China, Europe, Japan and the Middle East, the Company net realized FOB price was US$70/dmt or CA$91.9/dmt. As a result, Champion's revenue for the fiscal year end 2019 totalled $655 million.

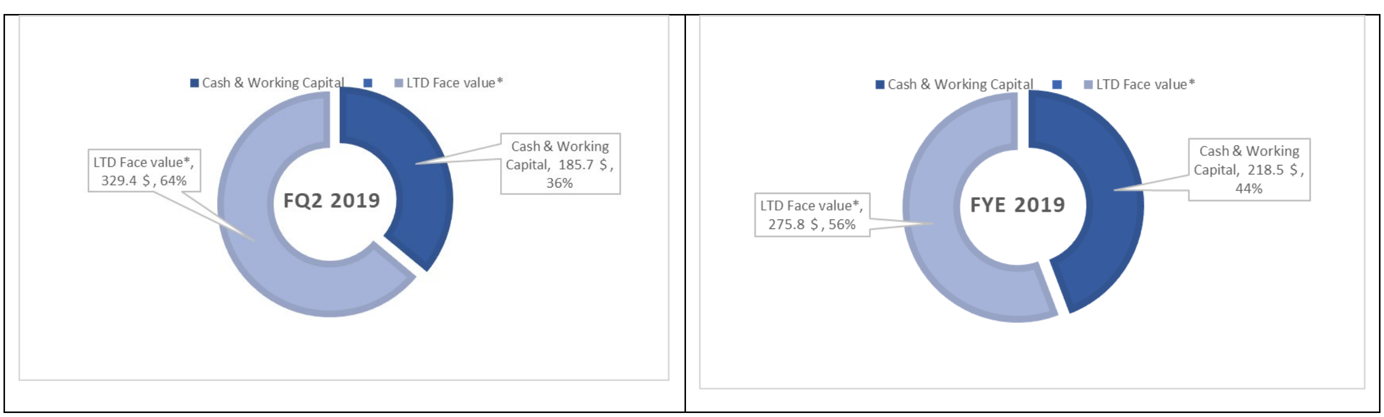


Operations

The Company re-commissioned the Bloom Lake Mine in mid-February 2018 and shipped its first vessel on April 1, 2018. On June 30, 2018, the Company declared Commercial Production and reached nameplate capacity during the second quarter of fiscal year end 2019. During the period, the average total cash cost totalled $49.4/dmt and the all-in sustaining cost totalled $55.8/dmt, resulting in a cash operating margin of $36.1/dmt.



As a result of its operational performance, the Company realized an EBITDA for its first year of operations of $278 million. Since the Company made the final drawdowns on its long-term debt at the end of the second quarter of fiscal year end 2019, the Company strengthen its balance sheet. Considering the long-term debt face value, the Company reduced its net debt from $213 million at the end of September 2018 to $122 million at the end of March 2019.



(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Exploration Activities

In addition to the 63.2% interest in the Bloom Lake property, Champion has a 100% interest in the 752 km2 Fermont property located in the Labrador Trough and a 100% interest in the Gullbridge-Powderhorn property ("Powderhorn") in Northern Central Newfoundland. This 63 km2 property is host to several Copper (Cu) and Zinc (Zn) showings and is at an early exploration stage. The exploration program at Powderhorn targets the same volcanic units that host the Buchans Mine, located 60 km away, a rich volcanogenic massive sulphide deposit. The Gullbridge Mine is a past copper producer and is located in the northern part of the property.

During the year ended March 31, 2019, the Company, conducted a magnetic survey on the claims located north and northwest of the Bloom Lake mine. More than 360 km of line were surveyed using an unmanned aerial vehicle. The total expenses for the survey amount to $111,000$ which includes the cost of the survey and all related logistics. During the same period, a drill program was completed on the Peppler Lake property located west of the Fire Lake project. A total of 2,887 meters were drilled. Drilling and logistics expenses totalized $911,000.

The exploration program at the Powderhorn property located in Newfoundland continued with 17,000 meters of drilling during the financial year. Exploration expenses at Powderhorn were of $1,476,000. During the year, the Company maintained all its properties in good standing. The Company did not enter into farm-in/farm-out arrangements during the quarter.

Reserves and Resources – Overview as at March 31, 2019

The JORC and Canadian NI 43-101 compliant Measured and Indicated resources adds to a total of 883 Mt while there is an additional 80 Mt of Inferred resources. The Bloom Lake Mine holds 384 Mt of ore reserves at 30.0% Fe and a dilution factor of 4.3%.

- Total proven and probable mineral reserves at the Bloom Lake Mine stood at 383.5 million tonnes averaging 29.9% Fe.
- Measured and indicated mineral resources totals 883.4 million tonnes averaging 29.7% Fe for estimated iron ore concentrate of 321.2 Mt averaging 66.2% Fe.
- Inferred resources amounted to 80.4 million tonnes averaging 25.6% Fe.

All mineral resources reported are inclusive of mineral reserves. Mineral reserves and resources reported at Bloom Lake were estimated using an iron ore price of US$50/dmt and US$60/dmt, respectively. The slight decrease in reserves is due to depletion as Champion mined 22,445 dmt of iron ore since the start of its operations in February 2018.

March 31, 2019 Bloom Lake Mineral Resources Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Measured	401.8	31.0	0.6	0.7	0.3
Indicated	471.6	28.5	2.5	2.3	0.4
M+I Total	883.4	29.7	1.6	1.5	0.4
Inferred	80.4	25.6	1.9	1.7	0.3

March 31, 2019 Bloom Lake Mineral Reserves Estimate (at 15% Fe Cut-off)

Category	Mt Tonnage (dmt)	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Proven	236.3	30.7	0.5	0.6	0.3
Probable	47.3	28.7	2.8	2.7	0.4
Total	383.5	29.9	1.4	1.4	0.4

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

In addition to the Bloom Lake Mine, the Company owns interest in 13 other iron ore deposits located in the Labrador Trough, some 300 km north of the City of Sept-Îles and ranging from 6 to 80 kilometers west and southwest of Fermont. All claims and leases are in good standing. No work was done during the fiscal year ended to update the Resources estimate published during the period 2011 to 2014. Additional information on each claim can be found in the Reserve & Resource Statement of this annual report.

Bloom Lake Phase II Feasibility Study Highlights

On June 20, 2019, the Company announced a positive feasibility study (the "Feasibility Study") for the Bloom Lake Mining Complex ("Bloom Lake"), located near the town of Fermont, in north-eastern Quebec. The Feasibility Study envisions further exploiting the Bloom Lake Mine which would increase overall capacity from 7.4Mtpa to 15Mtpa of 66.2% Fe iron ore concentrate.

The highlights of the Feasibility Study are:

FEASIBILITY STUDY HIGLIGHTS - PHASE II Base case assuming long-term price of US$68.2/t P62 and US$83.9/t P65 iron ore price CFR China		
	CA$	**US$**
NPV	- Pre-tax $NPV_{8\%}$ of $1,532 million - After-tax $NPV_{8\%}$ of $956 million - Pre-tax $NPV_{8\%}$ of $3,762 million combining Phase I & II - After-tax $NPV_{8\%}$ of $2,384 million combining Phase I & II	- Pre-tax $NPV_{8\%}$ of $1,160 million - After-tax $NPV_{8\%}$ of $724 million - Pre-tax $NPV_{8\%}$ of $2,850 million combining Phase I & II - After-tax $NPV_{8\%}$ of $1,806 million combining Phase I & II
IRR	Pre-tax IRR of 42.4% or after-tax IRR of 33.4% with a 2.4 years payback on initial capital	
Iron ore price	Based on $110.7/t P65 iron ore price CFR China	Based on $83.9/t P65 iron ore price CFR China
Initial CAPEX	$589.8 million	$446.8 million
Total cash cost[1]	$46.6/t FOB Sept-Îles	$35.4/t FOB Sept-Îles
Sustaining capital	4.4/t over the LoM	3.3/t over the LoM
All-in sustaining cost [1]	$52.3/t FOB Sept-Îles	$39.7/t FOB Sept-Îles
Production	Estimated average annual production of 15 million tonnes of 66.2% Fe iron ore	
Construction period	21 months	
Mine life	Current study mine life of 20 years	
Mineral reserves	Bloom Lake reserves estimated at 807 million tonnes at an average grade of 29.0% Fe	
Recovery	Average metallurgical recovery of 82.4% relative to average plant feed grade of 29.0% Fe	

1 Cash cost and all-in sustaining costs are non-IFRS financial performance measures with no standard definition under IFRS. The Company provides them as supplementary information that management believes may be useful to investors to explain the Company's financial results.

The Feasibility Study conducted by BBA Inc. evaluated the life-of-mine ("LoM") option for expanded mining and processing to maximize the value of the mineral resource at Bloom Lake. The Feasibility Study evaluates the combined Phase I and II mining plan, current concentrator plant at Phase I and completion of the Phase II concentrator plant. Results of the Study recommend an expansion of Bloom Lake, resulting in a LoM production averaging 15 Mtpa of 66.2% Fe iron ore concentrate. Based on the new optimized mine plan, the mining rate at Bloom Lake would also be increased to accelerate the supply of ore to the expanded facilities, while maintaining a LoM of 20 years. Pursuant to the strong economics outlined in the Feasibility Study, the Company's board of directors has approved an initial budget of $68 million to advance the project during the remainder of 2019, which is expected to meet the timetable detailed in the Feasibility Study. The approved budget will be funded from cash on hand and existing debt facilities. Finalization of additional funding sources for the project is expected to be completed before mid-2020.

The base case economic assumption utilizes a conservative blended average gross realized price at 66.2% Fe CFR China of US$84.1/t for the LoM. The P65 analyst consensus was utilized for years 1 to 3. For the remaining LoM, the iron price at 66.2% is based on the average of the P65 analyst long-term consensus and the P62 3-year trailing average with a 15% premium. These price assumptions compare with a spot price at P65 of US$124.7/t as of June 13, 2019, of which Bloom Lake's 66.2% Fe material receives a premium. Other assumptions include total cash cost of CA$46.6/dmt or US$35.4/dmt and process recovery of 82.4% and an average exchange rate between the US$ and the CA$ of 0.758.

More information on the Feasibility Study can be found in the Company's June 20, 2019, press release available under the Company's filings on SEDAR at www.sedar.com and on the Company's website at www.championiron.com. The National Instrument 43-101 Standards of Disclosure for Mineral projects technical report will be filed on SEDAR within the 45 days of the June 20, 2019 news release.

Directors' report

The Directors of Champion Iron Limited ("Champion" or the "Company") present their report with annual audited consolidated financial statements of the Company comprising of the Company and its subsidiaries for the twelve-month period ended March 31, 2019 and the auditor's report thereon.

Management is responsible for the preparation and integrity of its 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 Management's Discussion and Analysis, is complete and reliable.

All dollar figures stated herein are expressed in Canadian dollars, except for: (i) tabular amounts which are in millions of Canadian dollars; (ii) per share or per tonne amounts; or (iii) unless otherwise specified. Certain non-IFRS financial performance measures are included in this MD&A. The following abbreviations are used throughout this document: USD or US$ (United States dollar), CAD or CA$ (Canadian dollar), AISC (All-in sustaining costs), wmt (wet metric tonnes), dmt (dried metric tonnes), M (Million), km (kilometres) and m (metres).

Champion is of the kind specified in ASIC Corporation (Rouding in Financial/Directors' report) Instruments 2016/191. In accordance with the class order, amounts in this report and in the financial report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise

The Financial Statements and other information pertaining to the Company are available on SEDAR at www.sedar.com and on its website at www.championiron.com.

This directors' report contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section and to the "Cautionary note regarding forward-looking statements" section of this document.

The utilization of the "Company" or "Champion", refers to Champion Iron Limited and/or one, or more, or all of its subsidiaries, as it may apply.

Non-IFRS financial performance measures

Champion believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures are intended to provide additional information and should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. The non-IFRS financial performance measures included in this document are: earnings before interest, tax, depreciation and amortization ("EBITDA"), total cash costs, all-in sustaining costs ("AISC"), average realized selling price and cash operating margin. For a detailed description of each of the non-IFRS measures used in this Directors' report and a detailed reconciliation to the most directly comparable measure under International Financial Reporting Standards ("IFRS"), please refer to the "Non-IFRS financial performance measures" section of this Directors' report included in note 17.

1. Financial and Operating Highlights[1]

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2019	2018	**2019**	2018
Iron ore concentrate produced (wmt)	1,802,000	623,300	6,994,500	623,300
Iron ore concentrate sold (dmt)	**1,744,000**	—	**7,127,600**	—
Financial Data (in thousands of dollars, except per share amounts)				
Revenue	**182,164**	—	**655,129**	—
Gross profit (loss)	94,284	(972)	288,632	(4,244)
EBITDA[2]	**86,500**	(20,858)	**278,172**	(80,006)
EBITDA margin (%)[2]	47%	—	42%	—
Net income	28,155	(29,305)	147,599	(107,331)
Net income attributable to shareholders				
Basic earnings per share attributable to shareholders	0.02	(0.05)	0.20	(0.19)
Cash flow from operations	38,016	(42,750)	176,698	(131,649)
Cash and cash equivalent	135,424	7,895	135,424	7,895
Short-term investments	17,907	17,291	17,907	17,291
Total assets	672,017	401,716	672,017	401,716
Statistics (in dollars per dmt sold)				
Average net realized selling price[2]	**104.4**	—	**91.9**	—
Total cash cost[2] (C1 cash cost)	**48.4**	—	**49.4**	—
All-in sustaining cost[2]	**55.4**	—	**55.8**	—
Cash operating margin[2]	**49.0**	—	**36.1**	—

1 The Company considers that pre-commercial production operations at the Bloom Lake mine commenced on April 1, 2018 with the first shipment of high-grade iron ore concentrate and that commercial production began on June 30, 2018. There were no revenue or production costs associated with the same period the prior year.

2 EBITDA, average realized selling price, total cash cost, AISC cost and cash operating margin are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A included in note 17.

2. Year-to-Date Highlights

Financial

- Revenues of $655.1 million since the Company shipped its first vessel of iron ore concentrate on April 1, 2018;
- EBITDA[1] totalling $278.2 million or a margin of 42% for the year ended March 31, 2019, compared to a loss of $80.0 million in the prior year, as the Company was not in commercial production;
- Net income of $147.6 million (EPS of $0.20) for the year ended March 31, 2019 compared to a net loss of $107.3 million (EPS of ($0.19)) for the year ended March 31, 2018;
- Operating cash flow[2] totalling $176.7 million for the year ended March 31, 2019, compared to utilization of funds of $131.6 million for the year ended March 31, 2018; and
- Cash on hand[3] of $153.3 million on March 31, 2019, compared to $25.2 million on March 31, 2018.

Operations

- Declaration of commercial production at Bloom Lake on June 30, 2018;
- Production of 6,994,500 wmt of high-grade 66.4% iron ore concentrate and 7,617,800 wmt since the mine commenced operations;
- Total cash cost[1] of $49.4/dmt sold (C1) and an AISC[1] of $55.8/dmt sold during the first year of operations; and
- Strong cash operating margin[1] of $49.0/dmt during the quarter and $36.1/dmt year to date.

Growth

- On May 29, 2019, the Company announced a transaction to acquire RQ's 36.8% equity interest in QIO, operator of the Bloom Lake Mining Complex, for a total cash consideration of C$211 million. The acquisition would increase the Company's stake in QIO to 100%; and
- On May 29, 2019, the Company also announced that it has entered into an agreement with Caisse de dépôt et placement du Québec for a preferred share offering for proceeds of C$185 million plus a commitment for a fully underwritten US$200 million credit facility with The Bank of Nova Scotia and Societe Generale.
- On June 20, 2019, the Company announced a positive Feasibility Study for a Phase II expansion with an after-tax IRR of 33.4% and 2.4-year payback on initial capital aiming at doubling the Bloom Lake Mine production.

---

1 EBITDA, total cash cost, AISC and cash operating margin are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A included in note 17.

2 Operating cash flow includes change in non-cash operating working capital.

3 Cash on hand includes cash and cash equivalents and short-term investments.

3. Key Drivers

A. Iron Ore Concentrate Price

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

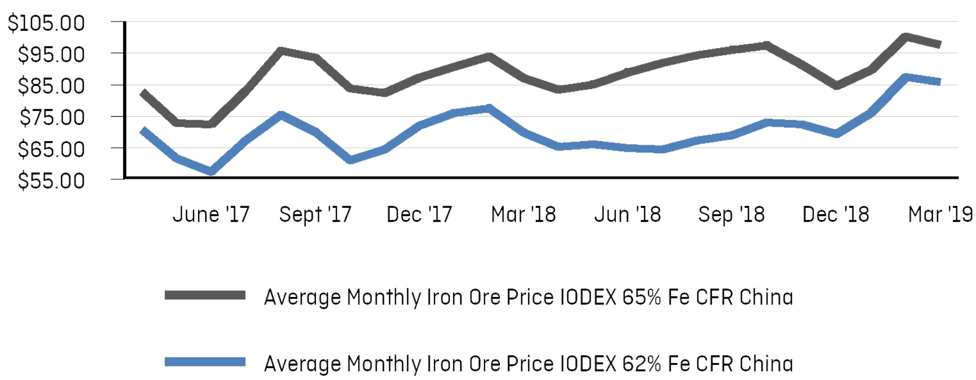
Due to the high-quality nature of its 66.4% iron ore concentrate, the Company's iron ore attracts a premium over the IODEX 62% Fe CFR China Index ("P62") widely used as the reference price in the industry. The premium captured by the IODEX 65% Fe CFR China Index ("P65" or "Platts 65") is attributable to two main factors; steel mills are recognizing that higher iron ore grades offer a benefit to optimize output while significantly decreasing CO2 emissions. Additionally, as some major producers continue to experience operational challenges, the shortages in the market for high-grade sinter feeds also contribute to the upward pressure on high-grade iron ore prices.

During the three-month period ended March 31, 2019, the price of high-grade iron ore based on the Platts 65 index fluctuated from a low of US$87.2/dmt to a high of US$107.2/dmt. The average P65 iron ore price was US$95.5/dmt for the period, a slight decrease of less than 4% from the previous quarter resulting in a premium of 15.5% over the P62 reference price. The Company's gross realized price for the quarter was US$98.7/dmt before ocean freight. Deducting sea freight cost, the Company's net realized FOB price was $104.4/dmt.

During the year ended March 31, 2019, the price of high-grade iron ore based on the Platts 65 index fluctuated from a low of US$81.4/dmt to a high of US$107.2/dmt. The average iron ore P65 price was US$91.6/dmt for the period, an important increase of 7% from the previous year resulting in a premium of 29.0% over the P62 reference price. The Company's gross realized price for the year was US$93.4/dmt before ocean freight. Deducting sea freight cost, the Company's net realized FOB price was $91.9/dmt.

Champion is well positioned to benefit from higher iron ore prices as it has no hedging contracts in place and it is not subject to a net smelter royalty. Assuming a stable foreign exchange rate, a variation of US$1.00 of the P65 will impact Champion gross revenues by approximately 1%.

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

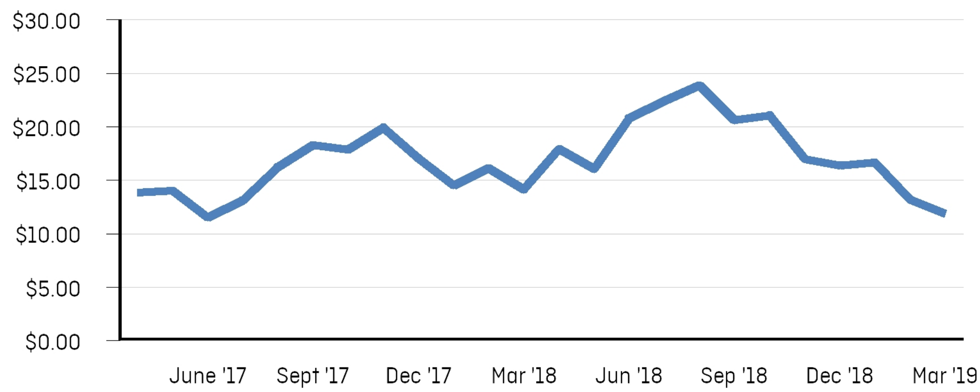


3. Key Drivers (continued)

B. Sea Freight

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

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



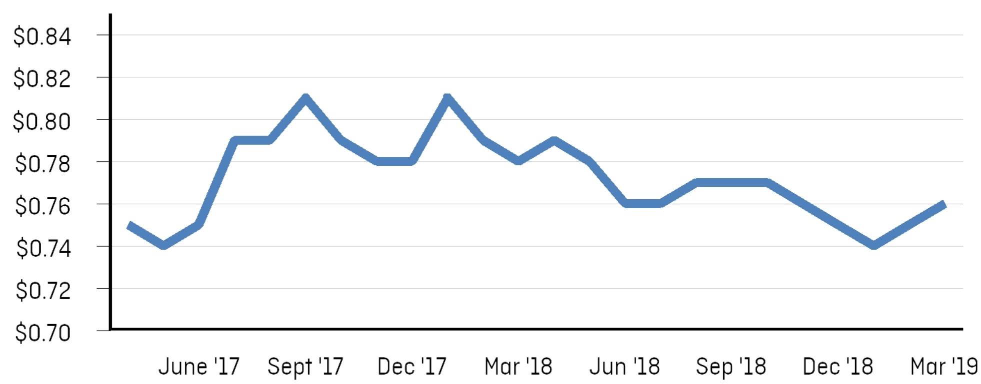
In the past five years, the industry has identified a relationship between the iron ore price and the cost of freight for the Brazil to China route captured in the C3 rate. Based on the observed correlation, when the price of iron ore fluctuates, the ocean freight rate fluctuates as well. As the freight cost for the ocean transport between Sept-Iles and China is largely influenced by the C3 cost, a decrease in iron ore prices should result in a lower ocean freight costs for Champion Iron.

3. Key Drivers (continued)

C. Currency

The Canadian dollar is the Company's reporting and functional currency. Consequently, the Company's operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar. The Company's sales, sea freight and credit facilities' costs are denominated in U.S. dollars. As such, the Company benefits from a natural hedge between its revenues and its sea freight and credit facilities' costs. Still, the Company is exposed to foreign currency fluctuations as its mining operating expenses are mainly incurred in Canadian dollars. Currently, the Company has no hedging contracts in place and therefore has exposure to the foreign exchange rate fluctuations. The strengthening of the U.S. dollar would positively impact the Company's net income and cash flow while the strengthening of the Canadian dollar would reduce its operating margin and cash flow.

Monthly Exchange Rate – USD to CAD



Apart from these key drivers and the risk factors noted in the headings "Risk factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

4. Bloom Lake Mine Operating Activities[1]

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2019	2018	**2019**	2018
Operating Data				
Waste mined (wmt)	3,481,500	2,280,700	13,679,900	4,254,000
Ore mined (wmt)	4,975,500	2,158,700	19,711,700	2,733,500
Strip ratio	0.7	1.1	0.7	1.6
Ore milled (wmt)	4,754,200	1,754,300	18,493,800	1,754,300
Head grade (%)	30.6	29.0	31.5	29.0
Recovery (%)	80.4	76.3	79.5	76.3
% Fe	66.3	66.5	66.4	66.5
Iron ore concentrate produced (wmt)	1,802,000	623,300	6,994,500	623,300
Iron ore concentrate sold (dmt)	**1,744,000**	—	**7,127,600**	—
Financial Data (in thousands of dollars)				
Revenues	**182,164**	—	**655,129**	—
Cost of sales	84,431	—	351,946	—
Other expenses	11,233	20,857	25,011	80,006
Net finance cost	19,386	7,475	50,010	23,081
Net income	28,155	(29,305)	147,599	(107,331)
Earnings per share	**0.02**	(0.05)	**0.20**	(0.19)
EBITDA[2]	**86,500**	(20,858)	**278,172**	(80,006)
Statistics (in dollars per dmt sold)				
Average net realized selling price[2]	**104.4**	—	**91.9**	—
Total cash cost (C1 cash cost)[2]	**48.4**	—	**49.4**	—
All-in sustaining cost[2]	**55.4**	—	**55.8**	—
Cash operating margin[2]	**49.0**	—	**36.1**	—

Operational Performance

During the quarter ended March 31, 2019, 8.5 million tonnes of material were mined, representing a decrease of 3% over the previous quarter. The decrease reflects the focus on waste removal during the previous quarter due to a planned major shutdown of the plant. The plant processed 4,754,200 tonnes of ore during the fourth quarter. Although the quarter did not include a major scheduled shutdown, the production was affected by various planned shutdowns totaling 10 days in order to upgrade pumps and change the inner discharge grates and upgrade the conveyor belt to accommodate more daily throughput. During the period, the optimization of the recovery circuit continued, resulting in record monthly recovery of 81.7% in February 2019 from a 31.0% Fe head grade. Based on the foregoing, Champion produced 1,802,000 wmt of 66.3% high-grade iron ore concentrate during the fourth quarter ended March 31, 2019.

The Company mined 33.4 million tonnes of material during the twelve months ended on March 31, 2019, compare to 7.0 million tonnes in the prior year. The variation is due to the restart of the Bloom Lake Mine in February 2018 which commenced commercial production on June 30, 2018. The plant processed 18,493,800 tonnes of ore during the twelve months ended March 31, 2019. During the year, the recovery circuit continues to be optimized where the Company initially achieved 77.0% when it resumed operations in February of 2018 compared to 80.4% during the last quarter ended March 31, 2019. Overall, the Company achieved an average recovery rate close to 80% for the most recently completed fiscal year. The Company's recovery rate continues to improve with nearly every quarter achieving higher recovery rates as high as 86%. As such, the Company is confident that it will achieve the target recovery rate of 83% once the circuit has been optimized.

Based on the foregoing, Champion produced a total of 6,994,500 wmt of Fe 66.4% in its first full year of operations ending March 31, 2019. These results established a new annual production record for the Bloom Lake Mine as the previous annual record achieved at Bloom Lake by previous operators totalled 5,885,355 in 2013

1 The Company considers that pre-commercial production operations at the Bloom Lake mine commenced on April 1, 2018 with the first shipment of high-grade iron ore concentrate and that commercial production began on June 30, 2018.

2 EBITDA, average realized selling price, total cash cost, AISC and cash operating margin are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A included in note 17.

5. Financial Performance

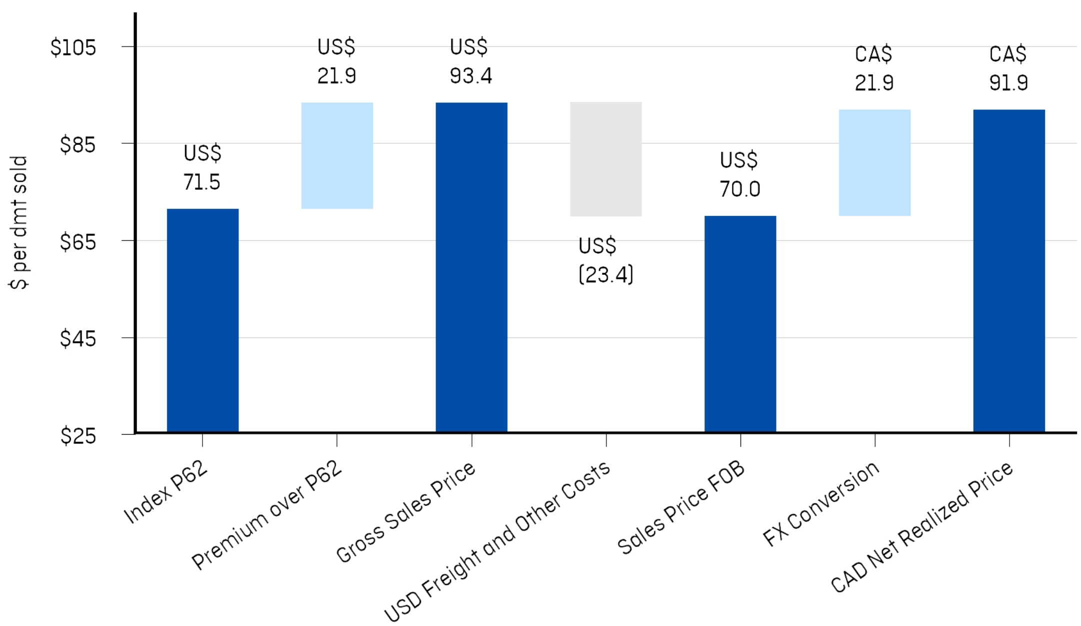
The Company entered pre-commercial production in February 2018, shipped its first vessel to China on April 1, 2018 and declared commercial production on June 30, 2018. As a result, there are no comparative production and related financial performance figures for the same periods the year prior.

A. Revenues

During the three-month period ended March 31, 2019, a total of 1,802,000 tonnes of high-grade iron ore concentrate were sold at a CFR China gross realized price of US$98.7/dmt before shipping. The gross sales price of US$98.7/dmt represents a premium of 19% over the benchmark P62 compared to 28% in the previous quarter as the P62 price strengthened by 16% during the quarter. Deducting sea freight costs of US$21.6/dmt, the Company obtained an average net realized price of US$77.1 per tonne (CA$104.4 per tonne) for its high-grade iron ore delivered to the end customer. As a result, revenues totalled $182,164,000 for the period. The sales increase compared to the prior quarter stems primarily from higher iron ore prices.

For the year ended March 31, 2019, the Company sold over 7.1 million tonnes of iron ore concentrate shipped to end customers located in China, Europe, Japan and the Middle East in 41 Capesize vessels. While, the P65 indicative price of high-grade iron ore fluctuated between US$81.4/dmt to US$107.2/dmt as of March 31, 2019, the Company sold its product at an average gross realized price of US$93.4/dmt before shipping. The gross sales price of US$93.4/dmt represents a premium of 30.6% over the benchmark P62 price. Deducting sea freight costs of US$23.4/dmt, the Company obtained an average realized price of US$70.0 per tonne (CA$91.9 per tonne) for its high-grade iron ore delivered to the end customer. As a result, revenues totalled $655,129,000 for the first year of production. There are no revenues for the comparative periods as the Company shipped its first vessel of iron ore concentrate on April 1, 2018.

FYE2019 Net Realized Selling Price from P62 to Average Realized Price



(Expressed in thousands of Canadian dollars, except where otherwise indicated)

5. Financial Performance (continued)

A. Revenues (continued)

(in US dollars per dmt sold)	Three Months Ended March 31, 2019[1]	Twelve Months Ended March 31, 2019[1]
Index P62	**82.7**	**71.5**
Premium over P62	**16.0**	**21.9**
Gross realized price	**98.7**	**93.4**
Freight and other costs	**(21.6)**	**(23.4)**
Net realized FOB price	**77.1**	**70.0**
CAD Net Realized FOB Price	**104.4**	**91.9**

B. Cost of sales

Cost of sales represent mining, processing, and mine site-related general and administrative expenses.

During the three-month period ended March 31, 2019, the total cash cost[2] or C1 cash cost[2] per tonne totalled $48.4/dmt.

For the first twelve months of operations, the Company produced high-grade iron ore at a total cash cost[2] of $49.4/dmt. The C1 cash cost[2] reflects the impacts of the inefficiencies of the ramp-up period, the delays associated with the completion of the first major planned shutdown since the Company started its operations, combined with unplanned shutdowns during the first winter season.

As the Company shipped its first vessel on April 1, 2018, there are no comparative cost of sales for the prior fiscal year ended March 31, 2018.

C. Gross profit (loss)

The gross profit for the three and twelve-month periods ended March 31, 2019 totalled $94,284,000 and $288,632,000, respectively, compared to a gross loss of $972,000 and $4,244,000 for the same periods in the year prior. Each period variation reflects the timing of recommissioning Bloom Lake in February 2018 with first shipment dating April 1, 2018.

D. Other Expenses

Other expenses comprise share-based payment, corporate expenses as well as sustainability and other community expenses ("CSR expenses"). CSR expenses are composed mainly of community taxes such as property and school taxes and expenditures related to the Impact and Benefits Agreement with the First Nations ("IBA").

The variance in Other expenses and income for the year ended March 31, 2019 compared to the same period last year is essentially due to the difference in certain costs incurred during the restart phase (2017-2018) compared to costs incurred during the operational phase which began April 1, 2018.

1 The Company considers that pre-commercial production operations at the Bloom Lake mine commenced on April 1, 2018 with the first shipment of high-grade iron ore concentrate and that commercial production began on June 30, 2018 accordingly there are no comparative figures for the same period the year prior.

2 EBITDA, average realized selling price, total cash cost or C1 cash cost, AISC and cash operating margin are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A included in note 17.

5. Financial Performance (continued)

E. Net Finance Costs

Net finance costs totalled $19,386,000 (non-cash finance costs of $13,199,000) for the fourth quarter compared to $7,475,000 (non-cash finance costs of $7,025,000) for the same period in 2018. The increase is attributable mainly to the change in the fair market value of derivative liabilities period over period offset by an unrealized foreign exchange loss and the recognition of a non-cash derivative assets.

The increase in net finance costs for the year ended March 31, 2019, when compared to the same period the year prior, is due to two main factors: the interest on the term facilities fully drawn at the beginning of September 2018 and the change in the fair value of derivatives associated with the financing of the Bloom Lake Mine. The change in the fair value of derivatives liabilities is attributable to the variation of the Company's common share price during the period and is a non-cash item. In compliance with IFRS, the Company also recorded non-cash derivatives assets in relation with the existing debt facility. The Company reports in Canadian dollars and benefits from a natural hedge between its revenues generated in U.S. dollars and its U.S. denominated term facilities. Consequently, the unrealized foreign exchange loss included in net finance costs represents a non-cash expenditure associated with the conversion of the term facilities in Canadian dollars. The Company maintains sufficient U.S. dollars on hand to prevent foreign exchange loss upon interest or capital payments. Unrealized loss on investments and accretion costs are non-cash items.

F. Income Taxes

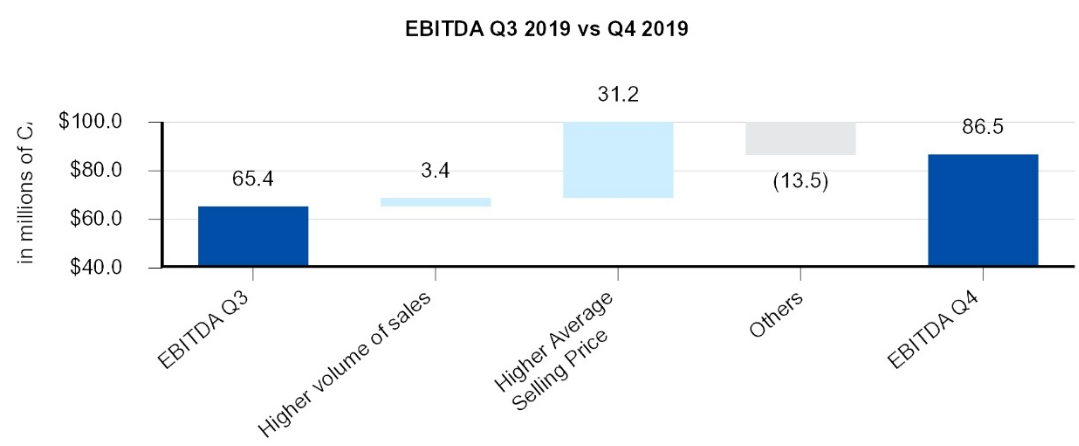
The Company's subsidiaries are subject to tax in Australia and Canada. As a result of accumulated losses before tax, there are no current or deferred income taxes related to the Australian activities. QIO, Champion's operating subsidiary, is subject to mining tax of 16% and income tax in Canada where the statutory rate is 26.68%. During the fiscal year ended March 31, 2019, the Company utilized previously unrecognized tax benefits including the majority of its loss available for carry forwards to reduce its current income tax to nil. However, current mining taxes for the period amounted to $34,059,000 and were paid in May 2019. Deferred income tax expenses relate mainly to the accelerated depreciation available under tax regulations.

G. EBITDA[1] & Net Income (Loss)

During the fourth quarter ended March 31, 2019, the Company generated an EBITDA[1] of $86,500,000 or a margin of 47% and $278,172,000 or a margin of 42% for the year ended March 31, 2019.

The Company's net income for the three-month period ended March 31, 2019 totalled $28,155,000 or earnings per share of $0.02 compared to a loss of $29,305,000 or $0.05 per share for the same period the year prior. The variation is due to the restart of mining activities at the Bloom Lake Mine.

For the year ended March 31, 2018, the Company generated a net income of $147,599,000 translating to earnings per share of $0.20. A net loss of $107,331,000 or $0.19 per share was realized in the year ended March 31, 2018 as the Company completed its Bloom Lake Mine construction in February 2018 and shipped its first vessel of iron ore on April 1, 2018.



[1] EBITDA, average realized selling price, total cash cost or C1 cash cost, AISC and cash operating margin are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A included in note 17.

5. Financial Performance (continued)

H. All-in sustaining cost[1] and cash operating margin[1]

The Company believes that the AISC[1] and cash operating margin[1] are measures reflecting the costs associated with producing iron ore and assessing the Company's ability to operate without reliance on additional borrowing or usage of existing cash. The Company defines AISC[1] as the total costs associated with producing iron ore concentrate. The Company's AISC[1] represents the sum of cost of sales, corporate expenditures and sustaining capital expenditures, including stripping activities, all divided by the iron ore concentrate per dmt sold to arrive at a per dmt figure.

During the quarter, the Company realized an AISC[1] of $55.4/dmt which is comparable to previous quarter. During its start-up year, the Company produced high-grade iron concentrate at an AISC[1] of $55.8/dmt.

Deducting the AISC[1] of $55.4/dmt from the realized average selling price[1] of $104.4/dmt, the Company generated a cash operating margin[1] of $49.0 for each tonne of high-grade iron ore concentrate sold during the fourth quarter ended March 31, 2019. Since the Company started to ship iron ore to its end customers it generated a cash operating margin[1] of $36.1/dmt.

I. Non-controlling interests

As of March 31, 2019, the Government of the province of Quebec, through RQ held a 36.8% interest in QIO and as such, was considered Champion's non-controlling interest ("NCI"). The net income attributable to the NCI is based on the statutory financial statements of QIO. The variation period over period is associated with the start of the commercialization on April 1, 2018 offset by the change in fair value of derivatives liabilities.

On May 29, 2019, the Company announced a transaction to acquire RQ's 36.8% equity interest in QIO. For more information on the proposed transaction, please refer to the Company's press release dated May 29, 2019, available under the Company's filings on SEDAR at www.sedar.com. When Champion closes the announced acquisition of the minority interest held by RQ, Champion will no longer have to attribute a portion of QIO's net income to a NCI.

6. Events subsequent to March 31, 2019

On May 29, 2019, the Company announced a transaction to acquire RQ's 36.8% equity interest in QIO, operator of the Bloom Lake Mining Complex, for a total cash consideration of $211 million (the "Transaction"). The Transaction would increase Champion's stake in QIO to 100%. Following the closing of this transaction, the entire net income of QIO will be allocated to Champion and there will no longer be any NCIs.

The Company also announced on May 29, 2019, that it has entered into an agreement with Caisse de dépôt et placement du Québec for a preferred share offering for proceeds of $185 million (the "Investment") plus a commitment for a fully underwritten US$200 million credit facility (the "New Credit Facility") with The Bank of Nova Scotia ("Scotiabank") and Societe Generale ("SocGen"). Proceeds from the Investment and the New Credit Facility will be used to fund current and future strategic initiatives and repay Champion's existing debt.

The dividend rate associated with the preferred shares will be based on the gross realized iron price and will fluctuate from 9.25% when the gross realized iron price for Bloom Lake 66.2% iron ore is greater than US$85/dmt to 13.25% should the gross realized iron ore price decrease below US$65/dmt. The closing of this facility is expected to occur in the summer of 2019.

The New Credit Facility will be available by way of a US$180 million senior secured fully amortizing non-revolving credit facility (the "Term Facility") in addition to a US$20 million senior secured revolving credit facility (the "Revolving Facility"). The New Credit Facility will bear interest between LIBOR plus 2.85% if the net debt to EBITDA ratio is lower or equal to 1.00x to LIBOR plus 3.75% if the net debt to EBITDA ratio is greater than 2.50x.

The Term Facility will mature five years from the closing date while the Revolving Facility will mature three years from the closing date. The Term Facility shall be repaid in equal quarterly installments of principal and accrued interest starting on the second full year following the closing date and is not subject to prepayment penalties. The closing of this facility is expected to occur in the summer of 2019.

For more information on the capital restructuring and the transaction, please refer to the Company's press release dated May 29, 2019, available under the Company's filings on SEDAR at www.sedar.com.

7. Cash Flows

The following table summarizes cash flow activities:

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2019	2018	**2019**	2018
(in thousands of dollars)				
Operations	70,596	(24,220)	231,465	(86,883)
Changes in non-cash working capital	(32,580)	(18,530)	(54,767)	(44,766)
Operating activities	**38,016**	**(42,750)**	**176,698**	**(131,649)**
Financing activities	(45,108)	89,610	20,501	238,801
Investing activities	(27,927)	(87,744)	(72,930)	(101,180)
Change in cash and cash equivalents during the period	**(35,019)**	**(40,884)**	**124,269**	**5,972**
Effect of foreign exchange rates on cash	2,622	18	3,260	60
Cash and cash equivalents, beginning of period	**167,821**	**48,761**	**7,895**	**1,863**
Cash and cash equivalents, end of period	**135,424**	**7,895**	**135,424**	**7,895**

Operating

During the three-month period ended March 31, 2019, the Company generated operating cash flow of $70,596,000 before working capital as a result of an EBITDA[1] margin of 47% for each dry metric tonne of high-grade concentrate sold. Working capital was mainly impacted by the timing of customer receipts. The variation with the quarter ended March 31, 2018 is essentially due to operating profit as the Company was still in development in 2017.

During the year ended March 31, 2019, the Company's operating cash flow before working capital items totalled $231,465,000. The Company was in development for the comparative prior year period. The variation of the working capital items for the year ended March 31, 2019 compared with the prior year is mainly due to trade receivables and payments of suppliers in relation to the construction project. The decrease is offset by mining tax payable due in May 2019 associated with the operations for the fiscal year ended March 31, 2019. The Company did not have to remit mining tax until the end of the first year of operations. Going forward, the Company will have to make monthly installment based on the mining tax incurred the prior year. As such the Company started paying mining tax installments at the end of May 2019.

Financing

During the three-month period ended March 31, 2019, the Company made its first capital repayment of $7,636,000 towards the US$80,000,000 facility (the "Sprott Facility") and fully repaid the $37,472,000 note payable related to the Bloom Lake railcar fleet. In the comparative prior year period, the Company's financing activities consisted mainly of proceeds of $92,127,000 derived from the long-term debt.
The financing proceeds for the year ended March 31, 2019 consisted primarily of drawdowns totaling $74,195,000 from the US$180,000,000 credit facilities as well as borrowing repayments. During the period, the Company made the first repayment of $7,636,000 towards the Sprott Facility and paid $4,564,000 in accordance with the production payment agreement entered into as a condition to closing the credit facility with Sprott Private Resource Lending (Collector), LP ("Sprott"). In addition, the Company fully repaid the $37.5 million note payable associated with financing the Bloom Lake railcar fleet. The remaining financing activities for the year include proceeds from the exercise of stock options and the payment of borrowing costs and capitalized interest.

The financing activities for the corresponding period the prior year related to the financing completed on October 16, 2017, which funded the Bloom Lake Mine improvements, restart projects and associated costs. The financing structure consisted of a debt facility totaling US$180,000,000 with Sprott and CDP Investissements Inc., of which $158,287,000 was drawn down as of March 31, 2018, and proceeds of $31,200,000 and $10,000,000 associated with debentures issued to Glencore International AG and Altius Minerals Corporation respectively.

[1] EBITDA, average realized selling price, total cash cost or C1 cash cost, AISC and cash operating margin are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A included in note 17.

7. Cash Flows (continued)

Financing (continued)

In addition, the Company completed a public offering of 21,034,000 subscription receipts ($0.90/unit) for gross proceeds of $18,930,000 on October 16, 2017. RQ also contributed to a private placement directly into QIO for an amount totalling $31,316,000. Finally, a bridge loan amounting to $16,000,000 established for the tailings lifts was drawn down and repaid during the period. The remaining financing activities related to the exercise of stock options and financing transaction costs.

Investing

The Company investments relate to capital expenditures and exploration and evaluations expenses.

Purchase of property, plant and equipment

During the year ended March 31, 2019, the Company invested $62,942,000 in cash for additions to property, plant and equipment. The following table summarizes our investing activities.

	Three Months Ended March 31,		**Twelve Months Ended March 31,**	
	2019	**2018**	**2019**	2018
(in thousands of dollars)				
Tailings lifts	3,008	—	17,057	—
Stripping activities	3,388	—	12,121	—
Other sustaining capital expenditures	—	—	2,657	—
Subtotal sustaining capital expenditures	**6,396**	**—**	**31,835**	**—**
Capital development expenditures at Bloom Lake	17,145	74,851	31,107	97,569
Total	**23,541**	**74,851**	**62,942**	**97,569**

Exploration and evaluation

For the year ended March 31, 2019, $9,372,000 was invested in exploration and evaluation including $6,451,000 towards the feasibility study of Phase II.

8. Financial Position

As at March 31, 2019, the Company held $135,424,000 in cash and cash equivalents along with $17,907,000 in short-term investments. With the existing cash balance and the forecasted cash flows from operations, the Company is well positioned to fund all of its cash requirements for FY2020, which relate primarily to the following activities:

- Mine operating costs
- Sustaining capital expenditures
- Reimbursement of long-term debt
- Payment of mining and income taxes

	As at March 31, 2019	As at March 31, 2018
(in thousands of dollars)		
Cash and cash equivalents	135,424	7,895
Short-term investment	17,907	17,291
Cash on hand	**153,331**	**25,186**
Other current assets	161,352	89,907
Total Current Assets	**314,683**	**115,093**
Property, plant and equipment	224,123	172,719
Exploration and evaluation asset	81,508	72,137
Other non-current assets	51,703	41,767
Total Assets	**672,017**	**401,716**
Total Current Liabilities	**114,608**	**109,710**
Long-term debt	193,038	141,225
Derivative financial instruments	43,819	24,683
Rehabilitation obligation	36,565	35,893
Other non-current liabilities	68,265	35,757
Total Liabilities	**456,295**	**347,268**
Equity attributable to equity shareholders	**150,346**	53,625
Non-controlling interests	**65,376**	823
Total Equity	**215,722**	**54,448**
Total Liabilities and Equity	**672,017**	**401,716**

The Company's total current assets as at March 31, 2019 increased by $199,590,000 since March 31, 2018. This increase resulted from operational cash flow associated with the start of the operations at Bloom Lake together with trade receivables. The completion of the construction of the Bloom Lake mine, during the period, also contributed to higher property, plant and equipment and total assets.

Total liabilities increased reflecting the debt now fully drawn and income tax payable associated with mining tax related to the mining profit realized since the start of operations. The variation in equity is mainly the result of the Company's net income totalling $147,599,000 achieved since the first shipment of high-grade iron ore concentrate made on April 1, 2018.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

9. Financial Risk Factors

The Company's risk exposure and impact on the Company's financial instruments are summarized in note 27 of the consolidated financial statements for the year ended March 31, 2019.

10. Commitments

The Company has various obligations related to take-or-pay features of its logistics contracts. The Company has also other commitments with the Innu community related to the Impact and Benefits Agreement. Future minimum payments under these agreements are as follow:

	As at March 31, 2019	As at March 31, 2018
Less than a year	135,798	70,327
1 to 5 years	62,809	239,102
More than 5 years	146,351	—
Total	**344,958**	**309,429**

The Company does not have any contingent liabilities.

11. Critical Accounting Estimates and Judgments

The Company's significant accounting judgments, estimates and assumptions are summarized in note 2 of the consolidated financial statements for the year ended March 31, 2019.

12. New Accounting Standards Issued and Adopted by the Company

The new accounting standards issued but not yet in effect are disclosed in note 2 to the consolidated financial statements for the year ended March 31, 2019.

13. Non-IFRS Financial Performance Measures

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

A. Total Cash Cost

Total cash costs or C1 cost is a common financial performance measure in the iron ore mining industry but with no standard meaning under IFRS. Champion reports total cash costs 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 flow from its mining operations. This measure also enables investors to better understand the performance of the Company's iron ore operations in comparison to other iron ore producers who present results on a similar basis. Management uses this metric as an important tool to monitor operating cost performance. Total cash costs include production costs such as mining, processing, and site administration, and exclude depreciation to arrive at total cash costs per dmt sold. Other companies may calculate this measure differently.

13. Non-IFRS Financial Performance Measures (continued)

A. Total Cash Cost (continued)

	Three Months	Twelve Months
	Ended March 31, 2019	
Per tonne sold		
Iron ore concentrate sold (dmt)	**1,744,000**	**7,127,600**
(in thousands of dollars except per tonne)		
Cost of sales	84,431	351,946
Total cash cost (per dmt sold)	**48.4**	**49.4**

B. All-in Sustaining Cost ("AISC")

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

As this measure intends to represent the cost of selling Iron ore concentrate from current operations, it does not include capital expenditures attributable to development projects or mine expansions including economic evaluations for such projects, non-cash share-based payments, exploration expenses that are not sustainable in nature, income tax expense, working capital defined as current assets less current liabilities (except for inventory adjustments) or interest costs.

The table below shows a reconciliation of AISC per tonne to costs as extracted from the consolidated financial statements:

	Three Months	Twelve Months
	Ended March 31, 2019	
Per tonne sold		
Iron ore concentrate sold (dmt)	**1,744,000**	**7,127,600**
(in thousands of dollars except per tonne)		
Cost of sales	84,431	351,946
Sustaining capital expenditure	6,396	31,835
General and administrative expenses	5,728	14,039
	96,555	**397,820**
AISC (per dmt sold)	**55.4**	**55.8**

13. Non-IFRS Financial Performance Measures (continued)

C. Average realized selling price and cash operating margin

Average realized price and cash operating margin per dmt sold are used by management to better understand the iron ore concentrate price and margin realized throughout a period. Average realized price is calculated as metal sales per the statement of comprehensive earnings. Cash operating margin represents average realized price per iron ore concentrate dmt sold less AISC per dmt sold.

	Three Months	Twelve Months
	Ended March 31, 2019	
Per tonne sold		
Iron ore concentrate sold (dmt)	**1,744,000**	**7,127,600**
(in thousands of dollars except per tonne)		
Revenues	182,164	655,129
Average realized selling price (per dmt sold)	**104.4**	**91.9**
AISC (per dmt sold)	55.4	55.8
Cash operating margin (per dmt sold)	**49.0**	**36.1**

D. EBITDA

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

EBITDA is intended to provide additional information to investors and does not have any standardized definition under IFRS. The measure excludes the impact of cash costs of financing activities, taxes and the change in non-cash working capital and is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2019	2018	**2019**	2018
(in thousands of dollars)				
Income (loss) before income tax	**28,155**	(29,305)	**147,599**	(107,331)
Net finance costs	**19,386**	7,475	**50,010**	23,081
Current income tax expense	**8,286**	—	**34,017**	—
Deferred income tax expense	**27,224**	—	**31,995**	—
Depreciation	**3,449**	972	**14,551**	4,244
EBITDA	**86,500**	(20,858)	**278,172**	(80,006)
EBITDA margin (%)	**47%**	—	**42%**	—

14. Share Capital Information

The Company's authorized share capital is unlimited ordinary shares without par value. As of June 20, 2019, there are 432,991,622 ordinary shares outstanding. In addition, there are 29,850,000 ordinary shares issuable on the exercise of options and 49,733,000 shares issuable from derivatives instruments with dilutive impact.

15. Summary of Quarterly Results

The following information is derived from and should be read in conjunction with the unaudited condensed interim consolidated financial statements for each of the past eight quarters. The Company's fiscal year ends on March 31. All amounts are stated in millions of dollars except for the earnings (loss) per share.

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Financial Results ($ millions)								
Revenue	182.2	147.5	174.7	150.7	—	—	—	—
Operating profit (loss)	83.1	62.8	77.2	40.5	(21.8)	(39.5)	(14.8)	(8.2)
EBITDA[1]	86.5	65.4	81.3	45.0	(20.9)	(38.4)	(13.7)	(7.0)
Net profit (loss)	28.2	31.2	67.5	20.7	(30.9)	(54.1)	(14.5)	(7.8)
Net profit (loss) attributable to shareholders	8.8	21.7	41.5	11.0	(21.9)	(37.3)	(9.9)	(5.4)
Earnings (loss) per share - basic	0.02	0.05	0.10	0.03	(0.05)	(0.09)	(0.03)	(0.01)
Earnings (loss) per share - diluted	0.02	0.05	0.09	0.02	(0.05)	(0.09)	(0.03)	(0.01)
Cash flow from operations	38.0	89.1	2.9	46.7	(42.8)	(72.6)	(15.0)	(1.2)
Operating Data								
Waste mined (wmt)	3,481,500	3,847,100	2,978,400	3,372,900	2,280,700	1,973,300	—	—
Ore mined (wmt)	4,975,500	4,883,400	5,204,900	4,647,900	2,158,700	574,800	—	—
Strip ratio	0.7	0.8	0.6	0.7	1.1	3.4	—	—
Ore milled (wmt)	4,754,200	4,531,400	4,964,200	4,244,000	1,754,300	—	—	—
Head grade (%)	30.6	32.1	32.0	31.1	29.0	—	—	—
Recovery (%)	80.4	80.7	79.6	77.1	76.3	—	—	—
% Fe	66.3	66.4	66.6	66.5	66.5	—	—	—
Iron ore concentrate produced (wmt)	1,802,000	1,791,300	1,858,300	1,542,900	623,300	—	—	—
Iron ore concentrate sold (dmt)	1,744,000	1,711,500	1,931,700	1,740,400	—	—	—	—
Financial results per unit								
Average realized selling price[1]	104.4	86.2	90.4	86.6	—	—	—	—
Total cash cost[1]	48.4	49.4	45.2	55.0	—	—	—	—
All-in sustaining cost[1]	55.4	55.5	52.9	59.9	—	—	—	—
Cash operating margin[1]	49.0	30.7	37.5	26.7	—	—	—	—

[1] EBITDA, average realized selling price, total cash cost, AISC and cash operating margin are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A included in note 17.

16.Risk Factors

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

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

The following discussion summarizes the principal risk factors that apply to the Company and that may have a material adverse effect on its financial condition and results of operations, or the trading price of the Company's Common Shares.

FINANCIAL RISKS

Iron Ore Prices

The Company's principal business is the exploration, development and production of iron ore. The Company's future profitability is largely dependent on movements in the price of iron ore. Iron ore prices have historically been volatile and are primarily affected by the demand for and price of steel in addition to the supply/demand balance. Given the historical volatility of iron ore prices 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. As some of the Company's long-term debt are subject to rate fluctuation based on the price of iron ore, a decrease in iron ore could have an adverse impact on the cost of the Company's borrowing. A continued decline in iron ore prices would also be expected to adversely impact the Company's ability to attract financing. Iron ore prices are also affected by numerous other factors beyond the Company's control, including the exchange rate of the United States dollar with other major currencies, global and regional demand, political and economic conditions, production levels and costs and transportation costs in major iron ore producing regions. If as a result of a decline in iron ore prices, revenues from iron ore sales were to fall below cash operating costs, the feasibility of continuing development and operations would be evaluated and if warranted, could be discontinued.

Fluctuating Minerals 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, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of the Company may result.

Liquidity / Financing Risk

The Company may need to raise additional funding in the future through the sale of equity or debt securities or by optioning or selling its properties. No assurance can be given that additional funding will be available for further exploration and development of the Company's properties when required, upon terms acceptable to the Company or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Current Global Financial Condition

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008 and 2009. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 to 2017 and into 2017-2018, although the strength of recovery has varied by region and by country. In the latter half of 2011 and 2012-2013, debt crises in certain European countries and other factors adversely affected the recovery.

The majority vote in favour of the United Kingdom leaving the European Union may worsen and/or prolong global financial markets' challenges and the demand for commodities. These conditions have resulted and may continue to result in a reduction in demand for various resources and raw materials. As a result, access to public financing has been negatively impacted.

16.Risk Factors (continued)

Current Global Financial Condition (continued)
These factors may impact the ability of the Company to obtain equity or debt financing in the future on favourable terms. Additionally, these factors, as well as other related factors, 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 could be adversely impacted and the trading price of its Ordinary Shares may be adversely affected.

Foreign Exchange
Iron ore is sold in U.S. dollars thus the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. To the extent that the Company generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact the Company's financial performance.

Reduced Global Demand for Steel or Interruptions in Steel Production
The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Company's ability to obtain financing, to achieve production and on its financial performance. See also "Current Global Financial Conditions" above.

OPERATIONAL RISKS
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, metal and mineral prices which are highly cyclical, 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) and other factors. Even 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.

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 hazards relating to the discharge of pollutants, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls or dams, 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 damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Company.

In addition, any future mining operations 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, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Company.

16.Risk Factors (continued)

Uncertainty of Mineral Resource and Mineral Reserve Estimates

Although the mineral resource estimates included herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron ore or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of mineral resources 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, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources are reported as general indicators of mine life. Mineral resources should not be interpreted as assurances of potential mine life 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 corresponding grades. Until ore is actually mined and processed, mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on mineral prices. Any material change in resources or mineral resources, or grades or stripping ratios will affect the economic viability of the Company's projects.

Uncertainties and Risks Relating to Feasibility Studies

Feasibility studies are used to determine the economic viability of a deposit, as are pre-feasibility studies and preliminary assessments. Feasibility studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs. 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 assessments. There is no certainty that the Phase II Feasability Study will be realized. While the Phase II Feasability Study is based on the best information available to the Corporation, it cannot be certain that actual costs will not significantly exceed the estimated cost. While the Corporation incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future 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, 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 Phase II Feasability Study. The Corporation's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, 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 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, and as a result, the Corporation cannot give any assurance that the Phase II Feasability Study results will not be subject to change and revisions.

Dependence on the Bloom Lake Mine

The Company began generating revenues from the Bloom Lake Mine in April 2018, prior to which its mineral project was at an exploration or pre-production stage. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues. The Company has historically incurred significant losses as it previously had no sources of revenue (other than interest income).

While the Company may invest in additional mining and exploration projects in the future, and is working towards the feasibility of a potential Phase II expansion, the Bloom Lake Mine is currently the Company's sole producing asset, providing all of the Company's operating revenue and cash flows. Consequently, a delay or any difficulty encountered in the operations at the Bloom Lake Mine would materially and adversely affect the financial condition and financial sustainability of the Company. In addition, the results of operations of the Company could be materially and adversely affected by any events which cause the Bloom Lake Mine to operate at less than optimal capacity, including, among other things, equipment failure, adverse weather, serious environmental and safety issues, any permitting or licensing issues and any failure to produce expected amounts of iron ore. See also "Liquidity/Financing Risk" above.

16.Risk Factors (continued)

Government Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial and local 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.

Potential Land Claims - First Nations Groups

The Company conducts its operations in the Province of Québec and in the Province of Newfoundland and Labrador, which areas 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. The boundaries of the traditional territorial claims by these groups, if established, may impact the areas which constitute the Company's properties. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Pursuant to section 35 of *The Constitution Act of 1982*, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the project and, in some circumstances, accommodate them. The development and the operation of the Company's properties requires the conclusion of IBAs and/or other agreements with the affected First Nations. As a result of the IBAs or of other agreements, the Company may incur significant financial or other obligations to affected First Nations.

On April 12, 2017, the Company, through QIO, and the band council, Innu of Takuaikan Uashat mak Mani-utenam entered into an IBA with respect to operations at Bloom Lake. The IBA is a life-of-mine 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 will receive fair and equitable financial and socio-economic benefits. The 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 IBAs required in the future for other projects may also significantly delay the advancement of the properties. There can be no assurance that the Company will be successful in reaching an IBA or other agreement with the Innu of Takuaikan Uashat mak Mani-utenam or other First Nations groups who may assert Aboriginal rights or may have a claim which affects the CFLN Project, Quinto Claims or any of the Company's other projects.

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. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

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 on with 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, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

Environmental Risks and Hazards

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as see page from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

16.Risk Factors (continued)

Environmental Risks and Hazards (continued)
The Company's operation is subject to environmental regulation primarily by the Department of Environment and Conservation (Newfoundland and Labrador) and Ministère du Développement durable, de l'Environnement et des Parcs (Québec). In addition, the Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) have an enforcement role in the event of environmental incidents.

Infrastructure and Reliance on Third Parties for Rail Transportation of the Company's Iron Ore Concentrate
Some of the Company's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development. Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, the Company has entered into various agreements for various infrastructure requirements, including for rail transportation, power and port access with various industry participants, including external service and utility providers. These are important determinants affecting capital and operating costs. The Company has concluded agreements with the relevant rail companies necessary for the transportation and handling of the Company's production of Bloom Lake iron ore but disruptions in their services could affect the operation and profitability of the Company. In addition, there is no certainty that the Company will be able to continue to access sources of power on economically feasible terms for all of its projects and requirements and this could have a material adverse effect on the Company's results of operations and financial condition.

Reliance on Small Number of Significant Customers
The Company currently relies on a small number of significant customers in connection with the sale of its iron ore production. As a result of this reliance on the limited number of customers, the Company could be subject to adverse consequences if any of these customers breaches their purchase commitments.

Availability of Reasonably Priced Raw Materials and Mining Equipment
The Company will require a variety of raw materials in its business as well as a wide variety of mining equipment. 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. It is also expected that the required refurbishment at Bloom Lake will require significant financing.

Dependence on Outside Parties
The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or 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 systems. These systems are subject to disruption, damage or failure from a variety of sources. Failures in our information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in our information technology systems could materially adversely affect our financial condition and results of operation. Information technology systems failures could also materially adversely affect the effectiveness of our internal controls over financial reporting.

Cybersecurity Threats
The Company's operations depend, in part, on how well we and our suppliers protect networks, technology systems and software against damage 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. The failure of any part of our information technology systems could, depending on the nature of any such failure, materially adversely impact our reputation, financial condition and results of operations. Although 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 we will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. 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.

16.Risk Factors (continued)

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company has in the past been, currently is, and may in the future be, involved in various legal proceedings. While the Company believes it is unlikely that the final outcome of these legal proceedings will have an adverse material effect on the Company's financial condition and results of operation, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on the Company's financial condition and results of operation.

OTHER RISKS

Volatility of Stock Price

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

Internal Controls and Procedures

Management of the Corporation has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Corporation do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented thereby, and (ii) the financial statements of the Corporation fairly present in all material respects the financial condition, results of operations and cash flow of the Corporation, as of the date of and for the periods presented. The Corporation will file certifications, signed by the Corporation's CEO and CFO, upon filing of the Annual Information Form. In those filings, the Corporation's CEO and CFO will certify, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Corporation's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting. The Corporation's CEO and CFO also certify the appropriateness of the financial disclosures in the Corporation's interim filings with securities regulators. In those interim filings, the Corporation's CEO and CFO also certify the design of the Corporation's disclosure controls and procedures and the design of internal controls over financial reporting. The Corporation'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.

Insurance and Uninsured Risks

The Company currently maintains insurance to protect it against certain risks related to its current operations in amounts that it believes are reasonable. However, the Company is unable to maintain insurance to cover all risks at economically feasible premiums, and in certain cases, insurance coverage may not be available or may not be adequate to cover any resulting liability (such as matters relating to environmental pollution). 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 that it will provide sufficient coverage for any future losses. Should liabilities arise as a result of insufficient or nonexistent insurance, any future profitability could be reduced or eliminated, and delays, increases in costs and legal liability could result, each of which could have a material adverse impact upon the Company.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource 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 at a meeting of the directors of the Company, a director is required to disclose the conflict of interest and to abstain from voting on the matter.

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 has largely depended, and in the future will continue to depend, on the efforts of key management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, could have a material adverse impact upon the Company.

16.Risk Factors (continued)

Competitive Conditions

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

Dilution and Future Sales

The Company may from time to time undertake offerings of its Ordinary Shares or of securities convertible into Ordinary Shares, and may also enter into acquisition agreements under which it may issue Ordinary Shares in satisfaction of certain required payments. The increase in the number of Ordinary Shares issued and outstanding and the prospect of the 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 Company's existing shareholders will be diluted. In addition, sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Company's ability to raise capital through future sales of Ordinary Shares.

Joint Ventures and Option Agreements

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also be the case that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors 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, failure of a participant to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

From time to time, the Company may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. 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.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

REMUNERATION REPORT

Unless otherwise noted, the following information is for the Company's last completed financial year which ended March 31, 2019 and, since the Company had one or more subsidiaries during that year, is disclosed on a consolidated basis. The information in the Remuneration Report has been audited pursuant to section 308 (3C) of the Corporations Act (Cth) of Australia ("Corporations Act"). All monetary amounts are disclosed in Canadian dollars unless expressly stated otherwise.

In compliance with Section 300A of the Corporation Act and Canadian National Instrument 51-102 – *Continuous Disclosure Obligations*, this Remuneration Report covers Key Management Personnel ("KPM") including Named Executive Officers ("NEO") who were actively employed by the Company as at the end of the fiscal year (March 31, 2019).

KPM is defined as "those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise)" of Champion. NEO means each of the following individuals:

a) The Chief Executive Officer ("CEO") of the Company or each individual who acted in a similar capacity for any part of the most recently completed financial year;

b) the Chief Financial Officer ("CFO") of the Company or each individual who acted in similar capacity for any part of the most recently completed financial year;

c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with applicable law at the end of that financial year; and

d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

The following persons were the KPM of the Company, and the NEOs of the Company where indicated, during the financial year ended March 31, 2019

Name	Position	Appointment Date	Resignation Date
Michael O'Keeffe (NEO and KPM)	Executive Chairman and CEO[1]	August 13, 2013	-
Natacha Garoute (NEO and KPM)	CFO	August 13, 2018	-
Miles Nagamatsu (NEO and KPM)	Former CFO	March 31, 2014	August 13, 2018
David Cataford (NEO and KPM)	COO[2]	March 20, 2017	-
Beat Frei (NEO and KPM)	Former VP Business Development and Finance	-	September 6, 2018
Gary Lawler (KPM)	Director	April 9, 2014	-
Michelle Cormier (KPM)	Director	April 11, 2016	-
Jyothish George (KPM)	Director	October 16, 2017	-
Andrew J. Love (KPM)	Director	April 9, 2014	-
Wayne Wouters (KPM)	Director	November 1, 2016	-

(1) On April 1, 2019, Mr. O'Keeffe stepped down as CEO and remains Executive Chairman of the Board.
(2) On April 1, 2019, Mr. Cataford was appointed CEO, replacing Mr. O'Keeffe.

The term "executives" refers to the Company's NEOs and the other members of the Company's senior management team from time to time.

A. Role of Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to advise the Board on remuneration for senior executives and directors. As at March 31, 2019, the Remuneration and Nomination Committee was comprised of Gary Lawler (Chairman), Andrew J. Love and Michelle Cormier, each of whom is an independent director and has direct experience that is relevant to his or her responsibilities in executive compensation as set out below:

Gary Lawler (Chairman) - Mr. Lawler has over 30 years' experience as a practicing corporate lawyer and has been a partner in a number of leading Australian law firms. Mr. Lawler has been a director of, and involved in compensation matters for, numerous companies throughout the years.

Andrew J. Love - Mr. Love is a Chartered Accountant with more than 30 years of experience in corporate recovery and reconstruction in Australia. Mr. Love has been an independent company director of a number of companies over a 25-year period.

Michelle Cormier - Mrs. Cormier is a senior-level executive with experience in management including financial management, corporate finance, turnaround and strategic advisory situations and human resources.

The Remuneration and Nomination Committee makes recommendations to the Board on the executive remuneration framework and the remuneration level of executives including all awards under the long-term incentive ("LTI") plan, and the short-term incentive ("STI") award and remuneration levels for directors. The aim is to ensure that remuneration policies align with the long-term objectives of the Company, are fair and competitive and reflective of generally accepted market practices of its peers.

B. Remuneration Philosophy & Approach

The objective of Champion's executive remuneration program and strategy is to attract, retain, and motivate talented executives and provide incentives for executives to create sustainable shareholder value over the long term. To achieve this objective, executive remuneration is designed and based on the following principles:

1. ***To align with Champion's business -*** reflect the Company's performance and transition from a mine exploration and development company to an iron ore producing company;

2. ***Pay competitively -*** reflect each executive's performance, expertise, responsibilities and length of service to the Company and to set overall target remuneration to ensure it remains competitive;

3. ***Pay for performance -*** align with Champion's desire to create a performance culture and create direct tangible relationships between pay and performance;

4. ***To align with Shareholder interests -*** align the interests of executives with those of shareholders through the use of awards which increase in value when the Company's share price performance exceeds that of its peers and reduces in value when it trails the performance of its peers; and

5. ***Corporate governance -*** continually review and, as appropriate for Champion, adopt executive remuneration practices that align with current market practices.

The Remuneration and Nomination Committee has implemented a compensation regime that is designed to reflect the above objectives. Executive remuneration consists of a combination of salary, annual performance bonus awards or short-term incentives and longer-term equity-based incentives. A foundation principle of the Company's remuneration philosophy is the promotion of a strong "performance culture" within senior management.

In determining the level of annual performance bonus awards, the Remuneration and Nomination Committee takes into account the individual performance of each executive and overall corporate performance against pre-determined performance objectives and metrics. In setting equity-based incentive awards, the Remuneration and Nomination Committee establishes time-based and performance-based vesting criterion. If it is deemed appropriate, the Remuneration and Nomination Committee has the authority to seek advice from outside consultants. For further discussion, please see "*Elements of Executive Remuneration" discussion* below. Based on these assessments and within the context of pay for performance principles, the Remuneration and Nomination Committee makes its recommendation to the Board for approval. These recommendations may reflect factors and considerations other than those indicated by market data or provided by advisors, including a consideration of prevailing economic conditions – both on a corporate level and on a national and international level – industry norms for such awards and other elements of a NEOs compensation.

The Remuneration and Nomination Committee and the Board as a whole has discretion to reward above the noted plan parameters when an individual or team has made an exceptional contribution to the performance of the Company.

The Remuneration and Nomination Committee has considered the implications of the risks associated with the Company's remuneration program by designing an executive remuneration structure in which a significant portion of overall remuneration is subject to the achievement of certain milestones, including: (i) criteria relating to annual performance, in the case of bonus payments, (ii) vesting periods for restricted share units ("RSUs") , which vest over three years and (iii) the achievement of performance criteria for performance share units over a period of three years ("PSUs").

C. External Advice

Following the fiscal year 2018 annual and special meeting (the "2018 Meeting"), the Board engaged Mercer Canada Limited ("Mercer") to provide an independent, third party analysis of the remuneration levels and practices for the Company's executive team as well as the remuneration for the Board of Directors. In order to construct market-competitive remuneration arrangements for Champion's executive team, as well as the Company's independent directors, Mercer benchmarked Champions remuneration against a group of relevant peer companies at similar stages of development, operating in the same regional geography and of similar size.

Mercer received a compensation of $119,434 before sales taxes for the advisory services (executive compensation-related fees) rendered in connection with establishing their recommendation on the remuneration program for NEOs and directors for the financial year ended March 31, 2019 and did not receive any compensation for the fiscal year ended March 31, 2018.

D. Elements of Executive Remuneration

As is the prevailing practice in the mineral exploration and mining industry, remuneration of the NEOs is comprised of four components:

a) base salary (Fixed);
b) STI in the form of annual bonus awards (At-Risk);
c) LTI in the form of equity-based compensation (At-Risk); and
d) personal benefits and perquisites (Fixed).

The Remuneration and Nomination Committee determined the following elements to be key to executive compensation for the fiscal year 2019.

2019 Executive Performance Metrics and Incentives:

Overall Company Objective:	(1) To achieve operational performance and continue its organic growth and managing dilution to shareholders.
Key Deliverables:	The executive team needed to: (2) deliver operational performance while being a low-cost producer and ensuring strict adherence to safety culture; and (3) pursue the Company's organic growth, with the increase ownership in the Bloom Lake Mine, its flagship asset.
Short-term Incentives: (Annual Bonus)	(4) The target bonus was set as a percentage of each NEO's base salary. The actual bonus was dependent on performance against agreed baseline benchmarking. Individual benchmarks were agreed upon with each employee to reflect key areas of their focus / responsibility.
Long-term Incentives: (RSUs)	(5) The Company utilized time vesting RSU grants to incentivize and retain the executive team.
Long-term Incentives: (PSUs)	(6) The Company utilized PSU grants, based in part on performance against a set of peer companies.

i) Base Salary

The base salary for each NEO is reviewed annually by the Remuneration and Nomination Committee, with recommendations made to the Board for final approval. The base salary for each NEO is based on relevant marketplace information, experience, past performance and level of responsibility. For a fully-qualified incumbent in a given position, Champion generally targets salary at around the median of the peer group. The Company may pay above or below this target to reflect each incumbent's relative experience or performance versus the market, or to reflect competitive market pressures for a given skill set.

2019 Base Salary

The NEO's base salaries are intended to be competitive with those paid in the iron ore mining industry and align with the Company's performance. The 2019 base salary reflects the adjustments required to the NEO base salary to reflect Champion transitioning from a development stage company to an iron ore producer.

The 2019 salary for each NEO is set out in a table under the heading "*2019 Remuneration Awards for the Named Executive Officers*".

ii) Short-term Incentives (Annual Bonus)

Target bonus levels (as a percentage of salary) are established to achieve total cash compensation (salary + bonus) at or below the median of the market when performance is at target levels. In determining annual bonus awards, Champion aims to achieve certain strategic objectives and milestones. An annual target performance bonus award is set for each NEO. The actual performance bonus paid in any year will be based on the performance of the NEO against pre-determined Key Performance Indicators ("KPIs"). KPIs will vary for each NEO and each of the KPI will reflect key deliverables for a particular year.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

2019 Bonus Awards

For 2019, the Board set a target bonus for each NEO as follows, based on Mercer's recommendation:

NEO	Target Bonus (% salary)
Michael O'Keeffe	100%
David Cataford	100%
Natacha Garoute	60%

For the fiscal year ended March 31, 2019, the following financial and operating KPIs were established and evaluated:

(7) 50% of total bonus - Financial performance objectives ("FPO") set against the fiscal year ended March 31, 2019 budget:
- EBITDA[2]
- Free cash flow ("FCF")[3]

(8) 25% of total bonus: based on meeting the production volume from restart to end of fiscal year ending March 31, 2019 of 7,357,000 dmt at a total cash cost per ounce sold of $49.79/dmt;

(9) 25% of total bonus: based of overall performance imperatives which included transitioning successfully from a development stage company to an iron ore producer while meeting health, safety and community targets including ensuring appropriate systems are in place, no fatalities and minimal time lost due to injuries (below 2017 APSM) as well as no harmful event to the environment.

The Board also determined that that the Company's FPO needed to be at least equal to 90% of the base amounts for any amount of the 2019 Bonus award to be paid in respect of these KPIs.

The Board also determined that if the Company's FPOs were to exceed 125% of the base amounts, the target bonus for Ms. Garoute would be increased from 60% to 75%. The Company's FPOs exceeded the base amount by more than 125%.

The following table sets out the tabulations for 2019 NEO bonus awards.

NEO	Target Bonus (% salary)	Weighted Score	Actual Bonus (% salary)	Annual Bonus
Michael O'Keeffe	100%	100%	100%	$550,000
David Cataford	100%	100%	100%	$500,000
Natacha Garoute	60%	125%	75%	$281,250

In addition to the bonus awarded for the fiscal year ended March 31, 2019, the Board of Directors approved a one time special cash bonus of $1,262,500 for Mr. O'Keeffe as a recognition of salary foregone by Mr. O'Keeffe during the formative years of the Company from 2014 to 2018, as it evolved from an exploration company to an iron ore producer.

iii) Long-term incentive - Equity-based Incentives

Equity-based incentives are a particularly important component of compensation in the mining industry, and are a critical component of the Company's remuneration philosophy. These plans are designed to align the interests of the NEOs and other participating employees with the interests of shareholders by linking a component of compensation to the long-term performance of the ordinary shares of the Company (the "Shares"). Awards under these arrangements for the NEOs are structured to create total direct compensation (i.e., the combination of salary + bonus + equity-based incentives) with at or above median market positioning, or higher, when performance warrants.

[2] EBITDA is intended to provide additional information to investors and does not have any standardized definition under IFRS. The measure is calculated based on the cash generating subsidiary's net income to which income tax expenses, net finance costs and depreciation expenses are added. It excludes non-cash working capital and is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

[3] FCF does not have any standardized definition under IFRS. For the fiscal year ended March 31, 2019, the measure was calculated based on the cash generating subsidiary's operating cash flow before working capital adjustment. Other companies may calculate FCF differently.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

2018 Omnibus Plan

At the Company's Annual General Meeting held on August 18, 2018, the Company's Shareholders approved Champion Iron Limited's 2018 Omnibus Incentive Plan ("the New Plan"). The previous plan had been in place since October 21, 2013 and had been amended and approved by Shareholders on August 29, 2014 and August 18, 2017 ("The Previous Plan"). According to the New Plan the following awards can be granted: stock options, restricted share units ("RSUs"), performance share units ("PSUs"), deferred share units ("DSUs"), or other share-based awards ("Other Awards") such as Share Rights. A maximum of 10% of the shares issued and outstanding at any time are reserved for issuance under the New Plan.

Stock Options

At the discretion of the Board, options may be granted under the New Plan to NEOs taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive market factors. The Board has the ability establish the expiry date for each stock option, provided that in no event will the expiry date be later than the date which is ten years following the grant date. Typically, stock options granted by the Board vest one third (1/3) on each of the grant date and 12 and 24-month anniversaries of grant and are issued with a three-year term before expiring.

2019 Option Grants

A breakdown of the 2019 option grant for each NEO is shown in a table under the heading "*2019 Remuneration Awards for the Named Executive Officers*".

The following table provides the annual burn rate associated with the Previous Plan and the New Plan for each of the Company's three most recent fiscal years:

Equity Compensation Plan	Fiscal year	Number of securities granted under the plan(1)	Weighted average number of securities outstanding(2)	Annual burn rate(3)
New and previous Plans	Ended March 31, 2019	2,051,946	420,677,000	0.49%
Previous Plan	Ended March 31, 2018	5,000,000	398,125,332	1.26%
Previous Plan	Ended March 31, 2017	8,000,000	380,212,024	2.10%

Notes:

(1) Corresponds to the number of dilutives securities granted under the Previous Plan or the New Plan in the applicable fiscal year.

(2) The weighted average number of securities outstanding during the period corresponds to the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor.

(3) The annual burn rate percent corresponds to the number of dilutives securities granted under the New Plan or the Previous Plan divided by the weighted average number of securities outstanding.

(4) The New Plan came into effect on August 17, 2018.

Restricted and Performance Share Units

At the August 17, 2018 Annual and Special meeting of Shareholders, the shareholders of Champion approved the proposed 2018 Omnibus Incentive Plan ("the New Plan" or "New Omnibus Plan"). Under the New Plan, Restricted Share Units ("RSU") as well as Performance Share Units ("PSU") may be granted at the discretion of the Board as a long-term incentive to executives taking into account a number of factors, including the amount and term of units previously granted, base salary and bonuses and competitive market factors. Granted RSUs and PSUs are notional shares that have the same value as Shares and earn dividend equivalents as additional units, at the same rate as dividends paid on the Shares. No dividend equivalents will vest unless the associated RSUs and PSUs also vest.

RSU means an Award Payout that generally becomes vested, if at all, following a period of continuous employment of the Recipient with the Company and satisfaction of other such conditions to vesting, if any, as may be determined by the Board from time to time. The vesting conditions for each RSU are established by the Board at the time of grant, but if no specific conditions are set, the vesting and payable date will be December 31 of the third calendar year following the grant date.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

PSU means a share unit on the terms contained in the New Plan, that generally becomes vested, if at all, subject to the attainment of certain performance conditions and satisfaction of other such conditions to vesting, if any, as may be determined by the Board from time to time.

The number of RSUs and PSUs granted is based on the volume weighted average price per Common Share traded on the Toronto Stock Exchange over the 5 trading days immediately preceding the grant date.

Upon vesting each holder of RSUs and PSUs will receive for each vested RSU or PSU one share in the Company which may be issued or acquired on market or the cash equivalent of one share in the Company based on the market price of the Company's shares at the time. In the case of holders who are directors of the Company and who wish to receive shares for their RSUs and PSUs, the shares must be acquired on ASX or TSX.

In the event of a Change of Control (as defined in the New Plan) the Board may, in its sole and absolute discretion and without the need for the consent of any participant, cause any or all outstanding stock options, RSUs and PSUs to become vested or immediately exercisable. The Board may also take other actions as defined within the New Plan. The New Plan contains detailed provisions which deal with the vesting or forfeiture of unvested options, RSUs and PSUs upon death, disability, termination or retirement or resignation of the holder. The Board deems equity awards as a valuable retention and incentive mechanism for senior management at this critical stage of the Company's development.

2019 RSU and PSU ("2019 LTIP") Grant

During the fiscal year ended March 31, 2019, the Board did not grant RSUs and PSUs to NEOs for long term incentive as respect to KPI for the year. The issuance for the fiscal year ended March 31, 2019, was granted on April 30, 2019 once the preliminary internal financial results of the Company were available. As for the short-term incentive, a target bonus percentage approach for long-term incentive was adopted with the following percentages based on Mercer's recommendations:

NEO	Target Bonus (% salary)	Annual Equity Awards	RSU	PSU
Michael O'Keeffe	125%	321,261	128,504	192,757
David Cataford	100%	233,644	93,457	140,186
Natacha Garoute	100%	175,233	70,093	105,140

The 2019 LTIP grant consisted of the following components:

- RSU Grant (40% of LTIP): vesting equally over a 3-year period and subject to no performance hurdles; and
- PSU Grant (60% of LTIP): measured against certain performance conditions over the 3 years following the date of grant and which vest at the end of that 3-year period subject to the key performance measures having been met.

The board has established the following Key Performance Measures for the PSUs.

- 40% of the grant based on the performance of the Company's share price (or Total Shareholder Return ("TSR")) relative to a peer group, between the date of grant and March 31st, 2022. The entire (100%) of the TSR portion of the PSUs granted will vest if the Company's TSR exceeds the 75% percentile of the peer group and 50% of the TSR portion of the PSUs granted will vest if the Company's TSR is at the 50% percentile of the peer group. Proportional vesting will occur between the 50% and 75% percentiles. No vesting will occur if Champion's TSR is less than the 50% percentile of the peer group.
- 40% of the grant based on cash flow return on capital employed compared to internal targets set by the company and measured over a 3-year period by dividing EBITDA by the Company's equity (including options and warrants) plus long-term debt for the year in question. If the ratio equals or exceeds the corresponding ratio based on the Company's budget for the year in question, 100% of that portion of the PSUs grant will vest If the ratio is less than the ratio based on the Company's budget for the year in question a reduced percentage of this portion of the PSUs grant will vest. No vesting will occur if the ratio is less than 75% of the ratio based on the Company's budget for the year in question.
- 20% of the grant based on the implementation of the group's strategic initiatives measured over a 3-year period.

The value of the LTI plan and related grants are reported in a table below under the heading "*Summary Remuneration Table*", irrespective of whether the performance criteria for vesting had been achieved during such period. The portion of any such LTI awards that vests during any year is shown in a second table below (see *"Incentive Plan Awards – Value Vested or Earned During the Year")*.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

iv) Retirement plan contributions and personal benefits

Champion adopted two different pension plans for its employees, including the NEOs effective as of April 1, 2017 as well as a non-registered savings plan. The employees of Québec Iron Ore Inc. are eligible to participate in a defined contribution pension plan while the employees of Champion Iron Mines Limited are eligible to participate in a simplified retirement and savings plans. Personal group health and life insurance benefits provided to the NEOs are available to all permanent full-time employees of the Company. At the discretion of the Board and based on market-prevalent practices, other perquisites may be provided to NEOs in relation to the specific office held by each NEO.

Eligibility	upon start of employment for all employees
Participation	Full-time employees: compulsory
Contributions	Employee 3% of salary Additional contributions permitted Employer: 6% of salary and additional employee's contributions matched from 100% to 200% based on age plus years of service.
Maximum Contributions	18% of salary, up to a maximum of $26,500 in 2018 within the pension fund or retirement and saving plan, excessed in non-registered savings plan
Vesting	Immediate
Locking-in	Yes, except for employee voluntary contributions
Transfers from other plans	Permitted

The following table lays out, for each NEO, the accumulated value at start of fiscal year, the compensatory value and the accumulated value at the end of the fiscal year ended March 31, 2019.

Name	Accumulated Value at Start of Year	Employer's contribution	Employee's contribution	Accumulated Value At Year End
Michael O'Keeffe	45,000	33,000	16,500	94,500
David Cataford	60,000	48,750	31,200	139,950
Natacha Garoute	-	22,969	13,125	36,094

2019 Remuneration Awards received by the Named Executive Officers

Annual base salary, bonus, PSU grants, RSU grants and option granted during the year and for the 2019 KPI were as follows. The PSU and RSU grants with respect to the fiscal year ended March 31, 2019, were granted on April 30, 2019.

Name	Annual Base Salary ($)	Bonus ($)	Total Option Grant (#)	Total RSU Grant (#)	Total PSU Grant (#)
Michael O'Keeffe (1) CEO	550,000	550,000	751,900	128,504	192,757
Natacha Garoute (2) CFO	375,000	281,250	375,434	232,217	105,140
Miles Nagamatsu (2) CFO	63,000	-	-	-	-
David Cataford (3) COO	500,000	500,000	500,000	93,457	140,186
Beat Frei(4) VP Bus. Dev & Head of Finance	226,042	-	-	-	-

(1) 751,900 share rights were approved by shareholders at the Annual and special meeting in August 2018 for Mr. O'Keeffe.

(2) Mrs. Garoute was appointed CFO of the Company on August 13, 2018 on the date of Mr. Nagamatsu's resignation. In respect of her appointment, Ms. Garoute was granted 375,434 stock options and 162,124 RSUs. The 162,124 RSUs were granted on April 15, 2019, while 200,932 stock options were granted on September 14, 2018 and 174,502 on April 3, 2019. The remaining RSU's totaling 70,093 and PSU's were granted in relation to the fiscal year end KPI.

(3) Mr. Cataford was granted 500,000 options in June 2018 with respect to the fiscal tear end 2018 KPI.

(4) Mr. Frei ceased to be VP Bus. Dev. and & of Finance on September 6, 2018. According to the Previous Plan, the 500,000 options granted during the fiscal year ended March 31, 2019 were cancelled 6 months after his departure. He did not receive any bonus for the fiscal year ended March 31, 2019 nor LTI in the form of equity awards.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

In addition to the bonus awarded for the fiscal year ended March 31, 2019, the Board of Directors approved a one-time special cash bonus of $1,262,500 for Mr. O'Keeffe as a recognition of salary foregone by Mr. O'Keeffe during the formative years of the Company from 2014 to 2018 as it evolved from an exploration company to an iron ore producer.

Further information pertaining to the NEOs Remuneration for the past three fiscal years is found in the section, "*Tabular Remuneration Disclosure for the Named Executive Officers - Summary Remuneration Table*", below.

Tabular Remuneration Disclosure for the Named Executive Officers

Summary Remuneration Table

The following table discloses a summary of remuneration earned by each of Champion's NEOs for each of the three most recently completed financial years ended March 31, 2017, March 31, 2018 and March 31, 2019. As the long-term incentive equity award related for the fiscal year ended March 31, 2019 were granted on April 30, 2019, the value of these long-term incentives is not included in the following table.

Further information pertaining to the NEOs LTI Remuneration for the fiscal year 2019 is presented in the section, "*2019 Remuneration Awards for the Named Executive Officers*", above.

Name and Principal Position	Year	Salary ($)	Share-based Awards[1] ($)	Option-based Awards[2] ($)	Non-Equity incentive plan compensation		Pension Value ($)	All Other Remuneration ($)	Total ($)	% At risk
					Annual incentive plans ($)	Long-term incentive plans ($)				
Michael O'Keeffe	2019	550,000	1,000,027	Nil	550,000	Nil	33,000	1,288,293[3][i]	3,421,320	83%
CEO	2018	500,000	Nil	1,123,922	Nil	Nil	Nil	29,125[3][ii]	1,653,047	70%
	2017	252,804	Nil	514,584	Nil	Nil	Nil	69,661[3][iii]	837,049	70%
Natacha Garoute CFO	2019	234,275[4]	Nil	114,531[4][i]	281,250	Nil	22,969	78,814[4][ii]	731,839	54%
Miles Nagamatsu	2019	63,000[5]	Nil	Nil	Nil	Nil	Nil	Nil	63,000	0%
CFO	2018	126,000	Nil	Nil	Nil	Nil	Nil	7,416[5][i]	133,416	0%
	2017	124,500	Nil	Nil	Nil	Nil	Nil	97,410[5][ii]	221,910	0%
David Cataford	2019	500,000	Nil	350,000[6]	500,000	Nil	48,750	12,557	1,411,307	61%
COO	2018	400,000	Nil	437,500	Nil	Nil	Nil	1,671,221[6][i]	2,508,721	84%
	2017	253,333	Nil	280,000	Nil	Nil		88,033[6][ii]	621,366	59%
Beat Frei[7]	2019	226,042	Nil	Nil	Nil	Nil	Nil	598,174[7][ii]	824,216	73%
VP Business Dev	2018	350,000	Nil	879,722[7][i]	Nil	Nil	Nil	3,065,998[7][iii]	4,295,720	92%
and Finance	2017	240,000	Nil	366,668	Nil	Nil		165,856[7][iv]	772,524	69%

Notes:

(1) Share based awards consists of RSUs, PSUs, which are subject to vesting criteria, as well as Share rights. RSUs and PSUs related to the fiscal year ended March 31, 2019 performance were granted on April 30, 2019. The Share-based awards value is based on the fair market value of the stock price at the time of the grant.

(2) Option-based awards represent the fair value of stock options granted or recognized in the year under the Company's New Plan or Previous Plan. Grant date fair value calculations for option grants as well as Share Rights issued other the New Plan are based on the Black-Scholes Option Price Model. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's option-based awards.

(3) (i) Of this amount, $1,262,500 represents a special bonus awarded to Mr. O'Keeffe for recognition of salary foregone during the formative years of the Company as the Company moved from an exploration company to a company in production. (ii) Includes non-monetary compensation in the amount of $26,388 and $2,797 paid to a superannuation on behalf of the NEO. (iii) Includes non-monetary compensation in the amount of $52,020 and $17,641 paid to a superannuation on behalf of the NEO.

(4) Mrs. Garoute was appointed CFO of Champion on August 13, 2018 and did not earn any remuneration from Champion prior to such date. (i) Upon joining the Company, Mrs. Garoute was awarded stock options with a value of $250,000 and 200,932 stock options were granted on September 14, 2018 for a value of $114,531. On April 15, 2019, Mrs. Garoute was granted 174,502 stock options and 151,863 RSUs. (ii) Includes a signing bonus of $75,000.

(5) Mr. Nagamatsu resigned as the CFO of the Company on August 13, 2018. (i) Includes on-monetary compensation. (ii) Includes $90,000 in termination payments to a company controlled by the NEO, and $7,410 in non-monetary compensation.

(6) The option-based awards for Mr. Cataford represent the fair value of the 500,000 stock options granted in June 2018 with respect to the fiscal year ended March 31, 2018. The other remuneration earned by Mr. Cataford included (i) the payment of a $1,660,000 bonus, $11,221 in non-monetary compensation. (ii) Includes the payment of a $75,000 bonus, $13,033 in non-monetary compensation.

(7) Mr. Frei ceased being the VP business development and finance on September 6, 2019. All amounts have been or will be paid to a company controlled by Mr Frei. (i) Option-based awards represent the fair value of the 500,000 stock options granted in June 2018 with respect to the fiscal year ended March 31, 2018. (ii) Includes termination fees totaling $570,000 as well as non-monetary compensation totaling $28,174. (iii) Includes the payment of a $3,000,000 bonus and $65,998 in non-monetary compensation. (iv) Includes the payment of a $100,000 bonus and $65,856 in non-monetary compensation.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out the outstanding option-based and share-based awards for NEOs as at March 31, 2019, the end of the Company's most recently completed financial year.

	Option-based Awards				Share-based Awards[2]		
Name	Number of securities underlying unexercised options (#)[1]	Option exercise price ($)	Option expiration date (M/D/Y)	Value of unexercised in-the-money options ($)[1]	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Michael O'Keeffe CEO	3,000,000	0.20	April 11, 2020	5,280,000	Nil	Nil	Nil
Natacha Garoute[3] CFO	200,932	1.24	Sept. 14, 2021	144,471	Nil	Nil	Nil
Miles Nagamatsu[3] CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Cataford COO	2,000,000 500,000 500,000	0.20 1.00 1.33	Apr. 11, 2020 May 25, 2020 June 24, 2021	3,520,000 480,000 315,000	Nil	Nil	Nil
Beat Frei[4] VP Business Dev and Finance	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) The value of unexercised in-the-money options noted above is based on the difference between the closing market price of the Company's Ordinary Shares on the TSX of $1.96 on March 31, 2019, and the exercise price of the option.
(2) Share-based awards consist of RSUs and PSUs and are settled in Shares or cash in accordance with the Company's New Plan. RSUs vest over a specific period of time while PSUs vest upon meeting predetermined performance criteria. For more information regarding RSU and PSU vesting please see Incentive Plan Awards. The market or payout value is based on the TSX market closing price of the Shares on March 31, 2019, being $1.96.
(3) Mrs. Garoute was appointed CFO of the Company on August 13, 2018 on the date of Mr. Nagamatsu's resignation.
(4) Mr. Frei ceased to be VP Business Development and Finance on September 6, 2019. The 500,000 stock options granted on June 24, 2018 were not vested and were cancelled on October 6, 2019 in compliance with the New Plan. As the stock options were cancelled, there are no stock options outstanding as of March 31, 2019 for Mr. Frei.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses incentive plan awards, including annual incentive bonuses and contracted milestone bonuses, vested or awarded during the financial year ended March 31, 2019 (all dollar amounts in Canadian dollars):

	Value vested during the year ($)		Value earned during the year ($)
Name	Option-based awards	Share-based awards	Non-equity incentive plan remuneration
Michael O'Keeffe	330,000	1,000,027	550,000
Natacha Garoute	48,224	-	281,250
Miles Nagamatsu	-		
David Cataford	-	-	500,000
Beat Frei	-		

Note: Option-based awards value vested during the year is the difference between the market price of the underlying securities at exercise and the exercise price of the options under the option-based award on the vesting date. Share-based award value vested during the year is calculated using the Company's share price on the vesting date. Share-based awards consisted of share rights.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

The following table provides information about the number of options or share rights exercised, underlying shares sold and value realized by each NEO during the financial year ended March 31, 2019 based on the stock price at the time of exercise:

Name	Option-based awards and share rights exercised during the year (#)	Underlying shares sold (#)	Aggregate value realized ($)
Michael O'Keeffe	2,751,900	-	-
Natacha Garoute	-	-	-
David Cataford	-	-	-
Beat Frei	1,250,000	-	-

Agreements with Named Executive Officers (NEOs)

The Company has written consulting services contracts with its NEOs. Some of the contracts provide for the payment and provision of other benefits triggered by a termination without cause as described below. None of the contracts provide for the payment and provision of other benefits triggered as a result of a change of control.

Michael O'Keeffe – Chairman and Chief Executive Officer (as at March 31, 2019)

Mr. O'Keeffe was appointed interim CEO on August 13, 2015. On August 13, 2015, Mr. O'Keefe and Champion entered into an employment agreement under which Mr. O'Keefe is entitled to participate in all elements in the executive remuneration program as well as any group insurance or health benefit plans the Company establishes. Mr. O'Keeffe does not receive any additional remuneration for his services as a director. On April 1, 2019, Mr. O'Keeffe stepped down as CEO and remains Executive Chairman of the Board.

Mr. O'Keeffe's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. O'Keeffe's employment agreement no compensation other than compensation earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

The Company may terminate the employment agreement at any time without cause by providing 12 months' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 12-month notice period. The amount of severance pay payable if the Company terminates the employment agreement under this scenario would be an amount equal to the total of the then current 12 month base salary. If Mr. O'Keeffe resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did, in fact, exist at the time of Mr. O'Keeffe's resignation, the Company will be required to pay severance equal to that which would have been payable had Mr. O'Keeffe been terminated without cause above.

Natacha Garoute - Chief Financial Officer

Mrs. Garoute was appointed Chief Financial Officer of the Company on August 13, 2018. On August 13, 2018, Mrs. Garoute and Champion entered into an employment agreement under which Mrs. Garoute is entitled to participate in all elements in the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mrs. Garoute's employment agreement includes termination remuneration and benefit scenarios. Under the terms of Mrs. Garoute's employment agreement, no compensation other than compensation earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

The Company may terminate the employment agreement at any time without cause by providing 60 days' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 60 days' notice period. The amount of severance pay payable if the Company terminates the employment agreement under this scenario would be an amount equal to the total of the then current 12-month base salary. If Mrs. Garoute resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did in fact exist at the time of Mrs. Garoute's resignation, the Company will be required to pay severance equal to that which would have been payable had Mrs. Garoute been terminated without cause above.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

David Cataford – Chief Operating Officer (as at March 31, 2019)

Mr. Cataford was appointed Chief Operating Officer of the Company on March 20, 2017. On March 20, 2013 Mr. Cataford and Champion entered into an employment agreement under which Mr. Cataford is entitled to participate in all elements in the executive remuneration program as well as any group insurance or health benefit plans the Company establishes.

Mr. Cataford's Employment Agreement includes termination remuneration and benefit scenarios. Under the terms of Mr. Cataford's employment agreement no remuneration other than remuneration earned prior to the date of termination is payable by the Company in the event the employment agreement is terminated for just cause, voluntarily terminated or terminated due to death.

The Company may terminate the employment agreement at any time without cause by providing 60 days' notice, pay in lieu of notice or a combination of notice or pay in lieu thereof which covers the 60 days' notice period. The amount of severance pay payable if the Company terminates the employment agreement under this scenario would be an amount equal to the total of the then current 12 month base salary. If Mr. Cataford resigns due to an event that constitutes constructive dismissal under common law and constructive dismissal did, in fact exist at the time of Mr. Cataford's resignation the Company will be required to pay severance equal to that which would have been payable had Mr. Cataford been terminated without cause above.

Former CFO

Mr. Nagamatsu resigned on August 13, 2018. Under the Service Agreement between Marlborough Management Limited, a company controlled by Mr. Nagamatsu, and the Company, annual consulting fees of $126,000 were payable. The service agreement could be terminated at anytime and no termination benefit were payable.

Former VP Business Development and Finance

Mr. Frei ceased to be VP Business Development and Finance on September 4, 2019. He received a termination payment totalling $570,000.

The following table sets forth the estimated incremental payments that would have been required to have been made to each NEO, assuming a triggering event (change of control or termination without cause) took place on March 31, 2019.

Name and principal position	Estimated Cash Payout on Termination		Estimated Value Vested Option Awards on Termination without Cause [1][2] ($)
	Without Cause ($)	Change of Control [1] ($)	
Michael O'Keeffe, CEO and Executive Chairman	550,000	Nil	5,280,000
Natacha Garoute CFO	375,000	Nil	48,224
David Cataford COO	500,000	Nil	4,315,000

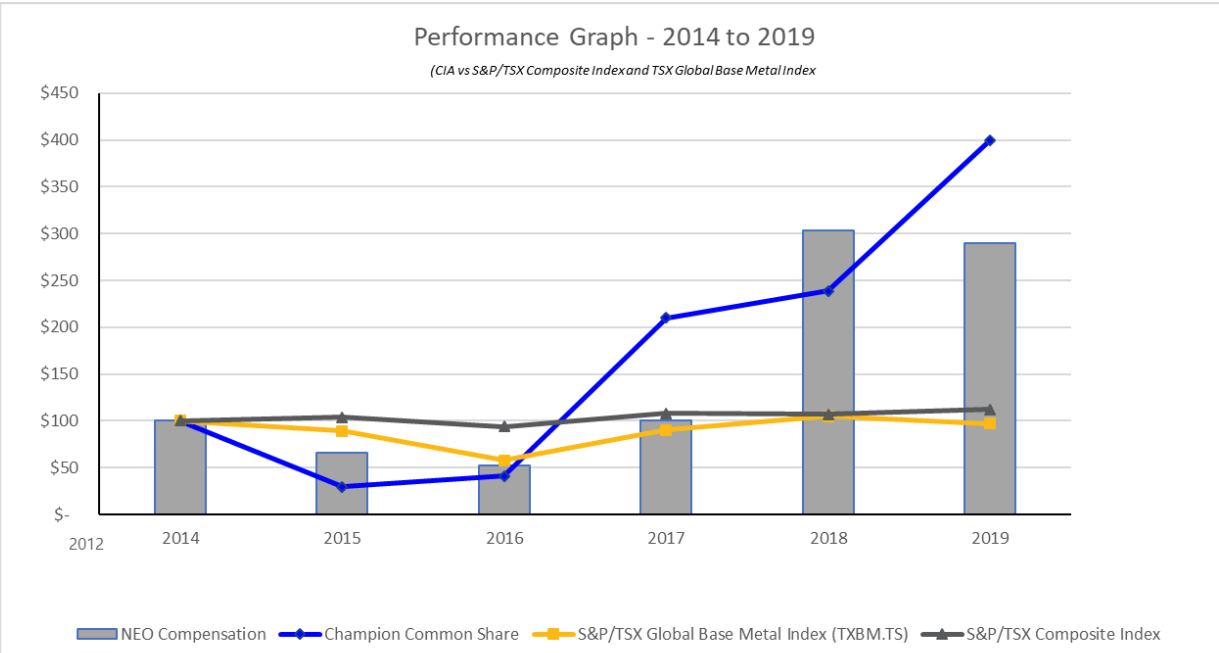
(1) The NEOs contracts do not provide for the payment and provision of other benefits triggered as a result of a change of control.

(2) This amount is based on the difference between the closing market price of the Company's Ordinary Shares on the TSX of $1.96 per share on March 31, 2019, and the exercise price of all "in-the-money" options.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Performance graph

The following graph and table is a reporting requirement under Canadian securities laws, and compares the Company's five-year cumulative total shareholder return had $100 been invested in the Company on the first day of the five-year period at the closing price of the Ordinary Shares on that date being April 1, 2014, with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Global Mining Index over the five most recently completed fiscal years ended on March 31. The Ordinary Shares of the Company have been listed and posted for trading under the trading symbol "CIA" on the ASX since April 3, 2014 and on the TSX since March 31, 2014.



	2014	2015	2016	2017	2018	2019
Champion Common Share	$ 100	$ 30	$ 41	$ 210	$ 239	$ 400
Champion Iron Ltd (ASX)	$ 100	$ 23	$ 36	$ 182	$ 210	$ 386
S&P/TSX Global Base Metal Index (TXBM.TS)	$ 100	$ 89	$ 58	$ 90	$ 105	$ 97
S&P/TSX Composite Index	$ 100	$ 104	$ 94	$ 108	$ 107	$ 112
NEO Compensation	$ 100	$ 66	$ 52	$ 100	$ 303	$ 228
Champion Common Share	$ 0.49	$ 0.15	$ 0.20	$ 1.03	$ 1.17	$ 1.96
Champion Iron Ltd (ASX)	$ 0.56	$ 0.13	$ 0.20	$ 1.02	$ 1.18	$ 2.16
S&P/TSX Global Base Metal Index (TXBM.TS)	$ 122.22	$ 108.71	$ 70.30	$ 110.17	$ 127.81	$ 118.77
S&P/TSX Composite Index	$ 14,381	$ 14,902	$ 13,494	$ 15,548	$ 15,367	$ 16,102
NEO Total Compensation C$	$ 2,828,923	$ 1,868,940	$ 1,467,439	$ 2,838,145	$ 8,585,370	$ 6,451,755

Note: Sourced from Bloomberg. Cumulative Total Shareholder Return assuming dividend reinvestment

Note: assuming an investment of $100 on April 1, 2014 with a Champion share price of $0.49, the TSX S&P Composite index at $14,381 and the S&P/TSX Global Base Metal index at $122.22 with all dividends reinvested.

From April 1, 2014 to March 31, 2019, the share price of the Company increased by 300% compared to an increase of 12% and a decrease of 3% in the S&P/TSX Composite and in the S&P/TSX Global base Metal Index, respectively, during the corresponding five-year period. During the same period, the aggregate remuneration of all individuals acting as NEOs increased by 170%, from a base of $2,828,923 in 2014 to $6,451,755 in 2019.

This increase in aggregate remuneration for all NEOs over the five-year period can be attributed to several factors, including the ongoing growth in the size and complexity of the business along with the development of the Company as it transitioned from development to production.

Accordingly, the Company's share price has significantly outperformed its peers over since April 1, 2014, while also outpacing the growth in NEO remuneration. The Board is of the view that this has been driven primarily by management's advancement of the Bloom Lake iron ore mine through stages of evaluation, financing, and acquisition restart of the operation, and production ramp-up, on an expedited basis and within budgeted constraints and the operational and financial performance generated by the Bloom Lake iron ore mine since it went into production.

As discussed above, the majority of NEO remuneration is "at risk", as STI (bonus) and LTI remuneration are tied directly to directly to relative and/or absolute shareholder returns. As a consequence, actual NEO remuneration will increase with the out-performance of the Company's share price, but conversely decrease in the face of an underperforming share price. The Board believes this is the ultimate test of the "pay-for-performance" principle and true alignment of NEO remuneration with shareholder returns.

DIRECTOR REMUNERATION

Remuneration Philosophy and Approach

The remuneration arrangements for non-executive directors are intended to attract highly qualified individuals with the capability to meet the challenging oversight responsibilities of a mining company and to closely align non-employee directors' interests with shareholder interests. Since the introduction of the New Plan in August 2018 (see "*Remuneration Arrangements for Directors*", below for details on the plan), non-employee directors may receive equity-based remuneration in the form of DSU grants.

The Remuneration and Nomination Committee reviews director compensation at least once a year, and makes remuneration recommendations to the Board for its review and approval. Recommendations take into consideration the directors' time commitment, duties and responsibilities, and director Remuneration practices and levels at comparable companies.

Remuneration Arrangements for Directors

In conjunction with the review of executive compensation for 2019, the Remuneration and Nomination Committee of the Board engaged Mercer to provide an independent, third party analysis of the company's director compensation levels and practices. Based on the findings and recommendations of the 2019 Mercer report, the Board set the following non-executive director remuneration framework starting August 2018:

a) Annual cash retainer of $135,000 for non-executive directors;
b) Cash retainer of $15,000 for Chair of Audit and Remuneration and Nomination Committees;
c) Cash retainer of $5,000 for Committee members;
d) No additional fees are paid for attendance at Board or committee meetings; and
e) Directors have all reasonable expenses covered when travelling on Company business.

In addition, based on the findings and recommendations of Mercer, the Board adopted the New Plan on June 24, 2018 to more closely align non-employee directors directly with the interests of Shareholders. The New Plan was subsequently ratified by the shareholders of the Company at the 2018 Meeting. The purpose of the DSU portion of the New Plan is to promote the alignment of interests between directors and Shareholders and it is an important component of non-employee director Remuneration because it:

f) provides a remuneration system for directors that is reflective of the responsibility, commitment and risk accompanying Board membership;
g) assists the Company to attract and retain individuals with experience and ability to serve as members of the Board; and
h) allows the directors to participate in the long-term success of the Company.

Directors may elect to receive all or a portion of any of their annual fees in DSUs. The Board's current policy is that until directors obtain a shareholding which satisfies a share ownership level equivalent to three times their annual cash retainer, Directors must elect to receive a portion of their annual fees in DSUs. All DSU grants are approved by the Board. DSUs are priced at the greater of the five (5) day volume weighted average price of the Shares over the last five (5) trading days preceding the grant, and the closing price of the Shares on the last trading day preceding the grant. DSUs issued under the New Plan may be settled in shares acquired on ASX or TSX at the time of the directors' retirement from all positions with the Company.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Tabular Remuneration Disclosure for the Directors

Director Remuneration Table

The following table discloses all compensation provided to the directors, other than any directors who are NEOs of the Company, for the Company's most recently completed financial year ending March 31, 2019. All DSUs, except where noted, were fully vested on March 31, 2019 (all dollar amounts in Canadian dollars).

Name	Fees earned in cash ($)	Fees earned in DSU ($)	Other Share-based awards ($)	Option-based awards ($)	All other compensation ($)	Total ($)
Gary Lawler	137,725	22,275	Nil	Nil	Nil	160,000
Michelle Cormier	122,665	22,335	Nil	Nil	Nil	145,000
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil
Andrew J. Love	137,725	22,275	Nil	Nil	Nil	160,000
Wayne Wouters	112,665	22,335	Nil	Nil	Nil	135,000

Fees paid

The following table provides a detailed breakdown of the fees paid to our non-employee directors for the year ended March 31, 2019. Fees are paid quarterly (all dollar amounts in Canadian dollars).

Name	Board Retainer Fee ($)	Committee Retainers ($)	Meeting Fees ($)	Fees Paid in Cash ($)	Fees Earned in DSUs ($)	Total Fees ($)
Gary Lawler	135,000	25,000	Nil	137,725	22,275	160,000
Michelle Cormier	135,000	10,000	Nil	122,665	22,335	145,000
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Love	135,000	25,000	Nil	137,725	22,275	160,000
Wayne Wouters	135,000	Nil	Nil	112,665	22,335	135,000

Outstanding Share-Based Awards and Option-Based Awards

Outstanding option and share-based awards for non-executive directors as at March 31, 2019, the end of the Company's most recently completed financial year, are set out in the following table (all dollar amounts in Canadian dollars):

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)[2]	Option exercis e price ($)	Option expiration date (M/D/Y)	Value of unexercised in-the-money options ($)[1]	Number of shares or units of shares that have not vested (#)[3]	Market or payout value of share-base d awards that have not vested ($)[1]	Market or payout value of vested share-based awards not paid out or distributed ($)[1]
Gary Lawler	300,000	1.08	July 11, 2020	264,000	Nil	Nil	11,052
Michelle Cormier	500.000	1.00	August 21, 2020	480,000	Nil	Nil	12,698
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew J. Love	300,000	1.08	July 11, 2020	264,000	Nil	Nil	11,052
Wayne Wouters	500,000	0.30	November 4, 2019	830,000	Nil	Nil	13,464

Notes:
(1) The value of unexercised in-the-money options and DSUs noted above is based on the TSX market closing price of the Shares on March 31, 2019, being $1.96 and the exercise price.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses incentive plan awards to non-executive directors for the year ended March 31, 2019 (all dollar amounts in Canadian dollars):

Name	Option-based awards Value vested during the year ($)	Share-based awards Value vested during the year ($)	Non-equity incentive plan Remuneration Value earned during the year ($)
Gary Lawler	88,000	22,275	Nil
Michelle Cormier	160,000	22,335	Nil
Jyothish George	Nil	Nil	Nil
Andrew J. Love	88,000	22,275	Nil
Wayne Wouters	Nil	22,335	Nil

Note: Option-based awards value vested during the year are calculated using the Company's share price on March 31, 2019 and the exercise price. The share-based awards value vested during the year are calculated using the Company's share price on the vesting date.

DIRECTORS' ATTENDANCE

Name	BOARD Meeting	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Michael O'Keeffe	12 of 12	N/A	N/A
Gary Lawler	12 of 12	6 of 7	3 of 3
Michelle Cormier	11 of 12	7 of 7	3 of 3
Jyothish George	10 of 12	N/A	N/A
Andrew Love	12 of 12	7 of 7	3 of 3
Wayne Wouters	12 of 12	N/A	N/A

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

DETAILS OF TOTAL REMUNERATION FOR KPM AND NEO AND DIRECTORS

Year ended March 31, 2019	Short term ($)				Termination payments ($)	Pension ($)	Options/ share rights ($)	Total ($)	Performance related	Consisting of options/ share rights
	Salary	Consulting fees	Bonus	Non-monetary						
Michael O'Keeffe[1]	550,000	–	1,812,500	25,766	–	33,000	1,000,027	3,421,320	82.21%	29.23%
Gary Lawler	137,725	–	–	–	–	–	22,275	160,000	–	13.92%
Andrew J. Love	137,725	–	–	–	–	–	22,275	160,000	–	13.92%
Michelle Cormier	122,665	–	–	–	–	–	22,335	145,000	–	15.40%
Wayne Wouters[2]	112,802	–	–	–	–	–	22,198	135,000	–	16.44%
Jyothish George	–	–	–	–	–	–	–	–	–	–
David Cataford	500,000	–	500,000	12,557	–	48,750	350,000	1,411,307	35.43%	24.80%
Natacha Garoute[3]	309,275	–	281,250	3,814	–	22,969	114,531	731,939	38.43%	15.65%
Miles Nagamatsu[4]	–	63,000	–	–	–	–	–	63,000	–	–
Beat Frei[5]	–	226,042	–	28,174	570,000	–	–	824,216	–	–
TOTAL	**1,870,292**	**289,042**	**2,593,750**	**70,312**	**570,000**	**104,719**	**1,553,641**	**7,051,755**		

1. Mr. O'Keeffe bonus includes his annual short-term incentive of $550,000 and a one-time special cash bonus of $1,262,500 for Mr. O'Keeffe as a recognition of salary foregone by Mr. O'Keeffe during the formative years of the Company from 2014 to 2018, as it evolved from an exploration company to an iron ore producer.
2. Paid to 2468435 Ontario Inc., a company controlled by Mr. Wouters.
3. Ms. Garoute's salary includes a signing bonus of $75,000.
4. Paid to Marlborough Management Limited, a company controlled by Mr. Nagamatsu.
5. Paid to Comforta GmbH, a company controlled by Mr. Frei.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

DETAILS OF TOTAL REMUNERATION FOR KPM AND NEO AND DIRECTORS

Year ended March 31, 2018	Short term ($)				Termination payments ($)	Pension ($)	Options/ share rights ($)	Total ($)	Performance related	Consisting of options/ share rights
	Salary	Consulting fees	Bonus[7]	Non-monetary						
Michael O'Keeffe	500,000	–	–	26,388	–	2,797[5]	1,123,922	1,650,310	65.30%	68.00%
Gary Lawler	88,750	–	–	–	–	8,431[6]	99,750	188,500	–	50.70%
Andrew J. Love	88,750	–	–	–	–	8,431[6]	99,750	188,500	–	50.70%
Michelle Cormier	–	75,000	–	–	–	–	134,583	209,583	–	64.20%
Wayne Wouters[1]	–	75,000	–	–	–	–	–	75,000	–	–
Jyothish George[2]	–	–	–	–	–	–	–	–	–	–
David Cataford	400,000	–	1,660,000	8,424	–	2,797[5]	437,500	2,505,924	74.80%	17.40%
Miles Nagamatsu[3]	–	126,000	–	7,416		–	–	133,416	–	–
Beat Frei[4]	–	350,000	3,000,000	65,998	–	–	879,722	4,295,720	90.10%	20.50%
TOTAL	**1,077,500**	**626,000**	**4,660,000**	**108,226**	**–**	**–**	**2,775,227**	**9,246,953**		

1. Paid to 2468435 Ontario Inc., a company controlled by Mr. Wouters.
2. Appointed as a director on October 16, 2017.
3. Paid to Marlborough Management Limited, a company controlled by Mr. Nagamatsu.
4. Paid to Comforta GmbH, a company controlled by Beat Frei.
5. Amount relates to employer portion of contributions to the Canada Pension Plan/Quebec Pension Plan.
6. Amount relates to superannuation.
7. 2,660,000 related to FY17 performance and 2,000,000 related to FY18 performance.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

MOVEMENT OF EQUITY HELD BY KEY MANAGEMENT PERSONNEL (NAMED EXECUTIVE OFFICERS AND DIRECTORS)

Stock Options

Name	Balance April 1, 2018	Grant	Exercised	Cancelled	Held and Vested	Unvested
Michael O'Keeffe	12,500,000[1]	Nil	2,000,000	Nil	10,500,000	Nil
Natacha Garoute	Nil	200,932	Nil	Nil	66,977	133,955
Miles Nagamatsu	Nil	Nil	Nil	Nil	Nil	Nil
David Cataford	2,500,000	500,000	Nil	Nil	3,000,000	Nil
Gary Lawler	300,000	Nil	Nil	Nil	200,000	100,000
Michelle Cormier	500,000	Nil	Nil	Nil	333,333	166,667
Jyothish George	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Love	300,000	Nil	Nil	Nil	200,000	100,000
Wayne Wouters	500,000	Nil	Nil	Nil	500,000	Nil
Beat Frei	1,250,000	500,000	1,250,000	500,000	Nil	Nil

(1) Including 7,500,000 compensation options

Common Shares

Name	Balance April 1, 2018	Purchased	Acquired upon vesting of equity award	Sold	Balance March 31, 2019
Michael O'Keeffe	36,676,930	Nil	2,751,900	Nil	39,428,830
Natacha Garoute	Nil	Nil	Nil	Nil	Nil
Miles Nagamatsu[1]	1,211,916	n/a	n/a	n/a	n/a
David Cataford	1,019,698	Nil	Nil	Nil	1,019,698
Gary Lawler	1,475,000	25,000	Nil	Nil	1,500,000
Michelle Cormier	20,000	Nil	Nil	Nil	20,000
Jyothish George	Nil	Nil	Nil	Nil	Nil
Andrew Love	1,379,468	102,950	Nil	Nil	1,482,418
Wayne Wouters	40,000	Nil	Nil	Nil	40,000
Beat Frei[2]	4,600,354	n/a	n/a	n/a	n/a

(1) Mr. Nagamatsu ceased to be a NEO on August 13, 2018 and as such is no longer required to disclose the transaction on Champion Iron Ltd common shares.
(2) Mr. Frei ceased to be a NEO on September 6, 2018 and as such is no longer required to disclose the transaction on Champion Iron Ltd common shares.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY REMUNERATION PLANS

The following table sets out, as at March 31, 2019, the end of the Company's last completed financial year, information regarding outstanding options, RSUs, PSUs and DSUs granted by the Company under the New Plan and the Previous Plan. As at March 31, 2019, the number of issued and outstanding Shares of the Company was 430,469,747.

Equity Remuneration Plan Information

	Number of securities to be issued upon exercise of outstanding options, PSUs, RSUs and DSUs	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity Remuneration plans (excluding securities reflected in column (a))
Plan Category	**(a)**	**(b)**	**(c)**
Equity Remuneration plans approved by securityholders	8,779,832 (Options) 70,214 (DSUs)	$0.60	34,196,929
Equity Remuneration plans not approved by securityholders	Nil	N/A	N/A
Total	8,850,046	$0.60	34,196,929

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Remuneration Report or within 30 days of this date, no executive officer, director, employee or former execute officer, director or employee of the Company or any of its subsidiaries is indebted to the Company, or any of its subsidiaries, nor are any of these individuals indebted to another entity, which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, or its subsidiaries with the exception of Mr. Cataford. On June 24, 2018, the Board of directors approved the issuance of a 5-year interest free loan of $500,000 to Mr. Cataford. The loan is secured by way of mortgage over a property.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the directors or executive officers of the Company, persons beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year or in any proposed transaction which has or will materially affect the Company except as disclosed elsewhere in this Circular.

MANAGEMENT CONTRACTS

Except as set out in the Remuneration Report, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

There are indemnities in place for directors and officers insurance policies in regard to their positions.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of Champion, other than those disclosed in this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.
The Company was not a party to any such proceedings during the year.

INDEMNITY OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims from third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

NON-AUDIT SERVICES

Ernst & Young performed other services in addition to their statutory duties. The details and remuneration for these services is disclosed in Note 32 of the consolidated financial statements. The Directors have considered the non-audit services provided during the year by the auditor, and are satisfied that the provision of non-audit services by the auditor during the year is compatible, and not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

(a) All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and

(b) The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards,

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 March 2019 has been received, as set out on page 61, and forms part of this report.

Signed in accordance with a resolution of the Directors

/s/ *Michael O'Keeffe*

Michael O'Keeffe, Executive Chairman

/s/ *Andrew Love*

Andrew Love, Non-executive Director

Executive Chairman and Former Chief Executive Officer

Michael O'Keeffe ***B.App.Sc*** *(Metallurgy)*

Mr O'Keeffe was appointed executive Chairman of Champion Iron Limited on August 13, 2013. On April 1, 2019, Mr. O'Keeffe stepped down as CEO and remains Executive Chairman of the Board. Mr. O'Keeffe commenced work with MIM Holdings in 1975. He held a series of senior operating positions, rising to Executive Management level in commercial activities. In 1995 he became Managing Director of Glencore Australia (Pty) Limited and held the position until July 2004. Mr. O'Keeffe was the founder and Executive Chairman of Riversdale Mining Limited. He has previously held directorships in Anaconda Nickel Limited, Mt Lyell Mining Co Limited and BMA Gold Limited. Mr. O'Keeffe was the chairman of Riversdale Resources Limited.

Non-Executive Director

Gary Lawler BA, LLB, LLM (Hons), ASIA, Master of Laws (Applied Laws) (Wills and Estates)

Mr. Lawler was appointed as a Non-Executive Director on April 9, 2014. He is a leading Australian corporate lawyer who has specialized as a mergers and acquisitions lawyer for over 35 years. Mr. Lawler has been a partner in a number of leading Australian law firms and is currently a Senior Advisor at Ashurst Australia. Mr. Lawler is also the Chairman of Mont Royal Resources Limited. Mr. Lawler has previously held board positions with Dominion Mining Limited, Riversdale Mining Limited, Riversdale Resources Limited and Cartier Iron Corporation and brings a wealth of experience to the Board.

Non-Executive Director

Andrew J. Love, ***FCA***

Mr. Love was appointed as a Non-Executive Director on April 9, 2014. He is a Chartered Accountant with more than 30 years of experience in corporate recovery and reconstruction in Australia. He was a senior partner of Australian accounting firm Ferrier Hodgson from 1976 to 2008 and is now a consultant. In that time, he advised major local and overseas companies and financial institutions in a broad variety of restructuring and formal insolvency assignments. During this time Mr. Love specialized in the Resources Industry. Mr. Love has been an independent company director of a number of companies over a 25-year period in the Resources, Financial Services and Property Industries. This has involved corporate experience in Asia, Africa, Canada, United Kingdom and United States. Mr. Love's previous Board positions have included Chairman of ROC Oil Ltd., Deputy Chairman of Riversdale Mining Ltd., Director of Charter Hall Office Trust and Chairman of Museum of Contemporary Art, Chairman of Gateway Lifestyle Operations Ltd. and a Director of Scottish Pacific Group Ltd.

Non-Executive Director

Michelle Cormier, CPA, CA, ASC

Mrs. Cormier is a senior-level executive with experience in management including financial management, corporate finance, turnaround and strategic advisory situations and human resources. She has strong capital markets background with significant experience in public companies listed in the United States and Canada. Mrs. Cormier spent 13 years in senior management and as CFO of large North American forest products company and 8 years in various senior management positions at Alcan Aluminum Limited (RioTinto). Mrs. Cormier articled with Ernst & Young. She serves on the Board of Directors of Cascades Inc., Dorel Industries Inc. and Uni-Select Inc.

Non-Executive Director

Wayne Wouters

The Honourable Wayne G. Wouters is a Strategic and Policy Advisor with McCarthy Tétrault LLP. Before joining the private sector, Mr. Wouters had a long and illustrious career in the Public Service of Canada. His last assignment was the Clerk of the Privy Council, Secretary to the Cabinet, and Head of the Public Service. Appointed by Prime Minister Harper, Mr. Wouters served from July 1, 2009 until October 3, 2014, at which time he retired from the Public Service of Canada. Prior to this, Mr. Wouters was a Deputy Minister in several departments, including the Deputy Minister of Human Resources and Skills Development Canada and Secretary of the Treasury Board. In 2014, Mr. Wouters was inducted as a Member of the Privy Council by the Prime Minister.

Non-Executive Director

Jyothish George

Mr. George is currently Head of Glencore's Iron Ore Division. He serves as Vice Chairman of the Board of Directors of the El Aouj Mining Company SA in Mauritania and a member of the Board of Directors of Jumelles Limited, the holding company of the Zanaga iron ore mine in the Republic of Congo. Immediately prior to his current role, Mr. George served as the Chief Risk Officer of Glencore. He earlier held a number of roles at Glencore's head office in Baar, Switzerland from 2009 onwards focused on iron ore, nickel and ferroalloys physical and derivatives trading, and has been involved with iron ore marketing since its inception at Glencore. Mr. George joined Glencore in 2006 in London. He was previously a Principal at Admiral Capital Management in Greenwich, Connecticut, a Vice President in equity derivatives trading at Morgan Stanley in New York, and started his career at Wachovia Securities in New York as a Vice President in convertible bonds trading. Mr. George received a Bachelors in Technology from IIT Madras, India and a PhD in Mechanical Engineering from Cornell University.

Chief Executive Officer

David Cataford

Mr. Cataford was appointed to the position of President and Chief Executive Officer on April 1, 2019. Mr. Cataford had been Chief Operating Officer of the Company since March 20, 2017. Prior to joining Champion in 2014, Mr. Cataford held several management positions within Cliffs Natural Resources Inc., including key positions in their main iron ore deposit at Bloom Lake Mine in Fermont, Quebec. At Bloom Lake, Mr. Cataford played an important role in the management team, which increased drilling capacity by 80%, and he helped in the Phase I expansion of the plant. His experience in iron ore mining includes mineral characterization projects at Bloom Lake and for ArcelorMittal at Mont Wright, as well as adapting the recovery circuit to meet new customer demands. Mr. Cataford is currently president and cofounder of the North Shore and Labrador Mineral Processing Society.

DIRECTORS' DECLARATION

1) In the opinion of the Directors:

   (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

   - giving a true and fair view of the Group's financial position as at 31 March 2019 and of its performance for the year ended on that date; and
   - complying with Australian Accounting Standards and the Corporations Act 2001.

   (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

   (c) the audited remuneration disclosure set out in the Remuneration Report of the Director's Report for the year ended 31 March 2019 complies with section 300A of the Corporations Act 2001.

2) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 31 March 2019.

3) The Group has included in the notes to the financial statements a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

/s/ *Michael O'Keeffe*

Michael O'Keeffe, Executive Chairman

/s/ *Andrew Love*

Andrew Love, Non-executive Director

Building a better working world

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Champion Iron Limited

As lead auditor for the audit of the financial report of Champion Iron Limited for the financial year ended 31 March 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Champion Iron Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
20 June 2019

Champion Iron Limited

(ACN: 119 770 142)

Consolidated Financial Statements
For the Years Ended March 31, 2019 and 2018

(Expressed in thousands of Canadian dollars - audited)

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which includes making significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the consolidated financial statements, selecting appropriate accounting principles and methods, and making decisions that affect the measurement of transactions.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Ernst & Young, an independent partnership of Chartered Accountants, has been appointed by the shareholders to audit the consolidated financial statements as at March 31, 2019 and 2018 and for the years then ended and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

/s/ *David Cataford*

David Cataford Chief Executive Officer

/s/ *Natacha Garoute*

Natacha Garoute Chief Financial Officer

Building a better working world

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Champion Iron Limited

Opinion

We have audited the consolidated financial statements of Champion Iron Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of equity and consolidated statements of cash flow for fiscal years ended March 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for fiscal years ended March 31, 2019 and 2018 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Building a better working world

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Ryan Fisk.

Ernst & Young

Chartered Accountants
Sydney, Australia
June 20, 2019

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Building a better working world

Independent Auditor's Report to the Members of Champion Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Champion Iron Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

EY
Building a better working world

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Revenue from Iron Ore Sales

Why significant	How our audit addressed the key audit matter
The Group recognised revenues of $655.1 million from the sale of iron ore for the year ended 31 March 2019. The amount of revenue recognised is impacted by the Group's provisional pricing arrangements, where the final sales price is determined based on iron ore prices subsequent to a shipment arriving at the port of discharge. The Group initially recognises sales at the contracted provisional price on the shipment date and re-estimates the consideration to be received using forecast iron ore prices at the end of each reporting period. The impact of iron ore price movements until final settlement is recorded as an adjustment to sales revenue. This was considered to be a key audit matter due to the estimation involved in re-measuring receivables on sales that remain provisional at period-end.	Our audit procedures included the following: ▸ Selected a sample of provisional and final sales and agreed volumes, iron ore quality and pricing to shipping documentation and contracts and agreed cash receipts to bank statements; ▸ For the sample referred to above, confirmed timing of recognition of revenue was appropriate; ▸ Re-performed the measurement of receivables for which final pricing remained outstanding as at 31 March 2019, including assessing the appropriateness of forecast iron ore prices used in forming the estimate; and ▸ Confirmed the existence of a sample of receivables outstanding as at 31 March 2019 by agreeing collection to subsequent cash receipt.

Bloom Lake Rehabilitation Provision

Why significant	How our audit addressed the key audit matter
As at 31 March 2019, the consolidated statement of financial position included $36.6m of mine rehabilitation and closure provisions in respect of Bloom Lake. As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the land and area impacted by mining. Rehabilitation activities are governed by a combination of legislative requirements and Group policies.	Our audit procedures included the following: ▸ Considered the qualifications, competence and objectivity of the Group's internal experts, who produced the surveys and the cost estimates; ▸ Assessed the appropriateness of the changes in the cost estimates against the prior year calculations, which was prepared by an external expert;

Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as when the rehabilitation will take place, the time period required for the rehabilitation to be effective, the extent and costs of rehabilitation activities, technological and regulatory changes, cost increases and changes in economic assumptions, including an appropriate rate to discount these future costs back to their net present value. This was considered to be a key audit matter due to the significant judgments and assumptions involved in the calculation of these mine rehabilitation and closure provisions.	‣ Performed a site inspection of Bloom Lake and understood changes to the disturbed areas since the previous annual reporting period; ‣ Tested the mathematical accuracy of the rehabilitation model to support the provision balance; and ‣ Considered the discount rate applied in determining the present value of the provision.

Fair Value of and Disclosures Relating to Master Financing Arrangement

Why significant	How our audit addressed the key audit matter
As described in Notes 16 and 17 of the financial report, the Group is party to a Master Financing Arrangement ("MFA") comprised of a mandatorily convertible debenture and two loan facilities. The MFA facilities contain embedded derivatives related to the conversion option and interest rate on the mandatorily convertible debenture, interest rate on the CDPI facility and prepayment options on the CDPI and Sprott loan facilities. Australian Accounting Standards require embedded derivatives to be measured at fair value at each reporting period, with movements in fair value being recognised through the statement of comprehensive income. The Group exercised a significant degree of judgment to determine the fair value of the embedded derivatives. Accordingly, this was considered to be a key audit matter.	Our audit procedures included the following: ‣ Utilised our valuation specialists to assess the methodology and assumptions used by the Group to determine the fair value of the embedded derivatives; ‣ Re-calculated the fair values of the embedded derivatives as at period-end and the movement in fair values from the prior reporting period; and ‣ Assessed whether the disclosures within the financial report were in accordance with Australian Accounting Standards.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Chairman's Report, Report on Operations and Directors' Report that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Building a better working world

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 57 of the directors' report for the year ended 31 March 2019.

In our opinion, the Remuneration Report of Champion Iron Limited for the year ended 31 March 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
20 June 2019

Champion Iron Limited

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars - audited)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Current			
Cash and cash equivalents	3	135,424	7,895
Short-term investments	4	17,907	17,291
Receivables	5	93,012	25,838
Prepaid expenses and advances	6	24,186	15,898
Inventories	7	44,154	48,171
		314,683	115,093
Non-current			
Investments	8	2,653	4,250
Advance payments	9	38,250	37,517
Property, plant and equipment	10	224,123	172,719
Exploration and evaluation assets	11	81,508	72,137
Derivative assets	18	10,800	—
Total assets		**672,017**	**401,716**
Liabilities			
Current			
Accounts payable and accrued liabilities	12	44,697	63,481
Convertible debenture, Altius	13	—	9,791
Note payable	14	—	36,438
Income tax payable	25	34,059	—
Current portion of long-term debt	16	35,852	—
		114,608	109,710
Non-current			
Property taxes payable	15	13,940	16,276
Long-term debt	16	193,038	141,225
Convertible debenture, Glencore	17	12,067	14,016
Derivative liabilities	17	43,819	24,683
Rehabilitation obligation	19	36,565	35,893
Other long-term liability		4,798	—
Deferred tax liability	25	37,460	5,465
Total liabilities		**456,295**	**347,268**
Shareholders' Equity			
Share capital		237,969	224,336
Contributed surplus		21,404	21,204
Warrants		17,730	17,730
Foreign currency translation reserve		420	578
Non-controlling interest		65,376	823
Accumulated deficit		(127,177)	(210,223)
Total equity		**215,722**	**54,448**
Total liabilities and equity		**672,017**	**401,716**
Commitments	30		
Subsequent events	36		

Should be read in conjunction with the notes to the consolidated financial statements

Approved on June 20, 2019 on behalf of the directors

/s/ *Michael O'Keeffe*
Director

/s/ *Andrew Love*
Director

Champion Iron Limited

Consolidated Statements of Income (Loss)

(Expressed in thousands of Canadian dollars, except per share amounts - audited)

	Notes	Year Ended March 31, 2019	2018
Revenues		**655,129**	—
Cost of sales	**21**	**(351,946)**	—
Depreciation		**(14,551)**	(4,244)
Gross profit (loss)		**288,632**	**(4,244)**
Other Expenses			
Share-based payments	**20**	**(1,808)**	(3,179)
General and administrative expenses	**22**	**(14,039)**	(10,627)
Restart costs		**(4,497)**	(65,999)
Sustainability and other community expenses	**23**	**(12,226)**	—
Property taxes adjustment	**15**	**7,559**	—
Exploration and evaluation		**—**	(201)
Operating income (loss)		**263,621**	**(84,250)**
Net finance costs	**24**	**(50,010)**	(23,081)
Income (loss) before income tax		**213,611**	**(107,331)**
Current income tax	**25**	**(34,017)**	—
Deferred income tax	**25**	**(31,995)**	—
Net income (loss)		**147,599**	**(107,331)**
Attributable to:			
Champion shareholders		**83,046**	(74,475)
Non-controlling interest		**64,553**	(32,856)
Earnings (loss) per share	**26**		
Basic		**0.20**	(0.19)
Diluted		**0.18**	(0.19)
Weighted Average Number of Common Shares Outstanding - Basic		**420,677,000**	398,125,000
Weighted Average Number of Common Shares Outstanding - Diluted		**449,508,000**	398,125,000

Should be read in conjunction with the notes to the consolidated financial statements

Champion Iron Limited

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in thousands of Canadian dollars, except per share amounts - audited)

	Year Ended March 31,	
	2019	2018
Net income (loss)	**147,599**	**(107,331)**
Item that may be reclassified subsequently to the consolidated statement of income		
Net movement in foreign currency translation reserve	**(158)**	(10)
Comprehensive income (loss)	**147,441**	**(107,341)**
Attributable to:		
Champion shareholders	**82,888**	(74,485)
Non-controlling interest	**64,553**	(32,856)

Should be read in conjunction with the notes to the consolidated financial statements

Champion Iron Limited

Consolidated Statements of Equity

(Expressed in thousands of Canadian dollars, except per share amounts - audited)

	Notes	Ordinary Shares: Shares[1]	Ordinary Shares: $	Contributed Surplus	Warrants	Foreign Currency Translation	Non-Controlling Interest	Accumulated Deficit	TOTAL
Balance - March 31, 2018		414,618,000	224,336	21,204	17,730	578	823	(210,223)	54,448
Net income		—	—	—	—	—	64,553	83,046	147,599
Other comprehensive loss		—	—	—	—	(158)	—	—	(158)
Total comprehensive income (loss)		—	—	—	—	(158)	64,553	83,046	147,441
Exercise of stock-options	**20**	5,100,000	2,633	(608)	—	—	—	—	2,025
Exercise of share rights	**20**	752,000	1,000	(1,000)	—	—	—	—	—
Exercise of conversion option - Altius	**20**	10,000,000	10,000	—	—	—	—	—	10,000
Share-based payments	**20**	—	—	1,808	—	—	—	—	1,808
Balance - March 31, 2019		**430,470,000**	**237,969**	**21,404**	**17,730**	**420**	**65,376**	**(127,177)**	**215,722**
Balance - March 31, 2017		385,934,000	201,990	20,121	—	588	2,363	(135,748)	89,314
Net loss		—	—	—	—	—	(32,856)	(74,475)	(107,331)
Other comprehensive loss		—	—	—	—	(10)	—	—	(10)
Total comprehensive loss		—	—	—	—	(10)	(32,856)	(74,475)	(107,341)
Public offering of subscription receipts		21,034,000	18,930	—	—	—	—	—	18,930
Share issue costs		—	(1,115)	—	—	—	—	—	(1,115)
Private placement		—	—	—	—	—	31,316	—	31,316
Exercise of stock-options	**20**	5,400,000	1,703	—	—	—	—	—	1,703
Fair value of share rights exercised	**20**	2,250,000	2,828	(2,828)	—	—	—	—	—
Share-based payments	**20**	—	—	3,179	—	—	—	—	3,179
Fair value of warrants issued		—	—	—	17,730	—	—	—	17,730
Derecognition of derivative liability		—	—	732	—	—	—	—	732
Balance - March 31, 2018		414,618,000	224,336	21,204	17,730	578	823	(210,223)	54,448

Should be read in conjunction with the notes to the consolidated financial statements

1 All issued ordinary shares are fully paid and have no par value.

Champion Iron Limited

Consolidated Statements of Cash Flow

(Expressed in thousands of Canadian dollars - audited)

	Notes	Year Ended March 31, 2019	2018
Cash provided by (used in)			
Operating Activities			
Net income (loss)		**147,599**	**(107,331)**
Items not affecting cash			
Depreciation	**10,34**	**14,551**	4,244
Share-based payments	**20**	**1,808**	3,179
Loss on sale of property, plant and equipment		**—**	(994)
Change in fair value of derivative asset	**18,24**	**(10,800)**	—
Change in fair value of derivative liability	**24**	**19,136**	3,590
Unrealized foreign exchange loss		**3,446**	—
Unrealized loss (gain) on investments	**24**	**1,597**	(1,056)
Accretion of borrowing costs and debt discount	**24**	**3,811**	4,207
Accretion of the rehabilitation obligation	**24**	**672**	695
Deferred income tax	**25**	**31,995**	—
Interest not paid		**17,650**	6,583
		231,465	(86,883)
Changes in non-cash operating working capital	**34**	**(54,767)**	(44,766)
Net cash flow from operating activities		**176,698**	**(131,649)**
Financing Activities			
Proceeds of long-term debt		**74,195**	158,287
Repayment of long-term debt		**(7,636)**	—
Termination of production payment agreement ("PPA")		**(4,564)**	—
Borrowing costs		**(1,618)**	(3,849)
Proceeds of convertible debenture, Altius		**—**	10,000
(Repayment) of capitalized interest, Proceeds Glencore		**(4,429)**	31,200
Public offering of subscription receipts		**—**	18,930
Share issue cost		**—**	(1,115)
Private placement of common shares of Quebec Iron Ore Inc.		**—**	31,316
Exercise of stock-options		**2,025**	1,703
Repayment of note payable		**(37,472)**	(7,171)
Proceeds of bridge loan		**—**	16,000
Repayment of bridge loan		**—**	(16,000)
Bridge loan transaction costs		**—**	(500)
Net cash flow from financing activities		**20,501**	**238,801**
Investing Activities			
Investment in short-term investments		**(616)**	(5,825)
Due from Cartier Iron Corporation		**—**	348
Proceeds on sale of equipment		**—**	1,427
Purchase of property, plant and equipment		**(62,942)**	(97,569)
Exploration and evaluation		**(9,372)**	439
Net cash flow from investing activities		**(72,930)**	**(101,180)**
Net increase in cash and cash equivalents		**124,269**	**5,972**
Cash and cash equivalents, beginning of year		**7,895**	1,863
Effects of exchange rate changes on cash		**3,260**	60
Cash and cash equivalents, end of year		**135,424**	**7,895**
Interest paid		13,526	1,819

Should be read in conjunction with the notes to the consolidated financial statements

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

1. Nature of operations

Champion Iron Limited ("Champion" or the "Company") was incorporated under the laws of Australia in 2006 and is listed on the Toronto Stock Exchange (TSX: CIA) and Australian Securities Exchange (ASX: CIA). Champion is an iron ore mining company with its key asset, the Bloom Lake Mine, a long-life, large-scale open pit operation located in northern Quebec, approximately 300 km north of Sept-Iles and 13 km from the town of Fermont, Quebec, Canada. The Company declared commercial production at the Bloom Lake Mine as of June 30, 2018. Champion owns a 63.2% interest in its subsidiary, Quebec Iron Ore Inc. ("QIO"). Ressources Québec, a subsidiary of governmental agency Investissement Québec, is the owner of the remaining 36.8% share. The Bloom Lake Mine assets are held through QIO.

2. Summary of significant accounting policies

A. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

The financial report is a general purpose financial report which has been prepared for a for-profit enterprise in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investments and derivative financial instruments which have been measured at fair value.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

B. Statement of Compliance

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has consistently applied the accounting policies used in the preparation of its IFRS consolidated financial statements with the exception of those arising from new accounting standards issued and adopted by the Company as described in this note. These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 20, 2019.

C. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Basis of consolidation and functional currency

The consolidated financial statements include the accounts of the Company and its significant subsidiaries listed below:

	Ownership percentage	Country of incorporation	Functional currency
Champion Iron Mines Limited	100.0%	Canada	Canadian dollars
Québec Iron Ore Inc.	63.2%	Canada	Canadian dollars
Lac Bloom Railcars Corporation Inc.	100.0%	Canada	US dollars

There have been no changes in ownership percentages from the comparative period.

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

• power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
• exposure, or rights, to variable returns from its involvement with the investee;
• the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Non-controlling interest
Non-controlling interest represents the minority shareholder's portion of the profit or loss and net assets of subsidiaries and is presented separately in the consolidated statements of financial position and consolidated statements of income (loss). Losses within a subsidiary are attributable to the non-controlling interests even if that results in a deficit balance.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, and which has been identified as the management team that makes strategic decisions.

Cash and cash equivalents
Cash and cash equivalents consist of cash in bank, cash held in trust and short-term deposits with a maturity of less than three months.

Non-derivatives financial assets
The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Inventories
Inventories of ore and concentrate are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrates in the ordinary course of business based on the prevailing metal prices on the reporting date, less estimated costs to complete production and to bring concentrates to sale. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labour and manufacturing overhead costs, based on normal capacity of the production facilities.

Supplies and spare parts are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Property, plant and equipment
Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses.

Depreciation is calculated on the following basis over the estimated useful lives of property, plant and equipment:

Mining and processing equipment	Straight-line over 2 to 12 years or units-of-production basis over the recoverable reserves
Locomotives, railcars and rails	Straight-line over 23 to 24 years or units-of-production basis over the recoverable reserves
Tailings dykes	Units-of-production basis over recoverable reserves
Stripping activity asset	Units-of-production basis over recoverable reserves
Others	Straight-line over 3 to 24 years

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Stripping (waste removal) costs

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a stripping costs, if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable;
b) The component of the ore body for which access will be improved can be accurately identified;
c) The costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred. The stripping ratio varies depending of the stage of the mine life. In the case of the Bloom Lake mine, the life of mine stripping ratio is estimated at 0.5 based on the 43-101 Technical report on the Bloom Lake mine re-start feasibility study ("The Feasibility Study"). All costs related to a stripping ratio over the life of mine ratio are capitalized and all costs related to a stripping ratio lower than the life of mine ratio results in amortization of the stripping activity asset. The capitalized expenses are revalued on a monthly basis. Stripping costs incurred in the pre-production period have also been capitalized using the same methodology. The production start date has been determined by the Company using various relevant criteria as level of capital expenditures incurred compared to original budget, completion of reasonable period of testing, ability to produce concentrate in saleable form and ability to sustain ongoing production of concentrate.

Exploration and evaluation assets

i) Recognition and measurement

Exploration and evaluation assets, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Mining tax credits earned in respect to costs incurred in Quebec are recorded as a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company’s ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation assets do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets are first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the consolidate statements of income (loss) to the extent of any impairment.

ii) Impairment

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. An impairment loss is recognized in the consolidated statements of income (loss) if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation assets is the greater of its value in use (VIU) and its fair value less costs of disposal (FVLCTS). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property.

FVLCTS refers to the price that would be received to sell the property in an orderly transaction between market participants. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the property belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Long-term debt
The long-term debts are initially measured at fair value, net of transactions costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

Convertible debenture, Altius
The convertible debenture, Altius consists of a debt instrument, minimum interest obligation and an equity conversion feature. The Company has identified the minimum interest obligation and equity conversion features as embedded derivatives. At initial recognition, the Company estimated the fair value of the equity conversion feature and the present value of the minimum interest obligation. The difference between the gross proceeds and these amounts was allocated to the debt liability under the residual method. The debt balance will be unwound up to the maturity date using the effective interest method.

Convertible debenture, Glencore
The convertible debenture, Glencore consists of a debt instrument with a derivative liability conversion option. At initial recognition, the Company estimated the fair value of the derivative feature. The fair value of the derivative is reassessed at each balance sheet date. The equity conversion feature is accounted for as a derivative liability on the Company's consolidated financial statements.

Rehabilitation obligation
The Company records a rehabilitation obligation for legal and constructive asset retirement obligations. Rehabilitation obligation is recorded for an amount that represent the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the Company will adjust the amount of the provision which will be the present value of the expenditures expected to be required to settle the obligation, discounted by the number of years between the reporting date and the rehabilitation date.

Share capital
Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Foreign currency translation reserve
Exchange differences relating to the translation of the results and net assets of the Company's operations from their functional currency to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve with the exception of those balances that are within the scope of AASB 9 Financial Instruments and IFRS 9 Financial Instruments.

Foreign currency transactions
Foreign currency transactions are translated into the functional currency of the Company's entities using the exchange rates prevailing at the dates of the transactions or an appropriate average exchange rate. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of income (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Functional and presentation currency

Items included in the financial statements of each consolidated entity of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements of entities that have a functional currency different from the Company are translated into Canadian dollars as follows: assets and liabilities are translated at the closing rate at the date of the statement of financial position, and income and expenses are translated at the average rate during an appropriate year. Equity transactions are translated using the exchange rate at the date of the transaction and all resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Share-based payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation assets are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Restart costs

Care and maintenance costs have been incurred during the period of operation idle. Day-to-day servicing expenses as well as regular maintenance expenses to ensure assets integrity have been expensed. Most of 2018 fiscal year was not in a care and maintenance mode. Non-capital restart costs, that cover the period from May 1st 2017 to January 31st, 2018, includes all costs related to staff mobilization and training, expenses incurred to return an asset back to historical level and other expenditures that did not increase capacity or life duration and have been expensed.

Government grants

The Company receives certain grants from the government. Those grants are recognized only when there is a reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Those grants are recorded against the expenditure that they are intended to compensate.

Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Income tax (continued)
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial Assets
i) Initial recognition
Under IFRS 9 and AASB 139, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under IFRS 9, financial assets are either classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortized cost if both of the following are satisfied:

- Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows
- Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest

The assessment of the Company business model was made as of the date of initial application, April 1, 2018, and then applied retrospectively to those financial assets that were not derecognised before April 1, 2018. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Company.

ii) Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statements of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Financial Assets (continued)

ii) Derecognition of financial assets (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

iii) Financial assets at fair vale through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms
of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotation period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognized in the consolidated statements of income (loss).

iv) Impairment of financial assets

The Company recognizes an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Financial Assets (continued)

iv) Impairment of financial assets (continued)

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECL, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of income (loss) when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of income (loss).

iii) Derecognition

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income (loss).

Financial instruments valuation

The Company measures derivatives at fair value at each balance-sheet date. Also, fair values of financial instruments measured at amortized costs are disclosed in Note 27.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that he transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

2. Summary of significant accounting policies (continued)

C. Significant accounting policies and future accounting changes (continued)

Financial instruments valuation (continued)
The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities, or
- Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable, or
- Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. An analysis of fair values of financial instruments and further details as to how they are measured are provided in notes 16 and 27.

D. Significant accounting 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 reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follow:

Estimates of mineral reserves and resources
The amounts used in impairment indicators analysis are based on estimates of mineral reserves and resources. Reserve and resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its reserve and resource 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. See note 10, Property, Plant and Equipment.

Units of production depreciation
The units of production used in the depreciation calculation is based on the ore feed of the mill compared to the economically recoverable reserves.

Stripping costs
Stripping costs are estimated based on additional volume mined due to a higher stripping ratio. A standard unit cost is applied to the volume. The unit cost is revalued on a quarterly basis.

Impairment 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, results of exploration, whether an economically-viable operation can be established and significant negative industry or economic trends. Management judgment is also applied in determining cash generating units, 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. See note 11, Exploration and Evaluation Assets.

2. Summary of significant accounting policies (continued)

D. Significant accounting judgments, estimates and assumptions (continued)

Estimate of rehabilitation obligation
The rehabilitation obligation is based on the best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The best estimate of the expenditure required to settle the present obligation is the amount that the company would rationally pay to settle obligation at the end of the reporting period or to transfer it to a third party. The rehabilitation obligation has been determined based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the time. Furthermore, the timing of rehabilitation is likely to depend on when the Bloom Lake ceases to produce at economically viable rates. This, in turn, will depend upon future iron ore prices, which are inherently uncertain. See note 19, Rehabilitation Obligation.

Share-based payments
The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation may vary from the amounts estimated. See note 20, Share Capital and Reserves.

Revenue recognition
The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon shipment. Revenue is recognized, at fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, net of sale taxes.

For all the sales contracts, the sales price is determined provisionally at the date of sale, with the final pricing determined at a mutually agreed date (generally between 2 to 3 months from the date of the sale), at a quoted market price at that time. This provisional pricing arrangement has the characteristics of an embedded derivative which does not qualify for hedge accounting and is recorded at fair value based on the forward iron concentrate prices for the relevant contract period. All subsequent mark-to-market adjustments are recorded in sales revenue up to the date of final settlement.

Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues. As at March 31, 2019, there was US$81,472,000 (March 31, 2018: nil) in revenues that were awaiting final pricing.

Valuation of deferred income tax assets
To determine the extent to which deferred income tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Such estimates are made as part of the budget on an undiscounted basis and are reviewed on a quarterly basis. Management exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering factors such as the number of years to include in the forecast period. See Note 25 - Income taxes for more details.

E. New accounting standards issued and adopted by the Company
A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standards:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

2. Summary of significant accounting policies (continued)

E. New accounting standards issued and adopted by the Company (continued)

i) IFRS 9, Financial Instruments ("IFRS 9")

In July 2014, the International Accounting Standards Board ("IASB") issued IFRS 9, which represents the final version of this standard and completes the IASB's project to replace International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. This standard includes updated guidance on the classification and measurement of financial assets and liabilities.

This standard also introduces a new, expected credit loss impairment model that will require more timely recognition of expected credit losses. IFRS 9 also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting. There was no impact to the Company's consolidated financial statements as a result of adopting this standard.

The accounting policies for financial instruments have been updated and disclosed in note 2C above.

ii) IFRS 15, Revenue from contracts with customers ("IFRS 15")

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18, Revenue, IAS 11, Construction Contracts, and several revenue-related interpretations. This standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRS, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Company adopted IFRS 15 on April 1, 2018.

As a result of the IFRS 15 adoption, the accounting policy for iron ore sales has been adopted and disclosed in note 2C above.

F. New significant Standards and Interpretations not yet adopted

Australian Accounting Standards and International Financial Reporting Standards that have been issued but are not yet effective have not been adopted by the Company for the year ended March 31, 2019.

i) IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB released IFRS 16, Leases, to replace the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 will be effective for the Company's fiscal year beginning on April 1, 2019, and the Company elected to use the modified retrospective approach. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. In addition, the Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Company evaluated the impact the adoption of this standard will have on its consolidated financial statements. Where the Company is a lessee, IFRS 16 will result in on-balance sheet recognition of its leases that are considered operating leases under IAS 17. The Company does not expect a significant impact of the adoption of IFRS 16.

3. Cash and cash equivalents

As at March 31, 2019, cash and cash equivalents totaling $135,424,000 (March 31, 2018: $7,895,000) consisted of cash in bank chequing accounts. As at March 31, 2019, the Company's cash balance is comprised of $36,823,000 U.S. dollars ($49,207,000), $265,000 Australian dollars ($251,000), and $85,966,000 Canadian dollars.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

4. Short-Term Investments

As of March 31, 2019, short-term investments of $17,907,000 (March 31, 2018: $17,291,000) include an amount of $16,941,000 which is pledged as security for letters of credit to third parties (March 31, 2018: $16,941,000) and an amount of $350,000 pledged as security for credit card obligations (March 31, 2018: $350,000). These short-term investments need to be pledged as security as long as the agreements are in place with third parties. Maturity date of those agreements vary from 2019 to 2027. Balance of $616,000 represents unpledged short-term investments (March 31, 2018: nil).

5. Receivables

	As at March 31, 2019	As at March 31, 2018
Trade receivables	**79,464**	—
Sales tax	**12,705**	20,060
Government grants	**—**	4,229
Refundable tax credits	**—**	1,213
Other receivables	**843**	336
	93,012	**25,838**

For the year ended March 31, 2019, no specific provision was recorded on any of the Company's receivables (March 31, 2018: nil). They are generally settled within six months and are therefore, collectable.

6. Prepaid Expenses and Advances

	As at March 31, 2019	**As at March 31, 2018**
Rail transportation	9,245	7,558
Port	1,943	1,983
Operational expenses	10,714	5,007
Others	2,284	1,350
	24,186	**15,898**

7. Inventories

	As at March 31, 2019	As at March 31, **2018**
Stockpiles ore	**14,572**	8,081
Concentrate inventories	**10,196**	36,449
Supplies and spare parts	**19,386**	3,641
	44,154	**48,171**

The amount of inventories recognized as cost of sales totalled $366,497,000 for the fiscal year 2019 (nil for the fiscal year 2018).

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

8. Investments

	As at March 31, 2019	As at March 31, 2018
Investments in Listed Common Shares		
Fancamp Exploration Ltd.	1,980	1,980
Others	673	2,270
	2,653	**4,250**

Investments in listed common shares are classified as financial assets at fair value through profit or loss. For the year ended March 31, 2019, the net decrease in the fair value of investments in common shares of $1,597,000 (increase for the year ended March 31, 2018 – $1,056,000) has been recorded as an unrealized loss (gain) on investments in the net finance costs of the consolidated statements of income (loss).

9. Advance Payments

	As at March 31, 2019	As at March 31, 2018
Port	21,842	23,546
Railway and port facilities	4,610	6,050
Rail transportation	—	6,921
Deposit related to rehabilitation obligation	6,000	—
Investment in railway and port facilities partnership	1,000	1,000
Other long term advance	4,798	—
	38,250	**37,517**

Port

On July 13, 2012, the Company signed an agreement with the Sept-Îles Port Authority ("Port") to reserve annual loading capacity of 10 million metric tons of iron ore for an initial term of 20 years with options to renew for 4 additional 5-year terms. Pursuant to the Agreement, the Company made an advance payment of $25,581,000 and take-or-pay payments as an advance on its future shipping, wharfage and equipment fees. In 2018, the Company has started to recognize loading costs as per the contract with the Port, the current portion of the advance is presented under Prepaid Expenses and Advances (note 6) and associated credit is now deducted from the advance on a monthly basis based on the agreed rate per ton.

Railway and port facilities

On October 12, 2017, the Company entered into a railway and stockyard facilities access agreement with Société Ferroviaire et Portuaire de Pointe-Noire ("SFPPN") for the transportation, unloading, stockpiling and loading of iron ore concentrate from Sept-Iles to Pointe-Noire, Québec. In connection with the agreement, the Company make yearly advance payments of $3,750,000 to SFPPN to guarantee access to the yard. In addition, during the year ended March 31, 2019, the Company made additional advance to SFPPN to support its working capital needs of approximately $800,000.

Rail transportation

On June 8, 2017, the Company entered into a rail transportation agreement with Quebec North Shore and Labrador Railway Company, Inc. ("QNS&L") for the transportation of iron ore concentrate from Bloom Lake by rail from the Wabush Lake Junction in Labrador City, Newfoundland & Labrador to the Sept-Îles Junction in Sept-Îles, Quebec. In connection with the agreement, the Company made an advance payment of $15,000,000 which is recovered as a credit to transportation costs owing under the agreement based on the agreed rate per ton. In 2018, the Company has started to recognize transportation costs as per the contract with QNS&L. As of March 31, 2019, the advance was all transferred to Prepaid Expenses and Advances (note 6) as the outstanding balance is expected to be deducted in total within the next year.

9. Advance Payments (continued)

Deposit related to rehabilitation obligation

In accordance with the Quebec regulations, the Company deposited $6,000,000 to the Ministry of Finance during the year ended March 31, 2019 (March 31, 2018: nil). The deposit is kept by the Ministry of Finance and will be reimbursed to the Company at the end of the mine life once the Company has completed its obligation with respect to the rehabilitation of the mine site.

Other long-term advance

The other long-term advance relates to amounts paid to SFPPN annually and recoverable from under the guarantee access agreement if certain conditions are met.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

10. Property, Plant and Equipment

	Mining and Processing Equipment	Locomotives, Railcars and Rails	Tailings Dykes	Assets under Construction	Stripping Activity Asset	Others	TOTAL
COST							
March 31, 2018	**23,766**	**39,532**	**3,000**	**107,894**	**—**	**5,412**	**179,604**
Additions	6,552	6,823	14,941	21,795	11,740	1,291	63,142
Transfers, disposals and others	86,255	—	10,107	(104,989)	8,124	(101)	(604)
Foreign exchange	—	1,411	—	—	—	(5)	1,406
March 31, 2019	**116,573**	**47,766**	**28,048**	**24,700**	**19,864**	**6,597**	**243,548**
ACCUMULATED							
March 31, 2018	**4,576**	**1,818**	**13**	**—**	**—**	**478**	**6,885**
Depreciation	8,837	2,194	938	—	447	927	13,343
Disposals and others	(501)	—	—	—	—	(101)	(602)
Foreign exchange	—	(194)	—	—	—	(7)	(201)
March 31, 2019	**12,912**	**3,818**	**951**	**—**	**447**	**1,297**	**19,425**
Net book value - March 31, 2019	**103,661**	**43,948**	**27,097**	**24,700**	**19,417**	**5,300**	**224,123**

	Mining Equipment	Locomotives, Railcars and Rails	Tailings Dykes	Assets under Construction	Stripping Activity Asset	Others	TOTAL
COST							
March 31, 2017	**23,573**	**41,452**	**3,000**	**—**	**—**	**4,466**	**72,491**
Additions	600	—	—	107,921	—	946	109,467
Transfers, disposals and others	(407)	—	—	(27)	—	—	(434)
Foreign exchange	—	(1,920)	—	—	—	—	(1,920)
March 31, 2018	**23,766**	**39,532**	**3,000**	**107,894**	**—**	**5,412**	**179,604**
ACCUMULATED							
March 31, 2017	**2,259**	**104**	**—**	**—**	**—**	**276**	**2,639**
Depreciation	2,317	1,710	13	—	—	204	4,244
Disposals and others	—	—	—	—	—	(2)	(2)
Foreign exchange	—	4	—	—	—	—	4
March 31, 2018	**4,576**	**1,818**	**13**	**—**	**—**	**478**	**6,885**
Net book value - March 31, 2018	**19,190**	**37,714**	**2,987**	**107,894**	**—**	**4,934**	**172,719**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

11. Exploration and Evaluation Assets

	As at 2018	Exploration	Others	As at 2019
Labrador Trough (Quebec portion)	71,868	7,442	(17)	79,293
Newfoundland	269	1,946	—	2,215
	72,137	**9,388**	**(17)**	**81,508**

	As at 2017	Exploration	Others	As at 2018
Labrador Trough (Quebec portion)	69,624	780	1,464	71,868
Newfoundland	—	269	—	269
	69,624	**1,049**	**1,464**	**72,137**

Exploration and evaluation assets mainly comprise mining rights and exploration and evaluation expenditures which typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies.

Exploration and evaluation assets are reported net of option payments and mining tax credits received, if any.

12. Accounts Payable and Accrued Liabilities

	As at March 31, 2019	As at March 31, 2018
Trade payable and accrued liabilities	37,478	45,683
Wages and benefits	7,219	5,032
Restart costs	—	12,766
	44,697	**63,481**

13. Convertible Debenture, Altius

	As at March 31, 2019	As at March 31, 2018
Opening balance	**9,791**	**—**
Proceeds (conversion)	(10,000)	10,000
Fair value of derivatives	—	(1,191)
Gain on extension of maturity date	(713)	—
Accretion of debt discount	922	982
Ending balance	**—**	**9,791**

In accordance with the agreement, on December 31, 2018, the convertible debenture was converted into 10,000,000 ordinary shares of the Company at a conversion price of $1.00 per share.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

14. Note payable

	As at March 31, 2019	As at March 31, 2018
Consideration loan (US$28,260,000)	—	36,438

On March 10, 2017, the Company entered into a Railcar Installment Sale Agreement to acquire 735 specialized iron ore railcars for consideration of US$30,078,000. The Company made a down payment of US$1,818,000 with the balance of the consideration being financed by a note owing to the vendor. The note matured on March 10, 2019 and has been fully repaid by the Company.

15. Property Taxes Payable

The property taxes payable relate to the real estate taxes of the municipality of Fermont, Quebec.

Following the acquisition of the Bloom Lake property, the Company requested a revision of the property assessment. In December 2018, the authorities have approved a revised assessment confirming a lower taxable value. The decision resulted in a provision decrease amounting to $7,559,000.

As at March 31, 2019, property taxes payable of $13,940,000 (March 31, 2018: $16,276,000) includes property taxes of $8,956,000 (March 31, 2018: $14,469,000), accrued interest of $1,918,000 (March 31, 2018: $1,807,000) and property transfer duties of $3,066,000 (March 31, 2018: nil).

The Company and the Town of Fermont have agreed that the Company will make monthly installments payments of $150,000 on the account of property taxes for Bloom Lake and the arrears of property taxes shall bear interest at the rate of 12%. Upon recommencement of commercial operations of Bloom Lake and provided that the price of 62% Fe iron ore minus an agreed upon transportation cost is greater than US$75 per metric tonne for a period of 90 consecutive days, the Company will pay the arrears in 24 monthly installments, subject to the condition that the arrears shall be paid in full by December 11, 2025.

16. Long-Term Debt

	Sprott	CDPI	As at March 31, 2019	As at March 31, 2018
Opening balance	**67,553**	**73,672**	**141,225**	**—**
Advances	25,340	41,220	66,560	155,255
Transactions costs	(588)	(1,030)	(1,618)	(5,642)
Termination fees PPA	(4,564)	0	(4,564)	—
Accretion	2,217	1,728	3,945	1,478
Fair value of warrants	—	—	—	(17,730)
Interest capitalized	4,253	10,462	14,715	4,833
Unrealized foreign exchange	3,775	4,852	8,627	3,031
	97,986	**130,904**	**228,890**	**141,225**
Less current portion	(32,270)	(3,582)	(35,852)	—
Ending balance	**65,716**	**127,322**	**193,038**	**141,225**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

16. Long-Term Debt (continued)

On October 10, 2017, QIO entered into definitive agreements for debt financing of US$180,000,000 with the following terms:

Lender:	**Sprott Private Resource Lending (Collector), LP ("Sprott")**
Amount:	US$80,000,000
Maturity:	June 30, 2022
Interest:	7.5% per annum plus the greater of US dollar 3-month LIBOR and 1% per annum calculated, compounded and payable quarterly. QIO had the option to capitalize the interest until September 30, 2018.
Repayment:	Commencing on March 31, 2019, and quarterly thereafter, 1/14th of the principal balance outstanding (inclusive of any capitalized interest) on September 30, 2018.
Prepayment:	Option to prepay in whole or in part at anytime with a premium of 3%.
Mandatory prepayment:	Cash proceeds received on the disposal of any assets. Provided that a default or event of default has occurred, cash proceeds received on the disposal of any assets by a guarantor. Proceeds of any equity or debt (including convertible debt) financings, excluding intercompany financings. In the event of a change of control, QIO will repay the principal and interest. No amount shall be payable if the person acquiring control has financial strength equal to or superior to the financial strength of the Guarantor, in the discretion of the Lender.
Security:	(i) a title insured first ranking hypothec over the universality of movable and immovable property, corporeal and incorporeal, present and future, including all assets, titles and rights, in any nature whatsoever, related to the Project (including for greater certainty, the Mining Lease and all mining claims), subject only to Permitted Encumbrances; (ii) a first ranking general security agreement under Newfoundland and Labrador law in respect of the movable assets located in Newfoundland and Labrador, subject to Permitted Encumbrances; (iii) a title insured first ranking mortgage under Newfoundland and Labrador law in respect of the immovable assets located in Newfoundland and Labrador, subject only to Permitted Encumbrances; (iv) subordination agreements in favour of the Lender with respect to all amounts due from time to time by the Borrower to any Affiliates, including the Guarantor.
Guarantors:	(i) The Company, supported by a first ranking hypothec on securities pursuant to which the Company pledged and granted a first-priority encumbrance over all of the issued and outstanding shares of QIO held by the Company; (ii) Lac Bloom Railcars Corporation Inc., supported by a second ranking hypothec over all of its present and future movable property and a second ranking general security agreement over movable assets in Newfoundland and Labrador.

Derivative

A prepayment option derivative asset exists in respect with that option. The fair value of the prepayment option derivative asset was calculated to be $5,879,000 (note 18). The Company does not expect the execution of any of the mandatory conversion events.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

16. Long-Term Debt (continued)

Lender:	**CDP Investissements Inc. ("CDPI")**
Amount:	US$100,000,000
Maturity:	October 23rd, 2024
Interest:	12% per annum for the first year, calculated and capitalized monthly. Thereafter, the interest rate calculated on a monthly basis will change if the price of Iron ore per the IODEX 65% Fe CFR North China is: (i) lower than US$66/t: 14% (capitalized, no option to pay); (ii) higher than US$66/t but lower than US$76/t: 12% (the Company has the option to capitalized or to pay); (iii) higher than US$76/t: 10% (payable, no option to capitalized). From October 22, 2018, the actual interest rate was 10% and interest were paid as per schedule. Schedule payments are the last day of June and December.
Repayment:	October 23rd, 2023 – 50% of principal and capitalized interest. October 23rd, 2024 – the balance of the principal and capitalized interest, subject to the option to defer the payment of capitalized interest for 1 year.
Mandatory Prepayment:	In the event of a change of control or the closing of a public offering of QIO within 2 years from the date of the initial advance, QIO will repay the principal and interest calculated at 14% per annum since the date of the initial advance and a performance maintenance fee equal to the present value of all interest payments from the date of the initial advance to the maturity date. In the event of a change of control or the closing of a public offering of QIO after 2 years from the date of the initial advance, QIO will repay the principal and capitalized interest and an early redemption fee of 6%, 5%, 3%, 2% and 1% in years 3, 4, 5, 6, and 7, respectively. In the event of a change of control, no amount shall be payable if the person acquiring control has the financial strength equal to or superior to the financial strength of the Guarantor, in the discretion of CDPI.
Prepayment	After 2 years from October 23rd, 2017, QIO has the option to prepay the principal and capitalized interest subject to the payment of an early redemption fee of 6%, 5%, 3%, 2% and 1% in years 3, 4, 5, 6, and 7, respectively. An early redemption fee of 14% over the initial term of the loan is applicable if prepaid before October 23, 2019.

Derivative

A variable interest derivative asset exists and the fair value was calculated to be $3,904,000 (note 18). The Company does not expect to take advantage of this asset.

Warrants

In connection with the debt financing, the Company issued: (a) 3,000,000 common share purchase warrants to Sprott, entitling the holder to purchase 3,000,000 ordinary shares of the Company for $1.125 until October 16, 2022 and (b) 21,000,000 common share purchase warrants to CDPI, entitling the holder to purchase 21,000,000 ordinary shares of the Company for $1.125 after October 16, 2018 until October 16, 2024.

The fair value of the common share purchase warrants was calculated using the Black-Scholes option pricing model. The fair values attributed to Sprott and CDPI warrants are respectively at $1,980,000 and $15,750,000. The common share warrants were accounted for as warrants in the consolidated statements of equity.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

17. Convertible Debenture, Glencore

	As at March 31, 2019		As at March 31, 2018	
	Convertible Debenture	**Conversion Option**	**Convertible Debenture**	**Conversion Option**
Opening balance	**14,016**	**24,683**	**—**	**—**
Issue of convertible debenture	—	—	31,200	—
Fair value of derivatives	—	—	(20,634)	20,634
Change in fair value	—	19,136	—	4,049
Accretion of debt discount	(215)	—	1,716	—
Capitalized interest	2,695	—	1,734	—
Payment of capitalized interest	(4,429)	—	—	—
Ending balance	**12,067**	**43,819**	**14,016**	**24,683**

On October 13, 2017, the Company completed a non-brokered private placement of a $31,200,000 unsecured subordinated convertible debenture ("Debenture") to Glencore International AG ("Glencore") with the following terms:

Maturity:	October 13, 2025
Prepayment:	The Company has the option to prepay the Debenture in whole, but not in part. In the event the Company elects to prepay the Debenture and the Debenture is not converted into ordinary shares of the Company prior to prepayment, the Company will grant 27,733,333 warrants to Glencore entitling the holder to purchase one ordinary share for $1.125 until October 13, 2025.
Interest:	12% per annum for the first year, calculated and capitalized quarterly, payable in arrears on December 31, 2018. Thereafter, the interest rate calculated on a quarterly basis will change if the price of Iron ore per the IODEX 65% Fe CFR North China is: (i) lower than US$66/t: 14%; (ii) higher than US$66/t but lower than US$76/t: 12%; (iii) higher than US$76/t: 10%.
Conversion:	Glencore has the option to convert the Debenture into ordinary shares of the Company at a conversion price of $1.125 per ordinary share.
Mandatory Conversion:	Mandatory conversion of the Debenture into ordinary shares of the Company at a conversion price of $0.85 per ordinary share upon (a) the occurrence of a mandatory conversion event or (b) Sprott or CDPI, lenders for the debt financing of US180,000,000 for QIO, exercises their respective option to require a mandatory conversion.
Mandatory Conversion events:	(i) quarterly average iron ore prices during a quarter are such that the Bloom Lake financial model fails to demonstrate that the Bloom Lake has the capacity to meet all future obligations as they become due; (ii) QIO is merged into, absorbed or acquired by the Company and total net debt (being debt minus freely available cash and short-term investments) of the merged entity exceeds US$270,000,000; or (iii) total net debt from the Company, QIO and Lac Bloom Railcars Corporation Inc. exceeds US$250,000,000.
Restriction on conversion:	A conversion or mandatory conversion may not have the effect of causing Glencore to own 20% or more of the outstanding ordinary shares.

.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

17. Convertible Debenture, Glencore (continued)

As of March 31, 2019, the Company does not expect the execution of any of the mandatory conversion events.

In connection with the closing of the Debenture, QIO entered into an off-take agreement with Glencore to grant global off-take rights for life-of-mine of Bloom Lake with fixed commercial terms for a 10-year period for all tones of future iron ore production at Bloom Lake not sold in Japan under the existing off-take agreement with Sojitz. In the event of a Mandatory Conversion, the off-take terms will apply for the life-of-mine of Phase I of Bloom Lake and Glencore will have the option to convert the marketing fees under the off-take terms into a FOB-based royalty under certain circumstances. In addition, Glencore has been granted a right of first refusal in connection with the financing and off-take rights for iron ore production of Phase II of Bloom Lake not allocated to certain strategic investors.

Derivative

A prepayment option derivative exists in respect of that option. The fair value of the prepayment option derivative asset was calculated to be nil.

A variable interest derivative asset exists and the fair value was calculated to be $1,017,000 (note 18). The Company does not expect to take advantage of this asset.

A conversion option derivative liability exists in respect to the option of Glencore to convert and the option of Sprott and CDPI to require Glencore to convert the convertible debenture into ordinary shares of the company.

The fair value of the conversion option derivative liability was calculated using the Black-Sholes option pricing model with the following assumptions:

	As at March 31, 2019	As at March 31, 2018
Conversion options granted	27,733,333	27,733,333
Exercise price	$1.125	$1.125
Share price	$1.96	$1.17
Risk-free interest rate	1.6%	2.5%
Expected volatility based on historical volatility	86%	80%
Valuation date	March 31, 2019	March 31, 2018
Expected life of conversion option	6.5 years	7.5 years
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%
Fair value	**$43,819,000**	**$24,683,000**

The equity conversion feature is accounted for as a derivative liability on the consolidated statements of financial position.

18. Derivative Assets

	Notes	**As at March 31, 2019**	**As at March 31, 2018**
Prepayment option - Sprott	**16**	5,879	—
Variable interest - CDPI	**16**	3,904	—
Variable interest - Glencore	**17**	1,017	—
		10,800	**—**

19. Rehabilitation Obligation

	As at March 31, 2019	As at March 31, 2018
Opening balance	**35,893**	**25,155**
Increase due to reassessment of the rehabilitation obligation	—	10,043
Accretion of rehabilitation obligation	672	695
Ending balance	**36,565**	**35,893**

The accretion of rehabilitation obligation was evaluated as the amount of the expenditure required to settle the present obligation at the end of the reporting period, discounted by the number of years between the reporting date and the rehabilitation date using a discount rate of 0.46% (0.53% for the year ended on March 31, 2018) representing a free-risk rate. The future rehabilitation obligation was reassessed during the year ended March 31, 2018 based on the reclamation plan submitted to the government in February 2018. Reassessment have been performed as at March 31, 2019 and no further revision was needed this year. The undiscounted amount related to the rehabilitation obligation is estimated at $39.9M.

20. Share Capital and Reserves

a) Share issuances

	Year ended March 31, 2019 (in thousands)	2018 (in thousands)
Shares		
Opening balance	**414,618**	**385,934**
Shares issued for public offering	—	21,034
Shares issued for exercise of options - incentive plan	4,100	5,400
Shares issued for exercise of options - outside incentive plan	1,000	—
Shares issued for exercise of share rights	752	2,250
Shares issued - conversion of Altius debenture	10,000	—
Ending balance	**430,470**	**414,618**

During the year ended March 31, 2019, the Company issued 15,852,000 common shares, as follows:

i) 4,100,000 common shares issued for exercise of option - incentive plan

During the year ended March 31, 2019 the Company issued 4,100,000 shares pursuant to the exercise of stock options with a weighted average exercise price of $0.38 per share, for total net proceeds of $1,575,000. At the time the options were exercised the shares were trading at a weighed average price of $1.30.

ii) 1,000,000 common shares issued for exercise of option - outside incentive plan

A number of 1,000,000 shares were issued pursuant to the exercise of stock options outside the share incentive plan with a weighted average exercise price of $0.45 per share, for total net proceeds of $450,000. At the time the options were exercised the shares were trading at a weighed average price of $1.35.

iii) 752,000 common shares issued for exercise of shares rights

During the year ended March 31, 2019 the Company issued 752,000 common shares following the vesting of shares rights previously granted to a director.

iv) 10,000,000 common shares issued - conversion of Altius debenture

On December 31, 2018, Altius exercised its option to retire a debt associated with a $10,000,000 convertible debenture outstanding, which triggered the issuance of 10,000,000 common shares (refer to note 13).

20. Share Capital and Reserves (continued)

b) Share-based payments

A summary of the share-based payment expenses is detailed as follows:

	Year ended March 31, 2019	2018
Stock-options costs	808	1,012
Share rights costs	1,000	2,167
Total share-based payments expensed	**1,808**	**3,179**

c) Stock-options

The Company is authorized to issue 43,047,000 stock options and share rights (March 31, 2018: 82,924,000) equal to 10% (March 31, 2018: 20%) of the issued and outstanding ordinary shares for issuance under the Omnibus incentive plan.

The following table details the stock options activities of the share incentive plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of Stock Options (in thousands)	Weighted-Average Exercise Price	Number of Stock Options (in thousands)	Weighted-Average Exercise Price
Opening balance	**12,800**	**0.44**	**15,450**	**0.30**
Granted	1,730	1.33	2,750	1.00
Exercised	(4,100)	0.38	(5,400)	0.32
Cancelled	(1,650)	0.90	—	—
Ending balance	**8,780**	**0.56**	**12,800**	**0.44**
Options exercisable - end of year	**7,410**	**0.43**	**11,733**	**0.41**

A total of 1,730,000 new options were issued to independent directors and employees of the Company during the year ended March 31, 2019 out of which 500,000 were cancelled. The fair market value of the outstanding options granted during the year ended March 31, 2019 totalled $855,000. The options granted will mainly vest over a three-year period.

A summary of the Company's outstanding and exercisable stock options as at March 31, 2019 is presented below:

Expiry Date	Exercise Price	Number of Stock Options Outstanding (in thousands)	Number of Stock Options Exercisable (in thousands)
November 4, 2019	0.30	500	500
April 11, 2020	0.20	5,000	5,000
May 25, 2020	1.00	950	800
July 10, 2020	1.08	600	400
August 21, 2020	1.00	500	333
April 26, 2021	1.24	200	200
June 24, 2021	1.33	500	—
September 14, 2021	1.24	201	67
February 15, 2022	1.46	329	110
		8,780	**7,410**

20. Share Capital and Reserves (continued)

c) Stock-options (continued)

The exercise price of outstanding stocks options ranges from $0.20 to $1.46 and the weighted-average remaining contractual life of outstanding stock options is 1.22 years.

The share-based payment cost was calculated according to the fair value of options issued based on the Black Scholes valuation model using the following weighted average:

	As at March 31, 2019	As at March 31, 2018
Risk-free interest rate	1.8% - 2.5%	2.5%
Expected volatility based on historical volatility	68% - 86%	80%
Expected life of stock options	3 years	3 years
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%
Fair value per stock option - weighted average of options issued	$0.70	$0.48

d) Share rights

The following table details the share rights activities of the share incentive plan:

	Year ended March 31, 2019	2018
	Number of Share rights (in thousands)	Number of Share rights (in thousands)
Opening balance	—	—
Granted	752	2,250
Exercised	(752)	(2,250)
Ending balance	—	—

On August 17, 2018, at the annual general meeting, 751,900 share rights were granted to the director and executive chairman. The share rights vested and were converted into 751,900 ordinary shares at $1.33 per share. A share-based payment expense amounting to $1,000,000 was recorded.

e) Compensation Options

Exercise Price	Expiry Date	Outstanding and exercisable
$0.250	February 1, 2020	21,000,000
Balance - March 31, 2018 and March 31, 2019		**21,000,000**

f) Warrants

Exercise Price	Notes	Expiry Date	Outstanding and exercisable
$1.125	16	October 16, 2022	3,000,000
$1.125	16	October 16, 2024	21,000,000
Balance - March 31, 2018 and March 31, 2019			**24,000,000**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

21. Cost of Sales

	Year ended March 31, 2019	2018
Land transportation	131,461	—
Operating supplies and parts	82,524	—
Salaries, benefits and other employee expenses	60,270	—
Sub-contractors	62,847	—
Other production costs	7,756	—
Change in inventories	7,088	—
	351,946	**—**

The Company considers that the pre-commercial activities at its Bloom Lake mine started April 1, 2018, when the shipment of high-grade iron ore was first made. Consequently, they are no mining operating expenses for the comparative periods ended March 31, 2018.

22. General and Administrative Expenses

	Year ended March 31, 2019	2018
Salaries, benefits and other employee expenses	6,923	5,046
Professional fees	3,302	3,380
Office and other expenses	3,152	2,136
Travel expenses	860	287
Other income	(198)	(222)
	14,039	**10,627**

23. Sustainability and other community expenses

	Year ended March 31, 2019	2018
Property and school taxes	8,359	—
Impact and benefits agreement	3,439	—
Other expenses	428	—
	12,226	**—**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

24. Net Finance Costs

	Year ended March 31, 2019	2018
Interest on long-term debts and convertible debentures	**28,943**	13,231
Change in fair value of derivative liabilities	**19,136**	3,590
Change in fair value of derivative assets	**(10,800)**	—
Realized and unrealized foreign exchange loss	**5,077**	2,585
Accretion of borrowing costs and debt discount	**3,811**	4,207
Unrealized loss (gain) on investments	**1,597**	(1,056)
Accretion of rehabilitation obligation	**672**	695
Other interest and finance costs (income)	**1,574**	(171)
	50,010	**23,081**

25. Income and Mining Tax

a) Deferred Income Tax

	As at March 31, 2019	As at March 31, 2018
Deferred tax asset	15,549	—
Deferred tax liability	(53,009)	(5,465)
Net deferred tax liabilities	**(37,460)**	**(5,465)**

The movement in deferred income tax asset during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax asset	**Operating losses carried forward**	**Rehabilitation obligation**	**Transaction costs**	**Exploration and evaluation assets**	**Other**	**Total**
As at April 1, 2017 (restated)	—	—	—	—	—	—
Charged to statement of loss	—	—	—	—	—	—
As at March 31, 2018	**—**	**—**	**—**	**—**	**—**	**—**
Credited to statement of income	1,614	9,690	128	2,309	1,808	15,549
As at March 31, 2019	**1,614**	**9,690**	**128**	**2,309**	**1,808**	**15,549**

The movement in deferred income tax liability during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liability	**Property, plant and equipment**	**Mining tax**	**Other**	**Total**
As at April 1, 2017 (restated)	—	5,465	—	5,465
Charged to statement of loss	—	—	—	—
As at March 31, 2018	**—**	**5,465**	**—**	**5,465**
Charged to statement of income	38,418	7,320	1,806	47,544
As at March 31, 2019	**38,418**	**12,785**	**1,806**	**53,009**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

25. Income and Mining Tax (continued)

a) Deferred Income Tax (continued)

The Company has $11,532,000 of net deductible temporary differences, other than Canadian exploration expenses, cumulative Canadian development expenses and tax losses, for which deferred tax assets have not been recognized as at March 31, 2019 (March 31, 2018: $11,267,000).

As at March 31, 2019, the Company has $63,199,000 (March 31, 2018: $157,201,000) in operating losses carried forward that can be carried forward against future taxable income ($54,215,000 - expire between 2027 and 2039 and $8,984,000 - indefinitely). Out of those losses, $57,108,000 (March 31, 2018: $155,694,000) were not recognized.

As at March 31, 2019, the Company has cumulative Canadian exploration expenses of $35,225,000 (March 31, 2018: $36,402,000) and cumulative Canadian development expenses of $17,668,000 (March 31, 2018: $7,028,000) which may be carried forward indefinitely to reduce taxable income in future years. The Company did not recognize deferred tax assets in respect of $44,179,043 (March 31, 2018: $43,430,000) of those expenses.

As at March 31, 2019, the Company has $1,778,000 (March 31, 2018: $1,778,000) of investment tax credit that can be carried forward against future income tax payable and that will expire between 2033 and 2035.

b) Income and Mining Tax Expense

	Year ended March 31,	
	2019	2018
Current income tax		
Current income tax on profits for the year	**(42)**	—
Current mining tax on profits for the year	**34,059**	—
Total current income tax	**34,017**	**—**
Deferred income tax		
Deferred income tax for the year	**24,675**	—
Deferred mining tax for the year	**7,320**	—
Total deferred income tax	**31,995**	
Income and Mining tax expense	**66,012**	**—**

The tax on the Company's income before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended March 31,	
	2019	2018
Income (loss) before income tax	**213,611**	(107,331)
Canadian combined tax rate	26.68%	26.78%
Tax calculated at Canadian combined tax rate	**56,991**	(28,743)
Tax effects of:		
Difference in tax rate	**(655)**	—
Recognition of previously unrecognized tax benefits	**(32,513)**	—
Unrecorded tax benefits	**9,092**	28,743
Expenses not deductible for tax purposes	**1,851**	—
Other taxes included in income tax expense	**30,452**	—
Other	**794**	—
Income and Mining tax expense	**66,012**	**—**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

26. Earnings (Loss) per Share

Earnings (loss) per share amounts are calculated by dividing the net income (loss) attributable to shareholders for the year ended March 31, 2019 by the weighted average number of shares outstanding during the year.

	Year ended March 31,	
	2019	2018
Net income (loss)	83,046	(74,475)
Weighted average number of common shares outstanding	420,677,000	398,125,000
Dilutive share options and convertible financial liabilities	28,831,000	—
Weighted average number of outstanding shares for diluted earnings (loss) per share	449,508,000	398,125,000
Basic earnings (loss) per share	**0.20**	**(0.19)**
Diluted earnings (loss) per share	**0.18**	**(0.19)**

27. Financial Instruments

Measurement Categories

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the profit or loss or in OCI. These categories are financial assets at amortized cost, financial assets at FVTPL and financial liabilities at amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories as at March 31, 2019 and March 31, 2018.

As at March 31, 2019	**Fair Value Through Profit and Loss**	**Financial Assets at Amortized**	**Financial Liabilities at Amortized**	**Total Carrying Amount and Fair Value**
Assets				
Current				
Cash and cash equivalents	—	135,424	—	**135,424**
Short-term investments	—	17,907	—	**17,907**
Receivables (excluding sales tax)	80,307	—	—	**80,307**
Non-current				
Investments	2,653	—	—	**2,653**
Derivative assets	**10,800**	**—**	**—**	**10,800**
	93,760	**153,331**	**—**	**247,091**
Liabilities				
Current				
Accounts payable and accrued liabilities	—	—	44,697	**44,697**
Current portion of long-term debt	—	—	35,852	**35,852**
	—	**—**	**80,549**	**80,549**
Non-current				
Property taxes payable	—	—	13,940	**13,940**
Long-term debt	—	—	193,038	**193,038**
Convertible debenture, Glencore	—	—	12,067	**12,067**
Derivative liabilities	43,819	—	—	**43,819**
	43,819	**—**	**299,594**	**343,413**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

27. Financial Instruments (continued)

As at March 31, 2018	Fair Value Through Profit and Loss	Loans and receivables	Financial Liabilities at Amortized	Total Carrying Amount and Fair value
Assets				
Current				
Cash and cash equivalents	—	7,895	—	7,895
Short-term investments	—	17,291	—	17,291
Receivables (excluding sales tax)	—	5,777	—	5,777
Non-current				
Investments	4,250	—	—	4,250
	4,250	**30,963**	**—**	**35,213**
Liabilities				
Current				
Accounts payable and accrued liabilities	—	—	63,481	63,481
Convertible debenture, Altius	—	—	9,791	9,791
Note payable	—	—	36,438	36,438
	—	**—**	**109,710**	**109,710**
Non-current				
Property taxes payable	—	—	16,276	16,276
Long-term debt	—	—	141,225	141,225
Convertible debenture, Glencore	—	—	14,016	14,016
Derivative liabilities	24,683	—	—	24,683
	24,683	**—**	**281,227**	**305,910**

Financial Risk Factors

a) Market

i. Fair Value

Non current - Investments

The fair values of the investment are measured at the common share market price on the measurement date.

Derivative assets

Prepayment options are measured based on discounted cash flow adjusted to the actual potential refinancing rate at the measurement date. Variable interest rate feature is measured based on a discounted cash flow using the forward price of iron ore concentrate at the measurement date.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

27. Financial Instruments (continued)

Financial Risk Factors (continued)

a) Market (continued)

i. Fair Value (continued)

Derivative liabilities - Convertible Debenture

The conversion feature included in the convertible debenture is evaluated by the Company based on parameters such as interest rates and the risk characteristics of the financial assets using Black-Scholes evaluation model.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2019. The following table shows the carrying values of assets and liabilities for each of these level as at March 31, 2019 and March 31, 2018.

As at March 31, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Asset at Fair Value Through Profit and Loss				
Non-current investments	2,653	—	—	**2,653**
Derivative assets	—	10,800	—	**10,800**
Financial Liabilities				
Derivative liabilities		43,819	—	**43,819**

As at March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Asset at Fair Value Through Profit and Loss				
Non-current investments	4,250	—	—	**4,250**
Financial Liabilities				
Derivatives liabilities	—	24,683	—	**24,683**

ii. Interest rate risk

Interest risk is the risk that the value of assets and liabilities will change when the related interest rates change. The Company is exposed to interest rate risk primarily on its long-term debt and does not take any particular measures to protect itself against fluctuations in interest rates. The long-term debt with Sprott provides for an interest on the outstanding principal amount from the date of advance to the Company at a rate equal to 7.5% per annum plus the greater of US dollar 3-month LIBOR and 1% per annum. Related interest rates are based on market interest rates. A decrease in the LIBOR rate for the long-term debt of 1% would generate an increase of US$785,000 in net income over a 12 months horizon based on the outstanding balances as at March 31, 2019. An increase in the LIBOR rate for the long-term debt of 1% would generate a decrease of US$785,000 in net income and equity over a 12 months horizon based on the outstanding balances as at March 31, 2019.

As for the long-term debt with CDPI, the interest rate equals 12% per annum for the first year, and thereafter, at an interest rate linked to the iron ore price indexes. From October 22, 2018, the actual interest rate was 10%. A decrease in the iron ore price between US$66 and US$76 would generate a decrease of US$2,210,000 in net income over a 12 months horizon based on the outstanding balances as at March 31, 2019. A decrease in the iron ore price lower than US$66 would generate a decrease of US$4,420,000 in net income over a 12 months horizon based on the outstanding balances as at March 31, 2019.

The convertible debenture with Glencore has the same interest rate determination mechanism as CDPI. A decrease in the iron ore price between US$66 and US$76 would generate a decrease of $624,000 in net income over a 12 months horizon based on the outstanding balances as at March 31, 2019. A decrease in the iron ore price lower than US$66 would generate a decrease of $1,248,000 in net income over a 12 months horizon based on the outstanding balances as at March 31, 2019.

With the exception of its long-term debt, the Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or because they are non-interest bearing.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

27. Financial Instruments (continued)

a) Market (continued)

iii. Commodity price risk

Commodity price risk arises from fluctuations in market prices of iron ore. The Company is exposed to the commodity price risk, as its iron ore sales are predominantly subject to prevailing market prices. The Company has limited ability to directly influence market prices of iron ore. The Company has sought to establish strategies that mitigate its exposure to iron ore price volatility in the short-term. The strategy of utilizing renowned brokers is aimed at providing some protection against decreases in the iron ore price while maintaining some exposure to pricing upside.

However, the Company's iron ore sales contracts are structured using the iron ore price indexes. These are provisionally priced sales volumes for which price finalization is referenced to the relevant index at a future date or the valuation is prescribed in some of the contracts. The estimated consideration in relation to the provisionally priced contracts is marked to market using the spot iron ore price at the end of each reporting period with the impact of the iron ore price movements recorded as an adjustment to operating sales revenue.

The Company's exposure at balance date to the impact of movements in the iron ore price upon provisionally invoiced sales volumes is set out below:

(in US dollars)	Year ended March 31,	
Sensitivity of Ore Sales Revenue for Provisionally Priced Sales Volumes as at:	**2019**	2018
Ore sales Revenue over 1,026,000 tonnes (DMT):		
10% increase in iron ore prices	**8,147**	—
10% decrease in iron ore prices	**(8,147)**	—

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

iv. Foreign Exchange Risk

Foreign currency risk is the risk that the Company financial performance could be affected by fluctuations in the exchange rates between currencies. The Company's sales, sea freight and credit facilities costs are denominated in US dollars. As such, the Company benefits from a natural hedge between its revenues and its sea freight and credit facilities costs. Still, the Company is exposed to foreign currency fluctuations as its cost of sales and general and administrative expenses are mainly incurred in Canadian dollars. Currently, the Company has no hedging contracts in place and therefore has exposure to the foreign exchange rate fluctuations. The strengthening of the US dollar would positively impact the Company's net income and cash flow while the strengthening of the Canadian dollar would reduce its operating margin and cash flow.

The following table indicates the foreign currency exchange risk as at March 31, 2019 and March 31, 2018.

(in US dollars)	**As at March 31, 2019**	As at March 31, 2018
Current Assets		
Cash and cash equivalents	36,823	17
Receivables (excluding sales tax)	59,466	—
Current Liabilities		
Accounts payable and accrued liabilities	(722)	(10)
Current portion of long-term debt	(26,830)	—
Note payable	—	28,259
Non-current - Long-term debt	(162,148)	(125,696)
Total foreign currency net assets and liabilities in USD	**(93,411)**	**(97,430)**
CAD dollar equivalents	**(124,825)**	**(130,195)**

27. Financial Instruments (continued)

iv. Foreign Exchange Risk (continued)

Assuming that all other variables are constant, a 10% weakening of the US dollar exchange rate would have generated an increase of $12,482,000 in net income for the year ended March 31, 2019 (March 31, 2018: $13,019,000). A 10% strengthening of the US dollar exchange rate would have generated a decrease of $12,482,000 in net income for the year ended March 31, 2019 (March 31, 2018: $13,019,000).

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents, short-term investments, and trade receivables. The Company's major exposure to credit risk is in respect of trade receivables. Trade receivable credit risk is mitigated through established credit monitoring activities. These include conducting financial and other assessments to establish and monitor a customer's credit worthiness, setting customer limits, monitoring exposure against these limits.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

28. Capital Risk Management

Capital of the Company consists the components of shareholders' equity and debt facilities. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Historically, borrowings and equity financing were the Company's principal source of capital. As the Company commenced selling iron ore on April 1, 2018, the Company is now generating cash flows. Accordingly, the Company anticipates that its mine operations will generate sufficient working capital and cash flow to cover operating requirements for the next twelve months including principal debt and interest repayments. The following table presents the contractual principal repayments of the long-term debt.

	As at March 31, 2019	**As at March 31, 2018**
Less than a year	30,544	5,025
1 to 5 years	202,354	109,969
More than 5 years	0	43,969
Total	**232,898**	**158,963**

29. Key management compensation

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Year ended March 31,	
	2019	2018
Salaries	1,870	1,078
Bonus	2,594	4,660
Share-based payments, representing share-based compensation	1,554	2,775
Consulting fees	289	626
All other remuneration	745	108
	7,052	**9,247**

30. Commitments and Contingencies

The Company has various obligations related to take-or-pay features of its logistics contracts. The Company has also other commitments with the Innu community related to the Impact and Benefits Agreement. Future minimum payments under these agreements are as follow:

	As at March 31, 2019	**As at March 31, 2018**
Less than a year	135,798	64,927
1 to 5 years	75,894	163,812
More than 5 years	186,660	91,905
Total	**398,352**	**320,644**

The Company does not have any contingent liabilities.

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

31. Parent Entity Information

Information relating to Champion Iron Limited:

	As at March 31, 2019	As at March 31, 2018
Current assets	33,238	24,873
Non-current assets	77,853	89,016
Total assets	**111,091**	**113,889**
Current liabilities	2,084	10,095
Non-current liabilities	55,886	38,699
Due to QIO	—	6,000
Total liabilities	**57,970**	**54,794**
Net assets	**53,121**	**59,095**
Share capital	91,761	78,590
Contributed surplus	8,888	9,079
Accumulated deficit	(47,528)	(28,574)
Total equity	**53,121**	**59,095**
Net loss of the parent entity	18,716	11,606
Comprehensive loss of the parent entity	**18,716**	**11,606**

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

32. Subsidiary Entity Information

Set out below is the Company's summarized financial information for its subsidiary, Quebec Iron Ore Inc., which has a material non-controlling interests. The amounts disclosed for its subsidiary are based on those included in the financial statements before inter-company eliminations.

Quebec Iron Ore Inc.

Summarized statement of financial position for Quebec Iron Ore Inc. before inter-company eliminations

	As at March 31, 2019	As at March 31, 2018
Non-controlling interest percentage - Ressources Quebec	**36.8%**	**36.8%**
Current assets		
Other current assets	302,873	106,984
Current inter-company assets	1,748	—
Total current assets	**304,621**	**106,984**
Current liabilities		
Other current liabilities	110,742	59,890
Current inter-company liabilities	4,685	14,585
Total current liabilities	**115,427**	**74,475**
	189,194	**32,509**
Non-current assets		
Other non-current assets	241,022	171,851
Non-current inter-company assets	36,406	6,000
Non-current assets	**277,428**	**177,851**
Non-current liabilities	**280,240**	**193,395**
Net assets	**186,382**	**16,965**

Summarized statement of income for Quebec Iron Ore Inc. before inter-company eliminations

	Year ended March 31,	
	2019	2018
Revenues	**655,129**	—
Net income (loss) and comprehensive income (loss)	**175,416**	(89,282)
Net income (loss) attributable to non-controlling interest	**64,553**	(32,856)

The accumulated non-controlling interest in Quebec Iron Ore is $65,376,000 as at March 31, 2019 (March 31, 2018: $823,000).

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

32. Subsidiary Entity Information (continued)

Summarized cash flows for Quebec Iron Ore Inc. before inter-company eliminations

	Year ended March 31, 2019	2018
Cash flows from operating activities	133,506	(126,355)
Cash flows from financing activities	60,376	238,936
Cash flows from investing activities	(71,160)	(113,628)
Net generated cash flow	**122,722**	**(1,047)**

33. Auditors Remuneration

Total of all remuneration received or due and receivable by the auditors in connection with:

	Year ended March 31, 2019	2018
E&Y Canada		
Audit fees	230	202
Audit related fees	45	44
Tax fees	33	25
All other fees	42	63
	350	**334**
E&Y Australia		
Audit fees	171	149
Audit related fees	—	—
Remuneration consulting services	—	—
Tax fees	—	—
All other fees	—	—
	171	149
	521	**483**

34. Financial Information Included in the Consolidated Statement of Cash Flows

a) Changes in non-cash operating working capital

	Year Ended March 31, 2019	2018
Receivables	(65,981)	(19,196)
Prepaid expenses and advances	(8,288)	(15,619)
Inventories	2,609	(48,171)
Advance payments	(733)	(30,517)
Accounts payable and accrued liabilities	(18,784)	61,513
Current income tax	34,059	—
Property taxes not paid	(2,447)	7,224
Other long-term liability	4,798	—
	(54,767)	**(44,766)**

b) Supplementary Cash Flow Information

	Year ended March 31, 2019	2018
Depreciation of property, plant and equipment allocated to stripping activity asset	(200)	—
Net effect of depreciation of property, plant and equipment allocated to inventory	1,408	—

(Expressed in thousands of Canadian dollars, except where otherwise indicated)

35. Segment Information

The Company is conducting exploration and evaluation and mining operations activities in Canada. The business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment operating income, as defined below. Since the Company has started production at the mine site which represent all the mining operation, it was identified as a segment. The exploration and corporate were identified as a separate segment due to their specific nature.

Year Ended March 31, 2019	Mine Site	Exploration and Evaluation	Corporate	Total
Revenues	655,129	—	—	655,129
Cost of sales	(351,946)	—	—	(351,946)
Depreciation	(14,511)	—	(40)	(14,551)
Gross profit (loss)	**288,672**	**—**	**(40)**	**288,632**
Share-based payments	—	—	(1,808)	(1,808)
General and administrative expenses	(3,391)	—	(10,648)	(14,039)
Restart costs	(4,497)	—	—	(4,497)
Sustainability and other community expenses	(12,210)	—	(16)	(12,226)
Property taxes adjustment	7,559	—	—	7,559
Exploration and evaluation	—	—	—	—
Operating income (loss)	**276,133**	**—**	**(12,512)**	**263,621**
Non-operating expenses	(91,912)	—	(24,110)	(116,022)
Income (loss)	**184,221**	**—**	**(36,622)**	**147,599**
Segmented total assets	**573,927**	**81,508**	**16,582**	**672,017**
Segmented total liabilities	**(390,982)**	**—**	**(65,313)**	**(456,295)**
Segmented capital expenditures	**223,802**	**—**	**321**	**224,123**

Year Ended March 31, 2018	Mine Site	Exploration and Evaluation	Corporate	Total
Revenues	—	—	—	—
Cost of sales	—	—	—	—
Depreciation	(4,206)	—	(38)	(4,244)
Gross profit (loss)	**(4,206)**	**—**	**(38)**	**(4,244)**
Share-based payments	—	—	(3,179)	(3,179)
General and administrative expenses	(1,067)	—	(9,560)	(10,627)
Restart costs	(65,999)	—	—	(65,999)
Sustainability and other community expenses	—	—	—	—
Property taxes adjustment	—	—	—	—
Exploration and evaluation	—	(201)	—	(201)
Operating income (loss)	**(71,272)**	**(201)**	**(12,777)**	**(84,250)**
Non-operating expenses	(15,340)	—	(7,741)	(23,081)
Income (loss)	**(86,612)**	**(201)**	**(20,518)**	**(107,331)**
Segmented total assets	**315,861**	**72,137**	**13,718**	**401,716**
Segmented total liabilities	**(289,735)**	**—**	**(57,533)**	**(347,268)**
Segmented capital expenditures	**172,360**	**—**	**359**	**172,719**

36. Subsequent Events

Capital restructuring

The Company also announced on May 29, 2019, that it has entered into an agreement with Caisse de dépôt et placement du Québec for a preferred share offering for proceeds of $185 million (the "Investment") plus a commitment for a fully underwritten US$200 million credit facility (the "New Credit Facility") with The Bank of Nova Scotia ("Scotiabank") and Societe Generale ("SocGen"). Proceeds from the Investment and the New Credit Facility will be used to fund current and future strategic initiatives and repay Champion's existing debt.

The dividend rate associated with the preferred shares will be based on the gross realized iron price and will fluctuate from 9.25% when the gross realized iron price for Bloom Lake 66.2% iron ore is greater than US$85/dmt to 13.25% should the gross realized iron ore price decrease below US$65/dmt. The New Credit Facility will be available by way of a US$180 million senior secured fully amortizing non-revolving credit facility (the "Term Facility") in addition to a US$20 million senior secured revolving credit facility (the "Revolving Facility"). The New Credit Facility will bear interest between LIBOR plus 2.85% if the net debt to EBITDA ratio is lower or equal to 1.00x to LIBOR plus 3.75% if the net debt to EBITDA ratio is greater than 2.50x. The Term Facility will mature five years from the closing date while the Revolving Facility will mature three years from the closing date. The Term Facility shall be repaid in equal quarterly installments of principal and accrued interest starting on the second full year following the closing date and is not subject to prepayment penalties.

Acquisition of Ressources Quebec equity interest

On May 29, 2019, the Company announced a transaction o acquire RQ's 36.8% equity interest in QIO, operator of the Bloom Lake Mining Complex, for a total cash consideration of C$211 million (the "Transaction"). The Transaction would increase Champion's stake in QIO to 100%. As a result of this transaction, the entire net income of QIO will be allocated to Champion shareholders and there will no longer be non-controlling interests.

BLoom Lake Phase II Feasibility Study Highlights

The company announced on June 20, 2019 positive results of the Phase II Feasibility Study ("Feasibility Study" or "Study") prepared in accordance with Canadian and Australian regulations for the Bloom Lake Mining Complex ("Bloom Lake"), located near the town of Fermont, in north-eastern Quebec. The Feasibility Study envisions further exploiting the Bloom Lake Mine which would increase overall capacity from 7.4Mtpa to 15Mtpa of 66.2% Fe iron ore concentrate.

For more information on the subsequent events, please refer to the Company's press release available under the Company's filings on SEDAR at www.sedar.com.

37. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

STOCK EXCHANGE INFORMATION

The additional information set out below relates to shares and options as at 7 June 2019

DISTRIBUTION OF EQUITY SECURITY HOLDERS

Size of Holding	Number of ordinary shares
1 to 1,000	111,459
1,001 to 5,000	1,090,469
5,001 to 10,000	1,150,330
10,001 to 100,000	10,467,111
100,000 and over	420,172,253
	432,991,622

59 shareholders held less than a marketable parcel of ordinary shares at June 7, 2019.

ORDINARY SHARES

SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Number of ordinary shares	% of issued capital
WC Strategic Opportunity LP	66,944,444	15.46%
Ressources Quebec Inc.	37,500,000	8.66%
Michael O'Keeffe (and associates)	37,428,830	8.64%

VOTING RIGHTS

All ordinary shares issued by the Company carry one vote per share without restriction.

TWENTY LARGEST SHAREHOLDERS

	Name of shareholder	Number of ordinary shares	% of issued capital
1	WC Strategic Opportunity LP	66,944,444	15.46%
2	Ressources Quebec Inc	37,500,000	8.66%
3	Prospect AG Trading PL	29,776,930	6.88%
4	JP Morgan Nom Aust PL	10,608,319	2.45%
5	HSBC Custody Nominee Aust Ltd	7,927,153	1.83%
6	Metech Super PL	7,680,000	1.77%
7	Zero Nom PL	5,895,337	1.36%
8	GAB Super Fund PL (GAB Super Fund A/C)	5,092,696	1.18%
9	Citicorp Nom PL	4,839,684	1.12%
10	Marc Dorion	4,273,286	0.99%
11	Michael O'Keeffe	3,751,900	0.87%
12	Eastbourne DP PL	3,500,000	0.81%
13	Gavin John Argyle	3,342,364	0.77%
14	MD Financial Management Inc (as of May 31, 2019)	2,723,900	0.63%
15	GAB Super Fund PL	2,443,334	0.56%
16	Vision PL	1,707,165	0.39%
17	UBS Nom	1,342,203	0.31%
18	Rowe Angela Maree	1,317,000	0.30%
19	Fareast Enterprises PL	1,283,668	0.30%
20	BNP Paribas Nom PL	1,079,464	0.25%

SCHEDULE OF TENEMENTS

The Company's wholly owned subsidiary, Champion Iron Mines Limited, owns a 100% interest in the following properties:

Property-Québec	SNRC	Claims	Hectares
Consolidated Fire Lake North	23B06; 23B11; 23B12	569	28,774.11
Harvey-Tuttle	23B12; 23B05	191	10,010.36
Moire Lake	23B14	36	1,665.55
O'Keefe-Purdy	23B11; 23B12	203	10,623.15
Jeannine Lake *(Note 1)*	22N16	21	1,117.40
Round Lake *(Notes 1 and 2)*	23B04; 23C01; 23N16	178	9,420.31
Peppler	23B05	118	6,207.75
Lamelee	23B05; 23B06; 23B11; 23B12	236	12,374.67
Hobdad	23B05; 23B06	93	4,893.74
Property-Newfoundland	**Licences**		
Powderhorn	11346M, 11367M, 15136M, 15137M, 18969M, 19227M	185	4,625.00
Gullbridge	11956M, 11960M, 16260M, 16261M	67	1,675.00

Note 1. Currently under option to Cartier Iron Corporation (55%) and CIA (45%).

Note 2. Round Lake includes Aubrey-Ernie, Black Dan, Penguin Lake and Round Lake claims.

The Company's 63.2% owned subsidiary, Québec Iron Ore Inc., owns a 100% interest in the following properties:

Property-Québec	SNRC	Claims	Hectares
Bloom Lake Mining Lease	23B14	1	6,857.63
Bloom Lake claims	23B14	69	3,224.20

MINERAL RESOURCE AND ORE RESERVES STATEMENT

Fermont Iron Ore District

The Company owns interest in 14 iron ore deposits located in the Fermont Iron Ore District of northeastern Québec, some 300 km north of the City of Sept-Îles and ranging from 6 to 80 kilometers west and southwest of Fermont. Table 1 lists the various projects with their status, surface area, NSR and other such information. The 14 deposits may be grouped into larger "clusters". All claims and leases are in good standing.

Table 1: June 2019 Champion Iron properties in the Fermont Iron Ore District

Cluster / Project	Deposit	Nb claims	Area (km sq.)	Champion interest	Co-owner	NSR
	Bloom Lake Mine	70*	100.8*	63.2%	Ressources Québec	
Consolidated Fire Lake North	Fire Lake North Don Lake Bellechasse Oil Can	569	287.7	100%		1.5%
	Moiré Lake	36	16.7	100%		1.5%
Quinto Claims	Peppler Lake Lamêlée Lake Hobdad Hill	435	228.4	100%		
	Harvey-Tuttle	191	100.1	100%		1.5%
	O'Keefe-Purdy	203	106.2	100%		1.5%
Cluster 3	Penguin Lake Lac Jeannine Black Dan	158	175.2	45%	Cartier Iron Corporation	1.5%

* Includes a 68.7 sq. km mining lease

Bloom Lake Mine

The JORC and Canadian NI 43-101 compliant Measured and Indicated resources as of March 31, 2019 adds to a total of 883 Mt while there is an additional 80 Mt of Inferred resources. The Bloom Lake Mine holds 384 Mt of ore reserves at 30.0% Fe and a dilution factor of 4.3%.

- Total proven and probable mineral reserves at the Bloom Lake Mine stood at 383.5 million tonnes averaging 29.9% Fe.
- Measured and indicated mineral resources totals 883.4 million tonnes averaging 29.7% Fe for estimated iron ore concentrate of 321.2 Mt averaging 66.2% Fe
- Inferred resources amounted to 80.4 million tonnes averaging 25.6% Fe

All mineral resources reported are inclusive of mineral reserves. Mineral reserves and resources reported at Bloom Lake were estimated using an iron ore price of US$50/dmt and US$60/dmt, respectively. The slight decrease in reserves is due to depletion as Champion mined 22,445 dmt of iron ore since the start of its operations in February 2018.

March 31, 2019 Bloom Lake Mineral Resources Estimate (at 15% Fe Cut-off)

Category	Tonnage (dmt) Mt	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Measured	401.8	31.0	0.6	0.7	0.3
Indicated	471.6	28.5	2.5	2.3	0.4
M+I Total	883.4	29.7	1.6	1.5	0.4
Inferred	80.4	25.6	1.9	1.7	0.3

March 31, 2019 Bloom Lake Mineral Reserves Estimate (at 15% Fe Cut-off)

Category	Tonnage (dmt)Mt	Fe (%)	CaO (%)	MgO (%)	Al2O3 (%)
Proven	236.3	30.7	0.5	0.6	0.3
Probable	47.3	28.7	2.8	2.7	0.4
Total	383.5	29.9	1.4	1.4	0.4

In addition to the Bloom Lake Mine, the Company owns interest in 13 other iron ore deposits located in the Labrador Trough, some 300 km north of the City of Sept-Îles and ranging from 6 to 80 kilometers west and southwest of Fermont. All claims and leases are in good standing. No work was done during the fiscal year ended to update the Resources estimate published during the period 2011 to 2014.

Consolidated Fire Lake North

The Consolidated Fire Lake North (CFLN) project includes four deposits, the Fire Lake North, Don Lake, Bellechasse and Oil Can deposits. All deposits are located north of ArcelorMittal's Fire Lake mine. No work was done on the CFLN asset following the 2014 drilling and Joint Ore Reserves Committee (JORC) Resources and Reserves Statement of October 27th 2014 for the Fire Lake North (FLN) deposit. The JORC compliant resources of over 1.2 Bt have been estimated for FLN (table 4) while the reserves are estimated at 464 Mt (table 5).

Table 4: October 2014 Fire Lake North Mineral Resource Estimate at Cut-off 15% Fe					
Category	Dry Tonnage (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)
Measured	40.3	34.2	48.3	1.28	0.015
Indicated	715.0	31.4	51.4	1.56	0.020
M+I Total	755.3	31.6	51.2	1.55	0.019
Inferred	461.0	31.8	49.6	2.22	0.032

Table 5: 2013 Fire Lake North Ore Reserves Estimate at Cut-off 15% Fe***				
Category	Dry Tonnage (Mt)	Fe (%)	CaO (%)	Weight Recovery (%)
Proven	23.7	36.0	0.5	45.0
Probable	440.9	32.2	2.8	39.6
Total	464.6	32.4	1.3	39.9

*** Estimate from the 2013 prefeasibility study. New ore reserves estimation following the new resources calculation was not made.

Resources estimates (NI 43-101 compliant) were done for the Oil Can and Bellechasse deposits, both part of the CFLN property. The estimates include only inferred resources (table 6). No NI 43-101 resources estimate is available for the Don Lake deposit.

Table 6: Inferred Resources for other CFLN deposits at Cut-off 15% Fe			
Deposit	NI 43-101 release	Dry Tonnage (Mt)	Fe (%)
Bellechasse	2009	215.1	28.7
Oil Can (oxides)	2012	972	33.2
Oil Can (mixed)****	2012	924	24.1

**** Mix of iron oxides and iron silicates

Moiré Lake

Moiré Lake is a stand-alone deposit located approximately 6 km west from the city of Fermont. It is the far extension of ArcelorMittal's Mont-Wright Mine. While ArcelorMittal's ore is hematite-rich, the Moiré Lake deposit is a mix of hematite and magnetite. A NI 43-101 resources estimate published in 2012 has total resources of 581 Mt with a grade of 29.7% Fe (table 7).

Table 7: 2012 Moiré Lake Resources Estimate at Cut-off 15% Fe		
Category	Dry Tonnage (Mt)	Fe (%)
Measured	-	-
Indicated	163.9	30.5
M+I total	163.9	30.5
Inferred	416.7	29.4
Total M+I+I	580.6	29.7

Quinto Claims Property

The Quinto Claims were acquired in the Bloom Lake transaction. The holding originally had 447 claims, but 12 claims were let go. Now the property is composed of 435 claims and holds several iron ore deposits and occurrences. The property is adjacent to the CFLN project. All the deposits have more magnetite than hematite. They also have small amount of iron silicates.

There are no NI 43-101 compliant resources estimates for the Quinto claims.

The Quinto Claims include Hobdad Hill which was partially drilled in 2012. The deposits hold oxide iron formation, but resources were not estimated. Other occurrences, Faber and Lac Jean, were drilled in 2007 but results indicate a silicates-dominated iron formation and therefore no further work was done.

Harvey-Tuttle

The Harvey-Tuttle property is located northwest of the Quinto Claims. It holds several small deposits, although one of them, Turtleback Mountain, holds significant resources. The project was drilled in 2010 and a NI 43-101 resources estimate was published in 2011. As a whole, the Harvey-Tuttle property has 947 Mt of inferred resources at 23.2% FeT.

O'Keefe-Purdy

There are no NI 43-101 compliant resources estimates for the O'Keefe-Purdy deposits.

Cluster 3

A series of 158 claims located near the closed Lac Jeannine Mine, identified as Cluster 3 was optioned to Cartier Iron Corporation. With completion of work and financial requirements, Champion Iron Mines Limited still hold 45% of the property. The main asset in Cluster 3 is the Penguin Lake deposits. A 2014 NI 43-101 reports 534.8 Mt of inferred resources at 33.1% Fe with a cut-off at 15%Fe. Cluster 3 also holds a series of small deposits near Round Lake (NW of Penguin). Finally, tailings for the Lac Jeannine have been considered as a source of iron ore as they are fairly coarse and have an average grade of 13% Fe. However, no tonnage has been evaluated.

Powderhorn / Gullbridge

Besides its iron ore assets in Québec, Champion Iron Mines Limited also owns 100% right to 7 exploration licenses (63 km sq.) in the vicinity of the closed Gullbridge mine in North central Newfoundland (NTS map sheet 12H01). It is located approximately 25 km south of the town of Springdale. The licenses are in good standing and exploration drilling was done in 2017 and early 2018.

The Powderhorn/Gullbridge project targets base metal deposits (Cu-Zn) as either extension of the Gullbridge copper mine or other zones related to the same mineralization system. Several Cu or Zn showings are spread out on the licenses and geophysical survey suggest several targets at 200 metres depth. Although several 2018 drill holes have intersected Zn-Ag-Cu mineralized zones (best assay has 16.4% Zn over 80cm), no mineral resources or ore reserves estimate are available as the project enters its third phase of exploration. More drilling is expected in the second half of 2018 and will target the area up-dip of the 2017-2018 discovery.

The Powderhorn/Gullbridge property has a 2.85% NSR to the previous owner (Copper Hill Resources and 3 individuals).

GOVERNANCE STATEMENT

Champion supports the intent of the ASX Corporate Governance Council Principles and Recommendations 3rd Edition (Principles and Recommendations) and meets the specific requirements of the Principles and Recommendations, unless otherwise disclosed.

A full copy of the Corporate Governance Statement is available on the Company's website at www.championiron.com.

COMPANY DIRECTORY

DIRECTORS	Michael O'Keeffe (Executive Chairman) – Independent Gary Lawler (Non-Executive Director) – Independent Andrew Love (Non-Executive Director) – Independent Michelle Cormier (Non-Executive Director) – Independent Wayne Wouters (Non-Executive Director) – Independent Jyothish George (Non-Executive Director) – Independent David Cataford (Executive Director and Chief Executive Officer) – Non-independent
COMPANY SECRETARIES	Jorge Estepa and Pradip Devalia
REGISTERED & PRINCIPAL OFFICE	Level 1, 91 Evans Street Rozelle NSW 2039 Telephone: +61 2 9810 7816 Facsimile: +61 2 8065 5017 Website: http://www.championiron.com ACN 119 770 142
AUDITORS	Ernst & Young 200 George Street Sydney 2000 NSW
SHARE REGISTRIES	Security Transfer Registrars Pty Ltd Suite 1, Alexandria House 770 Canning Highway Applecross WA 6153 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233 TSX Trust Company 200 University Avenue, Suite 300 Toronto, ON, Canada M5H 4H1 Telephone: (416) 361-0930 Facsimile: (416) 361-0470
STOCK EXCHANGES	The Company's shares are listed on the Australian Stock Exchange (ASX) and Toronto Stock Exchange (TSX)
ASX CODE AND TSX SYMBOL	CIA (Fully Paid Ordinary Shares)